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, 2020** 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, Legal 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
Common shares	**BCE**	**New York Stock Exchange**

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	904,415,010
First Preferred Shares	
Series R	7,998,900
Series S	3,511,848
Series T	4,486,552
Series Y	8,079,291
Series Z	1,918,509
Series AA	11,397,196
Series AB	8,599,204
Series AC	10,027,991
Series AD	9,963,209
Series AE	6,512,913
Series AF	9,481,487
Series AG	4,984,851
Series AH	9,012,249
Series AI	5,949,884
Series AJ	8,050,116
Series AK	22,735,621
Series AL	2,254,079
Series AM	9,542,615
Series AN	1,952,085
Series AO	4,600,000
Series AQ	9,200,000
Total First Preferred Shares	160,258,600

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† provided pursuant to Section 13(a) of the Exchange Act. ☐

† 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. ☒

PRIOR FILINGS MODIFIED AND SUPERSEDED

The annual report on Form 40-F of BCE Inc. ("BCE") for the year ended December 31, 2020, 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, 2020 (the "BCE 2020 Financial Statements") are contained in Exhibit 99.3 and are incorporated herein by reference.

B. Management's Discussion and Analysis

For the BCE management's discussion and analysis for the year ended December 31, 2020 (the "BCE 2020 MD&A"), see pages 30 to 118 of the BCE 2020 Annual Report, which BCE 2020 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, 2020, 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, 2020.

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" appearing at page 119 of the BCE 2020 Annual Report, which report is contained in Exhibit 99.4, 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 appearing at page 120 of the BCE 2020 Annual Report, which report is contained in Exhibit 99.4, is incorporated herein by reference.

C. Changes in internal control over financial reporting

There have been no changes during the year ended December 31, 2020 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, and Ms. K. Lee, Ms. M.F. Leroux and Mr. P.R. Weiss 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 2020 and January 2021, amendments were made to the Code of Conduct in order to:

- update the description of BCE's goal and strategic imperatives, and include a new message from BCE's President and Chief Executive Officer;
- update the section entitled *Conflicts of Interest* to specify additional situations that could give rise to a conflict of interest;
- update the section entitled *Customer Privacy* to clarify obligations relating to customer privacy breaches, including reporting requirements;
- rename and update the section entitled *Information Management* to clarify employees' obligation relating to the disposal of information and to add further examples of information which must be safeguarded from disclosure;
- update the section entitled *Information Security* to clarify and update certain of its content, including the instructions to report computer security incidents and phishing e-mails;
- update the section entitled *Social Media* to clarify and update certain of its content, including the principles and guidelines to be followed when engaging on social media; and
- rename and update the section entitled *Environmental Leadership* to update certain of its content, including the actions to be taken in support of environmental protection.

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 principal accountant fees and services can be found under the sections entitled “Pre-approval policies and procedures” and “External auditors’ fees” on page 35 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 2020 and 2019, 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)” at page 91 of the BCE 2020 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.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see the section entitled “Contractual obligations” at page 91 of the BCE 2020 MD&A contained in Exhibit 99.2 (which section is incorporated by reference in this annual report on Form 40-F) for a tabular disclosure and discussion of contractual obligations.

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 six independent members: Mr. L.P. Pagnutti (Chair), Mr. I. Greenberg, Ms. K. Lee, Ms. M.F. Leroux, Mr. T.E. Richards and Mr. P.W. Weiss.

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 11, 2021

	LIST OF EXHIBITS TO FORM 40-F
Annual Information Form of BCE Inc. for the year ended December 31, 2020	Exhibit 99.1
Management's Discussion and Analysis of BCE Inc. for the year ended December 31, 2020	Exhibit 99.2
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2020	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 2020 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

Table of Contents

Exhibit 99.1

IN TWENTY-TWENTY WE WERE AT THE



OF CONNECTIONS WHEN IT MATTERED MOST.

BCE

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2020

MARCH 4, 2021

Table of Contents

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 2018, 2019 and 2020 management's discussion and analysis (BCE 2018 MD&A, BCE 2019 MD&A and BCE 2020 MD&A, respectively) and each section of BCE's 2020 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 2018 MD&A, BCE 2019 MD&A, BCE 2020 MD&A and BCE 2020 consolidated financial statements have been filed with the Canadian provincial securities regulatory authorities (available at **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**). They are also available on BCE's website at **BCE.ca.**

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.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this Annual Information Form is as of March 4, 2021, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

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 have reclassified amounts related to the sale for the previous year to discontinued operations in our consolidated income statements and consolidated statements of cash flows to make them consistent with the presentation for the current year. Property, plant and equipment and intangible assets that were sold were no longer depreciated or amortized effective June 1, 2020. The sale was completed in the fourth quarter of 2020.

To align with changes in how we manage our business and assess performance, the operating results of our public safety land radio network business are now included within our Bell Wireline segment effective January 1, 2020, with prior periods restated for comparative purposes. Previously, these results were included within our Bell Wireless segment. Our public safety land radio network business, which builds and manages land mobile radio networks primarily for the government sector, is now managed by our Bell Business Markets team in order to better serve our customers with end-to-end communications solutions.

Trademarks in this Annual Information Form which are owned or used under licence by BCE Inc., Bell Canada or their subsidiaries include, without limitation, BCE, BELL Design, BELL MOBILITY and BELL MEDIA. This Annual Information Form also includes trademarks of other parties. The trademarks referred to in this Annual Information Form may be listed without the ® and TM symbols.

© BCE Inc., 2021. All rights reserved.

Table of Contents

Table of contents

		ANNUAL INFORMATION FORM	PARTS OF MD&A AND FINANCIAL STATEMENTS INCORPORATED BY REFERENCE (REFERENCES ARE TO PAGES OF THE BCE 2020 ANNUAL REPORT, EXCEPT WHERE OTHERWISE INDICATED)
1	Caution regarding forward-looking statements	2	54-55; 70; 76-77; 82; 103-110
2	Corporate structure	4	
2.1	Incorporation and registered office	4	
2.2	Subsidiaries	4	
3	Description of our business	5	32
3.1	General summary	5	35-38; 54-55; 61; 67; 70; 73; 76-77; 82; 98
3.2	Strategic imperatives	6	49-53
3.3	Competitive strengths	6	51
3.4	Marketing and distribution channels	10	
3.5	Transformation of our networks, systems and processes	11	
3.6	Networks	11	
3.7	Employees	14	
3.8	Corporate responsibility	14	41-48
3.9	Competitive environment	15	55-58; 69-71; 75-76; 78; 80-81; 83
3.10	Regulatory environment	15	99-102
3.11	Intangible properties	16	
4	General development of our business – three-year history	17	
4.1	Transactions	17	
4.2	Corporate developments	18	38-41; 49-53; 34-37 (1); 41-45 (1); 34-37 (2); 41-45 (2)
4.3	Regulatory environment	18	99-102; 88-92 (1); 88-92 (2)
5	Our capital structure	19	
5.1	BCE securities	19	161-162
5.2	Bell Canada debt securities	20	152-153
5.3	Credit ratings	21	
5.4	Trading of our securities	24	
6	Dividends and dividend payout policy	26	39-41
7	Our directors and executive officers	27	
7.1	Directors	27	
7.2	Executive officers	28	
7.3	Directors' and executive officers' share ownership	28	
8	Legal proceedings	29	
9	Interest of management and others in material transactions	32	
10	Interest of experts	32	
11	Transfer agent and registrar	32	
12	For more information	32	
13	Schedule 1 – Audit Committee information	33	
14	Schedule 2 – Audit Committee charter	36	

(1) *References to parts of the BCE 2019 MD&A contained in BCE's annual report for the year ended December31, 2019 (BCE 2019 Annual Report).*

(2) *References to parts of the BCE 2018 MD&A contained in BCE's annual report for the year ended December31, 2018 (BCE 2018 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 2021 annualized common share dividend, BCE's network deployment and capital investment plans, including its two-year increased capital investment program to accelerate fibre, Wireless Home Internet and Fifth Generation (5G) network expansion, 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 4, 2021 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 the COVID-19 pandemic, 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 4, 2021. Refer in particular to the sections of the BCE 2020 MD&A entitled *Business outlook and assumptions* on pages 54, 55, 70, 76, 77 and 82 of BCE's annual report for the year ended December 31, 2020 (BCE 2020 Annual Report) for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. If our assumptions turn out to be inaccurate, our actual results 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 COVID-19 pandemic and the adverse effects from the emergency measures implemented or to be implemented as a result thereof, as well as other pandemic, epidemic and other health risks; adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services; the intensity of competitive activity including from new and emerging competitors; the level of technological substitution and the presence of alternative service providers contributing to the acceleration of disruptions and disintermediation in each of our business segments; changing viewer habits and the expansion of over-the-top (OTT) television (TV) and other alternative service providers, as well as the fragmentation of, and changes in, the advertising market; rising content costs and challenges in our ability to acquire or develop key content; the proliferation of content piracy; higher Canadian smartphone penetration and reduced or slower immigration flow; regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business; 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 transform our operations, enabling a truly customer-centric service experience, while lowering our cost structure; the failure to continue investment in next-generation capabilities in a disciplined and strategic manner; the inability to drive a positive customer experience; the complexity in our operations; the failure to maintain operational networks in the context of significant increases in capacity demands; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the failure to implement or maintain highly effective information technology (IT) systems; the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns, staff reductions and the integration of business acquisitions; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, IT systems, equipment and other facilities; in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject; the failure to attract and retain employees with the appropriate skill sets and to drive their

1 Caution regarding forward-looking statements

performance in a safe environment; labour disruptions and shortages; our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business; the failure of our vendor selection, governance and oversight processes; security and data leakage exposure if security control protocols affecting our suppliers are bypassed; the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards; 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 or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; pension obligation volatility and increased contributions to post-employment benefit plans; 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 failure to reduce costs, as well as unexpected increases in costs; the failure to evolve practices to effectively monitor and control fraudulent activities; unfavourable resolution of legal proceedings and, in particular, class actions; new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations; the failure to recognize and adequately respond to climate change concerns or stakeholder and governmental changing expectations on environmental matters; and health concerns about radiofrequency emissions from wireless communication devices and equipment.

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 2020 MD&A and, in particular, in section 9, *Business risks* of the BCE 2020 MD&A, on pages 103 to 110 of the BCE 2020 Annual Report.

Forward-looking statements contained in this Annual Information Form for periods beyond 2021 involve longer-term assumptions and estimates than forward-looking statements for 2021 and are consequently subject to greater uncertainty. In particular, the nature and value of capital investments planned to be made by BCE over the next two years assume our ability to access or generate the necessary sources of capital as well as access the necessary equipment and labour. However, there can be no assurance that the required sources of capital, equipment or labour will be available with the result that the actual nature and value of capital investments made by BCE, as well as the timing thereof, could materially differ from current expectations. Forward-looking statements for periods beyond 2021 further assume, unless otherwise indicated, that the competitive, regulatory, security, technological, operational, financial and other risks described above and in section 9, *Business risks* of the BCE 2020 MD&A will remain substantially unchanged during such periods, except for an assumed improvement in the risks related to the COVID-19 pandemic and general economic conditions 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. From time to time, we 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 4, 2021. 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, 2020, 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, 2020. 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, 2020.

SUBSIDIARY	PERCENTAGE OF VOTING SECURITIES HELD BY BCE INC. AT DECEMBER 31, 2020 (1)
Bell Canada	100%
Bell Mobility Inc.	100%
Bell Media Inc.	100%

(1) *At December 31, 2020, 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, and our business outlook, objectives, plans and strategic priorities. Refer to section 1, *Caution regarding forward-looking statements* in this Annual Information Form.

COVID-19

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. The most significant impact of the COVID-19 pandemic was experienced in the second quarter of 2020. The gradual easing of certain emergency measures in the latter part of the second quarter allowed many businesses to resume some level of, or increase, commercial activities, resulting in a marked sequential improvement in our business and financial performance in the third quarter. However, starting in late September, due to the resurgence in the number of COVID-19 cases, government restrictions were gradually tightened and became more severe in late December, resulting in the closure of all non-essential businesses and the reintroduction of lockdown measures in certain areas. This drove lower consumer activity during key selling periods. For more information on the principal consequences of the COVID-19 pandemic on our business and financial results in 2020, refer to section 1, *Overview – COVID-19* of the BCE 2020 MD&A, on page 32 of the BCE 2020 Annual Report.

Since the beginning of the COVID-19 pandemic, our response has been guided by three operating principles: keep Canadians connected and informed; protect the health and safety of the public, our customers and team; and support our customers and communities. Despite unprecedented demand across our networks due to the pandemic, we have maintained service availability at 99.99+% throughout the crisis; introduced innovative tactics focused on customer experience, including equipping 12,000 call centre agents to work from home, retraining thousands of team members as service agents and introducing innovative remote installation practices; and launched enhanced online and appointment-based sales options. Our business markets team has further responded to a variety of COVID-19-related special requests from government instances of various types but specifically in relation to civil servants teleworking, various bandwidth augmentations, and testing centre and vaccination clinic setups, as well as supporting the establishment of various call centres dedicated to supporting Canadians in these difficult times. As part of its support for Canadian communities during the COVID-19 pandemic, Bell Let's Talk also announced new funding for frontline mental health providers, including Canadian Red Cross, Canadian Mental Health Association, Kids Help Phone, Revivre and Strongest Families Institute.

Due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including the current resurgence and possible future resurgences in the number of COVID-19 cases, and various potential outcomes, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on our business or future financial results and related assumptions. Our business and financial results could continue to be significantly and negatively impacted in future periods. The extent to which the COVID-19 pandemic will continue to adversely impact us will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the severity, duration and resurgences of the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others.

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*.

Bell Wireless provides wireless voice and data communication products and services to our residential, small and medium-sized business and large enterprise customers as well as consumer electronic products across Canada.

Bell Wireline provides data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, as well as other communication services and products 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.

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.

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 2020 MD&A, on pages 35 to 38 of the BCE 2020 Annual Report.

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

- a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd., a sports and entertainment company that owns several sports teams, including the Toronto Maple Leafs, the Toronto Raptors, the 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 Montreal 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 acquisitions, investments and dispositions completed by BCE in the last three financial years can be found in section 4.1, *Transactions* of this Annual Information Form.

For the years ended December 31, 2020 and 2019, we generated consolidated operating revenues of $22,883 million and $23,793 million, respectively, and consolidated net earnings of $2,699 million and $3,253 million, respectively. Consolidated net earnings for the years ended December 31, 2020 and 2019 include $226 million and $29 million, respectively, of net earnings from discontinued operations. For the year ended December 31, 2020, Bell Wireless' operating revenues totalled $8,683 million ($8,630 million external revenues), Bell Wireline's operating revenues totalled $12,206 million ($11,884 million external revenues) and Bell Media's operating revenues totalled $2,750 million ($2,369 million external revenues). For the year ended December 31, 2019, Bell Wireless' operating revenues totalled $9,001 million ($8,946 million external revenues), Bell Wireline's operating revenues totalled $12,317 million ($12,036 million external revenues) and Bell Media's operating revenues totalled $3,217 million ($2,811 million external revenues). A table showing the operating revenues that each segment contributed to total operating revenues for the years ended December 31, 2020 and 2019 can be found in section 4.3, *Operating revenues* of the BCE 2020 MD&A, on page 61 of the BCE 2020 Annual Report. A table showing the operating revenues of our Bell Wireless and Bell Wireline segments by category of product and service can be found in section 5.1, *Bell Wireless* and section 5.2, *Bell Wireline* of the BCE 2020 MD&A, on pages 67 and 73, respectively, of the BCE 2020 Annual 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 2020 MD&A, on page 98 of the BCE 2020 Annual Report.

Additional information regarding the business outlook of our Bell Wireless, Bell Wireline and Bell Media segments can be found in the sections entitled *Business outlook and assumptions* of the BCE 2020 MD&A, on pages 54, 55, 70, 76, 77 and 82 of the BCE 2020 Annual Report.

3.2 Strategic imperatives

BCE's goal is to advance how Canadians connect with each other and the world. Our strategic imperatives frame our longstanding strengths in networks, service innovation and content creation, and position the company for continued growth and innovation leadership in a fast-changing communications marketplace. 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 premier 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 both 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. The six strategic imperatives that underlie BCE's business plan are:

1. Build the best networks
2. Drive growth with innovative services
3. Deliver the most compelling content
4. Champion customer experience
5. Operate with agility and cost efficiency
6. Engage and invest in our people

Additional information regarding our strategic imperatives can be found in section 2, *Strategic imperatives* of the BCE 2020 MD&A, on pages 49 to 53 of the BCE 2020 Annual Report.

3.3 Competitive strengths

CANADA'S LARGEST COMMUNICATIONS COMPANY

We are Canada's largest communications company, offering a wide range of telecommunications products and services, 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 video, radio, digital media and OOH advertising.
- We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia
- At December 31, 2020, BCE was one of the largest wireless operators in Canada based on number of subscribers, providing approximately 10.2 million subscribers with nationwide mobile voice and data services
- BCE is the largest Internet service provider in Canada based on number of subscribers, providing approximately 3.7 million retail customers at December 31, 2020 with high-speed Internet access through fibre-optic, wireless-to-the-premise (WTTP) 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 2.7 million retail subscribers at December 31, 2020 through its IPTV services, namely Fibe TV, Alt TV and Virgin TV, as well as its satellite TV service
- BCE operated approximately 2.5 million retail residential network access service (NAS) lines at December 31, 2020

3 Description of our business

Our scale, due to a 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 a key competitive advantage. With a wireless network service footprint that encompasses more than 99% of the Canadian 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 February 4, 2021, we announced a capital investment acceleration of an additional $1 billion to $1.2 billion over the next two years to advance our direct fibre, Wireless Home Internet and 5G wireless network rollouts. We plan to increase the number of new locations covered with direct fibre and Wireless Home Internet service by as many as 900,000 in 2021, while doubling the national coverage of our 5G network to approximately 50% of the Canadian population.

TECHNOLOGICALLY ADVANCED WIRELESS NETWORKS AND SERVICES

Our Bell Wireless segment provides wireless services over technologically advanced wireless networks that are available to virtually all of the Canadian population. We offer a broad range of wireless voice and data communications products and services to residential and business customers through our Bell brand, as well as our Virgin Mobile 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 maintaining our market share of national operators' wireless postpaid net customer activations, continuing to grow our prepaid subscriber base, increasing adoption of unlimited data plans and device financing plans, 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 service (which reached more than 99% of the Canadian population as at December 31, 2020), our Dual-band, Tri-band and Quad-band LTE Advanced (LTE-A) network service (our Dual-band LTE-A network service reached approximately 96% of the Canadian population at December 31, 2020), and our new 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 2018, Bell rolled out its enhanced Gigabit LTE-A network to core locations in Toronto and Kingston, and has since expanded to more areas as smartphones that support these advanced speeds have come to market. To boost LTE-A speeds to the gigabit level, Bell is employing a combination of carrier aggregation and 4X4 Multiple Input Multiple Output (MIMO) technology to increase spectrum efficiency and multiply capacity. Gigabit LTE-A 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 lower costs for IoT devices connecting to Bell's national network. Our LTE-M network is available in most Canadian provinces.

In June 2020, Bell launched its 5G wireless network, offering enhanced mobile data speeds and the latest 5G-capable smartphones. Earlier in the year, we had announced our first 5G network equipment supplier agreement with long-time partner Nokia Corporation (Nokia) and, in June 2020, we further announced that Telefonaktiebolaget LM Ericsson (Ericsson) would provide radio access network (RAN) equipment for Bell's national 5G wireless network. As with previous wireless and wireline network deployments, Bell is working with multiple equipment suppliers for its 5G rollout. Bell's 5G network covered 26% of Canada's population at the end of 2020. 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 virtual and augmented reality, artificial intelligence and machine learning, immersive entertainment services, connected vehicles, smart cities and enhanced rural access, and unprecedented IoT opportunities for business and government enterprises. As part of the capital investment acceleration we announced on February 4, 2021, Bell plans to double the national coverage of our 5G network to approximately 50% of the Canadian population in 2021.

In 2020, Bell was ranked Canada's fastest mobile network provider in PCMag's Fastest Mobile Networks Canada 2020, its annual study of network performance across the country. PCMag's testers drove around 20 Canadian cities, large and small, and also tested rural speeds in parts of Ontario, Québec and Saskatchewan. Testing both 5G and 4G networks, PCMag's analysis took place in September and October 2020 and ranked providers based on a weighted average of download speeds, upload speeds, latency and reliability.

Bell is working with a range of leading 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 to create a new academic centre for research into 5G applications across health (including mental health), agriculture, transportation, manufacturing and other sectors, and a partnership with Université de Sherbrooke whereby Bell's advanced 5G wireless communication systems will be installed at the Interdisciplinary Institute for Technological Innovation (3IT) to enable research projects to further develop technology 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).

PROVIDING SOLUTIONS IN INNOVATIVE INTERNET OF THINGS SECTOR

Bell 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 the following:

- connected telematics services, including security, safety, diagnostics and infotainment, for vehicles
- fuel tank monitoring and water management solutions
- fleet management solution 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 an advanced layer of comprehensive security services to detect and respond to evolving cyber threats
- new solutions made available in the context of theCOVID-19 pandemic, namely real-time occupancy monitoring, providing real-time occupancy data to help control entry to exit from commercial spaces or offices; and digital signage and sanitizer kiosks, whereby businesses can display important information to visitors in a prominent manner and remotely monitor fill levels of hand sanitizers with customizable alert thresholds for refills

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, 2020, our fibre-to-the-premise (FTTP) broadband fibre network covered approximately 5.6 million premises (homes and business locations), and our combined FTTP and fibre-to-the-node (FTTN) broadband fibre network covered approximately 9.9 million premises in Ontario, Québec, the Atlantic provinces and Manitoba. It enables the delivery of Bell's next-generation fibre-optic high-speed Internet service marketed as Fibe Internet, offering total download access speeds of up to 1.5 gigabits per second (Gbps) with FTTP through our Gigabit Fibe 1.5 service, or download speeds of up to 100 megabits per second (Mbps) with FTTN. It also enables the delivery of our Internet service marketed as Virgin Mobile Home Internet, offering download speeds of up to 100 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.

As Bell quickly 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. 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. Based on 5G-capable WTTP technology, our buildout of Wireless Home Internet approached 50% of our target of 1 million locations at the end of 2020. 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 uploads to 10 Mbps (50/10) in the fall of 2020, which enhanced speeds are now available to a majority of customers. As part of the capital investment acceleration we announced on February 4, 2021, Bell plans to increase the number of new locations covered with direct fibre and Wireless Home Internet by as many as 900,000 in 2021.

Our FTTP and FTTN broadband fibre network also enables the delivery of Bell's next-generation IPTV services, namely Fibe TV, Alt TV and Virgin TV. Bell's IPTV services target areas where cable providers had long been dominant, providing us with the opportunity to gain significant market share through offering a comprehensive multi-product bundle of communications services to customers.

Bell's Fibe TV service, built on a next-generation 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, Netflix and YouTube directly from customer TV receivers, providing a seamless experience.

We also offer the Bell Fibe TV app, which 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.

We also offer the Alt TV service in Ontario and Québec, an app-based live TV streaming service that offers live and on-demand programming. With no traditional TV set-top box required, Alt TV is accessed through the Fibe TV app and 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. Alt TV offers access to two TV streams at a time and customers can add individual channels to build their own Alt TV packages. Like Bell's Fibe TV service, Alt TV 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.

3 Description of our business

In July 2020, we launched Virgin TV, a completely new way for Virgin Internet members in Ontario and Québec to watch live and on-demand TV shows and live sports on any screen they want. Virgin 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. Available at the App Store and Google Play, the Virgin 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 August 2020, Bell launched the Bell Streamer, a new 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 Alt TV, 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 stand-alone 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, and we introduced the following new services in 2020:

- Bell announced a new partnership with BlackBerry Limited (Blackberry) to provide enhanced secured communications to business and government customers. Blackberry became Bell's preferred Mobile Threat Defense (MTD) partner, enabling Bell to provide its enterprise customers access to BlackBerry Protect, the MTD solution that uses the power of artificial intelligence to block malware infections, prevent URL phishing attacks and provide application integrity checking.
- Bell further announced the launch of the new Managed Cloud Security Gateway, a solution that provides our corporate customers with fully managed Internet protection as a cost-effective, hassle-free service from the cloud. Offered in partnership with Zscaler, the solution provides an advanced and consistent layer of security, including protection from botnets, malware, phishing attempts and other threats, as well as blocking malicious websites and other fraudulent Internet activity. A strong complement to Bell Virtual Network Services, the Managed Cloud Security Gateway offers customers a fast and secure user experience, simplifies branch operations, and reduces overall cyber security costs for our business customers.
- In response to challenges faced by major business customers building remote work environments during the COVID-19 pandemic, we announced the introduction of Virtual Office, a new suite of integrated remote work solutions enabling businesses to optimize costs, enhance productivity and grow employee engagement.
- Alongside closing of the sale of substantially all of its data centres to Equinix, Inc. (Equinix), as discussed in more details in section 4.1, *Transactions*, Bell became the first Equinix Platinum Partner in Canada.

OUR SIGNIFICANT MEDIA ASSETS

Bell Media's range of video 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 video, radio, digital media and OOH advertising are a key competitive advantage, as described below:

- We own and operate 35 conventional TV stations, including CTV, Canada's most-watched TV network based on viewership, and Noovo, our French-language network
- We own and operate 27 specialty channels, including TSN, Canada's most-watched sports channel, and RDS, the top French-language sports network
- We own and operate four pay TV services, as well as three direct-to-consumer streaming services, including Crave, the exclusive home of HBO in Canada
- We own 109 licensed radio stations in 58 markets across Canada
- We lead the Canadian digital media landscape in unique visitors, page views and total page minutes among Canadian broadcast and video network competitors
- We own Astral, one of Canada's leading OOH advertising businesses with a network of more than 50,000 advertising faces strategically located in key urban cities across the country. It offers a portfolio of six innovative product lines: outdoor advertising, street furniture, airport, digital large format, transit and lifestyle advertising.
- We own Crave, a subscription 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, HBO Max, SHOWTIME and STARZ programming, as well as box-office hits, are available directly to all Canadians with access to the Internet. Crave, also a bilingual service, offers English and French-language content through participating TV providers and streaming platforms. Bell Media's Super Écran is also available OTT as an add-on to Crave.
- In May 2020, Bell Media welcomed French-language conventional TV network V and the ad-supported video-on-demand service Noovo.ca with the completion of their acquisition from Groupe V Média Inc. Bell Media rebranded V as Noovo beginning on August 31, 2020. With Noovo, Bell Media has established a singular brand in Québec for both a traditional TV network and its popular digital platform. Viewers can access the integrated brand's content at any time, on any screen. With this change, Bell Media has transformed an existing local digital brand into an accessible, integrated, multi-platform destination, enabling Bell Media to strengthen ties with its audience.
- With the launch of the 2020 fall season, CTV introduced its all-in-one digital video platform. Now streaming from CTV.ca and the CTV app on smartphones, Smart TVs and other connected devices, audiences can get even more value for 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 and MTV, as well as Canada's #1 lineup from CTV. The newly designed, 100% ad-supported service leverages the same technology that powers Crave. 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

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 2020 MD&A, on page 51 of the BCE 2020 Annual Report, for a description of certain agreements entered into and initiatives launched in 2020 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.

Specifically for Bell Wireless, acquiring and retaining postpaid and prepaid 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. Since June 2019, we offer unlimited plans featuring unlimited data access with no overage charges. In July 2019, we also introduced SmartPay device financing plans that let Bell Mobility customers buy their new smartphones with 24 interest-free installments separate from their service plan. In May 2020, we similarly introduced Sweet Pay device financing plans for Virgin Mobile Canada (Virgin Mobile) 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. 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. Research has shown that a key driver of customer acquisition is handset selection and style. Our current wireless device portfolio includes many leading-edge devices, some launched as exclusive to Bell in the Canadian market. 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:

- approximately 1,200 Bell, Virgin Mobile, 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, virginmobile.ca, luckymobile.ca** and **thesource.ca**
- door-to-door sales representatives

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

For small business customers, our residential and small business team offers a wide range of wireline services, including Business Fibe Internet, Bell Total Connect, Business Phone and TV, along with many other communications solutions, all designed for companies that typically have fewer than 20 employees. Small business 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.

In 2020, communications solutions for medium-sized business and large enterprise customers, other than wireless, were delivered by our business markets team and our products and services were sold through dedicated sales representatives, call centres, certified resellers and competitive bids. By combining products and services, including professional services, into fully managed, end-to-end information and technology solutions, we have been successful in procuring both medium-sized business and 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 and security solutions.

In 2020, our wireless products and services were delivered to business customers, including small business customers, through the same channels as those previously described for services to residential customers. In addition, Bell's business customers were 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.

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.

Emergency measures taken by Canadian governments starting in March 2020 to combat the COVID-19 pandemic have included the temporary closure of non-essential businesses, including most locations in our retail distribution channels. The gradual easing of certain of these measures starting in the latter part of the second quarter allowed the reopening of our retail distribution channels, which stimulated wireless and wireline subscriber activity and wireless product sales. However, traffic to our retail locations did not reach pre-pandemic levels. In addition, starting in late September, due to the resurgence in the number of COVID-19 cases, government restrictions were gradually tightened and became more severe in late December, resulting in the closure of all non-essential businesses, including most retail locations, and the reintroduction of lockdown measures in certain areas. In response to the COVID-19 pandemic, we enhanced online and phone sales and support, equipped 12,000 call centre agents 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. The sales team further moved to virtual meetings for business customers and handled sales remotely to minimize or eliminate, as applicable, contact with customers in accordance with government guidelines.

BELL MEDIA

Bell Media's video and OOH 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, pay TV and streaming services 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 is also available directly via the Internet at **Crave.ca,** and via the Crave app. Crave can be streamed on the web and partner platforms such as iOS, Apple TV, Android mobile, Android TV, Xbox One, Samsung Smart TVs, Amazon Fire TV, Chromecast, Roku and PS4/5. 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

In 2015, we launched a project seeking to transform 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, including network functions virtualization, software-defined networks and cloud technologies. These technologies offer unprecedented levels of flexibility, automation and elastic capacity: 5G, IoT, enhanced Internet, communication and video services, as well as the next generation of enterprise cloud applications, all depend heavily on these capabilities. We work closely with our partners and are leveraging these connections by contributing to industry associations that are accelerating this evolution, such as the open source software and hardware initiatives. We are also focusing on transforming our organization and some key development and operational processes to meet our objectives.

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.

3 Description of our business

HSPA+ NETWORK

Our wireless HSPA+ network offered high-speed mobile access to 99% of the Canadian population at December 31, 2020, 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. Bell supports international roaming to over 230 outbound destinations (196 of them also supporting 4G LTE). 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 in that all Bell LTE devices support both networks.

Our LTE wireless network reached more than 99% of the Canadian population coast-to-coast at December 31, 2020 with theoretical peak download speeds of up to 150 Mbps, with expected average download speeds of 18 to 40 Mbps. LTE currently accounts for over 95% of our total wireless data traffic.

On April 30, 2019, Bell completed the previously announced shutdown of its legacy 3G code division multiple access (CDMA) network, and customers in CDMA coverage areas were transitioned to Bell's 4G LTE network. The shutdown of Bell's CDMA network enables Bell to "re-farm" additional low band spectrum for 5G services and to repurpose existing structures, fibre connections and power systems to further enhance its next-generation LTE networks.

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 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.

Since 2017, Bell's LTE network is capable of delivering Quad-band LTE-A service. Quad-band technology leverages multiple 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. Quad-band LTE-A now offers theoretical mobile data peak download speeds of up to 1.5 Gbps in select markets like Kingston (expected average download speeds of 25 to 319 Mbps).

At December 31, 2020, Bell's LTE-A network provided service to approximately 96% of the population in Canada. In addition, our Quad-band service had expanded to over 60% of Canadians at December 31, 2020.

LTE-M NETWORK

In 2018, Bell launched a new LTE-M network, which is a subset of our LTE network supporting low-power IoT applications with enhanced coverage, longer device battery life and lower costs for IoT devices connecting to Bell's national network. In 2019, Bell announced an expanded reciprocal roaming partnership with AT&T Inc. (AT&T) to provide Canadian business customers with access to AT&T's LTE-M network across the United States. The reciprocal agreement 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. Bell's 5G network covered 26% of Canada's population at December 31, 2020. 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 virtual and augmented reality, artificial intelligence and machine learning, connected vehicles, smart cities and enhanced rural access, and unprecedented IoT opportunities for business and government enterprises.

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 have 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, which will be able to support up to 1 terabit in the future. Key traffic routes span more than 25,000 kilometres across Canada and into the United States.

3 Description of our business

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 FTTN with pair bonding technology, and overlaying legacy copper and FTTN 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 Mobile Home Internet, is enabled by our FTTP and FTTN networks.

In 2017, Bell announced an $854 million investment to bring FTTP to 1.1 million residences and business locations throughout Montréal, representing the largest-ever communications infrastructure project in Québec. Bell's broadband FTTP network enables our Gigabit Fibe Internet service, which was available in 37% of locations in Montréal at December 31, 2020. Montréal will join a growing number of centres across Québec that are fully wired with Bell fibre, including Québec City.

In 2018, Bell launched its all-fibre optic broadband network in Toronto, enabling gigabit Internet speeds, advanced TV and business connectivity to a majority of homes and business locations in that city. In addition, Bell announced the expansion of FTTP direct fibre connections throughout the populous and fast-growing Greater Toronto Area/905 region surrounding Toronto. Bell's fibre plan will deliver gigabit Internet speeds and other broadband Fibe service innovations to approximately 1.3 million homes and businesses in the region.

In 2018, Bell also announced the increase of Fibe Internet access speeds to up to 1.5 Gbps. Unlimited Gigabit Fibe 1.5 service is now available in Ontario, Québec, the Atlantic provinces and Manitoba. Delivered over Bell's FTTP network and leveraging the powerful Home Hub 3000 modem/router already used by most Bell FTTP customers, the enhanced Internet service offers total download access speeds of up to 1.5 Gbps and uploads of up to 940 Mbps.

On January 23, 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. On March 2, 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.

Over the past few years, several direct fibre deployment projects were also announced in a number of communities. In 2020, new investments were announced to bring high-speed Internet to approximately 1,800 locations in Flin Flon, approximately 800 locations in the Town of LaSalle and approximately 3,300 locations in the City of Morden, all in the province of Manitoba. In addition, in May 2020, Bell announced new projects to bring high-speed Internet to unserved regions of Québec in partnership with the Québec government's Régions branchées program. These projects will provide all-fibre Internet connections to approximately 7,000 homes, businesses and other organizations in 18 communities across Québec.

As at December 31, 2020, approximately 5.6 million homes and businesses across Ontario, Québec, the Atlantic provinces and Manitoba had the capability of receiving up to 1.5 Gigabit Fibe service.

In addition to our Fibe Internet service, we offer Home Internet under the Virgin Mobile brand for customers in Ontario and Québec. This high-speed Internet service offers existing Virgin Mobile customers download speeds of up to 100 Mbps and upload speeds of up to 10 Mbps together with large monthly data bandwidth limits.

Additionally, we continue to deploy our next-generation IPTV services in areas in Ontario, Québec, the Atlantic provinces and Manitoba where cable providers had long been dominant. As of December 31, 2020, our IPTV services had the capacity to service approximately 8.7 million homes in major cities and municipalities across Ontario, Québec, the Atlantic provinces and Manitoba.

WTTP

Following successful WTTP trials in the 3.5 GHz band using 8T8R and MIMO radio technologies, Bell began the buildout of WTTP to rural locations in the second quarter of 2018. At the end of 2019, Bell's WTTP footprint, enabling its Wireless Home Internet broadband service, encompassed 226 communities covering approximately 250,000 homes, complementing Bell's FTTP network.

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. At the end of 2020, Bell's WTTP footprint approached 50% of its target of 1 million locations in smaller towns and rural communities.

WTTP is fixed wireless technology that will take full advantage of 5G to deliver high-speed Internet service to residents in smaller and underserved communities. 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 uploads to 10 Mbps (50/10) in the fall of 2020, which enhanced speeds are now available to a majority of customers. Innovation in WTTP complements Bell's extensive broadband fibre build in urban markets, and our deployment of WTTP 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, 2020 and 2019.

NUMBER OF EMPLOYEES AT DECEMBER 31	2020	2019
Bell Wireless	**8,926**	10,345
Bell Wireline	**35,559**	35,547
Bell Media	**6,219**	6,208
Total (1)	**50,704**	52,100

(1) *The total number of BCE employees at the end of 2020 was 50,704, down from 52,100 at December 31, 2019 due to natural attrition, retirements and workforce reductions, partly offset by call centre hiring.*

Approximately 41% of BCE employees were represented by unions and were covered by collective agreements at December 31, 2020.

The following collective agreements covering 250 or more employees were ratified in 2020 or early 2021:

- the collective agreement between Unifor and Bell Canada (Bell MTS) covering approximately 600 clerical employees expired on December 19, 2019. A new collective agreement was ratified on August 26, 2020.
- the collective agreement between Unifor and Expertech Network Installation Inc. (Expertech) covering approximately 785 craft employees expired on November 30, 2019. A new collective agreement was ratified on December 9, 2020.

The following collective agreements covering 250 or more employees will expire in 2021:

- the collective agreement between Unifor and Bell Canada (Clerical) covering approximately 4,300 clerical employees will expire on November 30, 2021.
- the collective agreement between Unifor and Bell Canada (Atlantic, Craft and Clerical) covering approximately 1,670 craft and clerical employees will expire on December 31, 2021.
- the collective agreement between International Brotherhood of Electrical Workers (IBEW) and Northwestel Inc. covering approximately 310 craft and clerical employees was due to expire on December 31, 2020. A one-year agreement to extend the terms and conditions of the existing collective agreement was reached in July 2020 and the agreement will now expire on December 31, 2021.

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 (Craft) covering approximately 3,400 craft employees expired on November 30, 2020. Negotiations are ongoing.
- the collective agreement between Unifor and Bell Media (CTV Agincourt) covering approximately 500 employees expired on December 31, 2020. Negotiations are ongoing.
- the collective agreement between IBEW and Bell Canada (Bell MTS) covering approximately 460 craft employees expired on January 31, 2021. Negotiations are ongoing.

3.8 Corporate responsibility

GENERAL

Environmental, social and governance (ESG) practices form an integral part of BCE's corporate responsibility approach. Since its founding in 1880, Bell has been the Canadian leader in telecommunications and today our goal is to advance how Canadians connect with each other and the world. We take very seriously our responsibility to manage the company in ways that enable us to sustain our record of serving the personal and business communications needs of millions of customers, seek to create value for shareholders, provide meaningful careers for tens of thousands of people, and make a significant contribution to the broader Canadian community and economy.

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 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
- Mandatory Reporting of Internet Child Pornography
- Health & Safety Policy
- Mental Health Policy Statement

We report annually on our corporate responsibility performance and our ESG practices in our Corporate Responsibility Report, available at **BCE.ca.** The report, together with the information and documents available in the Responsibility section of BCE's website, presents Bell's corporate responsibility performance. We report on the ESG topics that are of greatest importance to our stakeholders and which could have a relevant impact on our business. These include diversity and inclusion, mental health in the workplace and the community through our Bell Let's Talk mental health initiative, the environment, climate change and waste management. In our Corporate Responsibility Report, we describe how we manage these topics and we also report on our performance against targets we have set for ourselves. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards-Core option and adheres to the principles of the United Nations Global Compact (UNGC). It describes actions we have taken to implement these guidelines and principles, and serves as our Communication on Progress (COP), as required for all companies that endorse the UNGC. In addition, we report on select Sustainability Accounting Standards Board (SASB) indicators and Sustainable Development Goals (SDGs). Furthermore, BCE supports and reports on the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which has developed voluntary and consistent climate-related risks and opportunities disclosures.

Additional information regarding our corporate governance and risk management practices, as well as our corporate responsibility strategy, including our contribution to community, society, team members and the environment, can be found in section 1.5, *Corporate governance and risk management* and section 1.6, *Environmental, social and governance practices* of the BCE 2020 MD&A, on pages 41 to 48 of the BCE 2020 Annual Report.

ENVIRONMENT

Environmental protection is 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 the environmental legislation that applies to us, to preventing pollution and promoting cost-effective initiatives that minimize use of resources and waste. 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 environmental requirements and standards, and take action seeking to prevent and correct problems when needed. We have an environmental management and review system in place that:

- seeks to provide early warning of potential problems
- identifies management accountability
- enables systematic environmental risks and opportunities management, including cost savings
- establishes a course of action
- seeks to ensure ongoing improvement through regular monitoring and reporting

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

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, 2020, we spent $39.5 million on environmental activities, 53% of which was expensed and 47% of which was for capital expenditures. For 2021, we have budgeted $32.3 million (56% for expenses and 44% for capital expenditures) to seek to ensure that our Environmental Policy is applied properly and that our environmental risks are minimized.

Additional information regarding our environmental protection activities can be found in section 1.6, *Environmental, social and governance practices* of the BCE 2020 MD&A, on pages 44 to 48 of the BCE 2020 Annual Report.

3.9 Competitive environment

A discussion of our competitive environment can be found in section 3.2, *Principal business risks* and the various subsections entitled *Competitive landscape and industry trends* and *Principal business risks* of the BCE 2020 MD&A, on pages 55 to 58, 69 to 71, 75 and 76, 78, 80 and 81, and 83 of the BCE 2020 Annual 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 2020 MD&A, on pages 99 to 102 of the BCE 2020 Annual 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

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.

4 General development of our business – three-year history

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

KEY COMPLETED TRANSACTIONS

In line with our strategic imperatives, we have concluded certain transactions from 2018 to 2020 that have influenced the general development of our business. More information with respect to these transactions is provided in the table below.

TRANSACTION	KEY CHARACTERISTICS
Sale of data centres to Equinix (2020)	• 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. • The transaction reinforces Bell's strategy to focus investment on network infrastructure, content and service innovation. As part of the transaction, Bell Business Markets became the first Equinix Platinum Partner in Canada.
Acquisition of Axia NetMedia Corporation (Axia) (2018)	• On June 30, 2018, Bell entered into an agreement to acquire Axia, the Calgary-based operator of the rural assets of SuperNet, which is the Alberta broadband network connecting thousands of provincial and municipal offices, Indigenous communities, schools, libraries, healthcare institutions, businesses and Internet service providers in numerous urban and rural communities throughout the province. Bell already owned and operated the SuperNet network assets serving 27 urban centres in Alberta. On July 3, 2018, Bell announced that it had been awarded a multi-year contract to operate Alberta SuperNet. • On August 31, 2018, Bell completed its acquisition of all of the issued and outstanding common shares of Axia for a total cash consideration of $155 million. This acquisition ensures the continuation of SuperNet services for rural customers while enhancing connectivity opportunities for Alberta and national enterprise customers doing business throughout the province. The acquisition expands BCE's broadband operations in Alberta and will add approximately 10,000 kilometres of fibre capacity to our footprint.
Acquisition of AlarmForce Industries Inc. (AlarmForce) (2018)	• On January 5, 2018, BCE announced the completion of its acquisition of AlarmForce. The transaction was completed through a plan of arrangement under which BCE acquired all the issued and outstanding common shares of AlarmForce for a total aggregate consideration of approximately $182 million. Subsequent to the acquisition of AlarmForce, on January 5, 2018, BCE sold AlarmForce's approximately 39,000 customer accounts in British Columbia, Alberta and Saskatchewan to TELUS Communications Inc. for total proceeds of approximately $68 million. • AlarmForce provided security alarm monitoring, personal emergency response monitoring, video surveillance and related services to residential and commercial subscribers. The acquisition of AlarmForce supports our strategic expansion in the smart home marketplace.

NORMAL COURSE ISSUER BID FOR BCE FIRST PREFERRED SHARES

On November 5, 2020, BCE announced a normal course issuer bid (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 NCIB will extend from November 9, 2020 to November 8, 2021, or an earlier date should BCE complete its purchases under the NCIB.

Under the NCIB, BCE is authorized to repurchase up to 800,000 Series R Preferred Shares, 351,344 Series S Preferred Shares, 448,655 Series T Preferred Shares, 808,149 Series Y Preferred Shares, 191,850 Series Z Preferred Shares, 1,139,839 Series AA Preferred Shares, 860,015 Series AB Preferred Shares, 1,002,969 Series AC Preferred Shares, 997,030 Series AD Preferred Shares, 651,531 Series AE Preferred Shares, 948,468 Series AF Preferred Shares, 498,535 Series AG Preferred Shares, 901,464 Series AH Preferred Shares, 594,988 Series AI Preferred Shares, 805,011 Series AJ Preferred Shares, 2,274,592 Series AK Preferred Shares, 225,407 Series AL Preferred Shares, 954,661 Series AM Preferred Shares, 195,338 Series AN Preferred Shares, 460,000 Series AO Preferred Shares and 920,000 Series AQ Preferred Shares, representing approximately 10% of the public float in respect of each series of Preferred Shares.

BCE is making this NCIB because it believes that, from time to time, the Preferred 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 NCIB may be conducted through a combination of discretionary transactions and purchases under an automatic securities purchase plan through the facilities of the TSX or alternative trading systems, if eligible, and by such other means as may be permitted by the TSX and under applicable laws. The number of Preferred Shares purchased under the NCIB is subject to the limitations set out by the TSX. At December 31, 2020, BCE had repurchased and cancelled an aggregate of 41,400 Preferred Shares under this NCIB.

COMPLETION OF NORMAL COURSE ISSUER BID FOR BCE COMMON SHARES

On February 8, 2018, BCE announced a NCIB program under which BCE could purchase for cancellation up to 3.5 million common shares, subject to a maximum aggregate purchase price of $175 million, during the twelve-month period starting February 13, 2018 and ending no later than February 12, 2019. On March 13, 2018, BCE completed its NCIB program, having repurchased and cancelled 3,085,697 common shares, at an average price of $56.71 per share, for a total cost of $175 million. The repurchase of common shares was conducted for the purpose of offsetting share dilution resulting from the exercise of stock options.

4.2 Corporate developments

Refer to the sections of the BCE 2018 MD&A and BCE 2019 MD&A, contained in the BCE 2018 Annual Report and BCE 2019 Annual Report, respectively, indicated in the table below for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial years ended December 31, 2018 and December 31, 2019 that have influenced the general development of our business in 2018 and 2019. Refer to the sections of the BCE 2020 MD&A, contained in the BCE 2020 Annual Report, indicated in the table below for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial year ended December 31, 2020 that have influenced the general development of our business in 2020, and the priorities we intend to focus on in 2021.

MD&A	SECTION REFERENCES	
BCE 2018 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2018 progress* for each strategic imperative
BCE 2019 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2019 progress* for each strategic imperative
BCE 2020 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2020 progress* for each strategic imperative
	Section 2,	*Strategic imperatives – 2021 focus* for each strategic imperative

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 Canadian Radio-television and Telecommunications Commission (CRTC), Innovation, Science and Economic Development Canada (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 mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements and control of copyright piracy. Refer to section 8, *Regulatory environment* of the BCE 2018 MD&A, BCE 2019 MD&A and BCE 2020 MD&A contained in the BCE 2018 Annual Report, BCE 2019 Annual Report and BCE 2020 Annual Report, respectively, for a discussion of the regulatory initiatives and proceedings that influenced, in the financial years ended December 31, 2018, 2019 and 2020, 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 4, 2021, 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 29, *Share capital* of the BCE 2020 consolidated financial statements, on pages 161 and 162 of the BCE 2020 Annual 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 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
- the carrier company is not controlled by non-Canadians

In addition, where a parent company (Carrier holding company) owns at least 662/3% of the voting shares of the carrier company, the Carrier holding company must have at least 662/3% 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 662/3% 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 331/3%. 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 331/3%.

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, AST Trust Company (Canada), 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 4, 2021, BCE had no debt securities outstanding.

5.2 Bell Canada debt securities

As at December 31, 2020, 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, 2020 (IN $ MILLIONS)
1997 trust indenture	3.68%	2022 – 2050	16,400
1976 trust indenture	9.54%	2021 – 2054	1,100
1996 trust indenture (subordinated)	8.21%	2026 – 2031	275
2016 U.S. trust indenture (1)	4.41%	2048 – 2049	2,228
2011 trust indenture (2)	4.00%	2024	225
Total			20,228

(1) *Bell Canada has issued notes under the 2016 U.S. trust indenture for an aggregate amount of $1,750million 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 24, *Long-term debt* of the BCE 2020 consolidated financial statements on pages 152 and 153 of the BCE 2020 Annual Report.

In 2020, Bell Canada redeemed the following series of debt securities prior to maturity:

DATE OF REDEMPTION	PRINCIPAL AMOUNT	DESCRIPTION OF DEBT SECURITIES REDEEMED	REDEMPTION PRICE PER $1,000 PRINCIPAL AMOUNT
March 16, 2020	$500 million	4.95% Debentures, Series M-24, due May 19, 2021	$1,033.564 plus $16.003 for accrued and unpaid interest
September 14, 2020	$750 million	3.15% Debentures, Series M-30, due September 29, 2021	$1,026.664 plus $14.585 for accrued and unpaid interest
November 6, 2020	$850 million	2.00% Debentures, Series M-42, due October 1, 2021	$1,013.159 plus $1.973 for accrued and unpaid interest

Under its shelf prospectus dated May 29, 2019 (2019 Shelf Prospectus), Bell Canada could issue, over a 25-month period, up to $5 billion of unsecured debt securities. In addition, under its prospectus supplement dated June 6, 2019 (2019 Prospectus Supplement), Bell Canada could issue, over the same period, up to $5 billion of unsecured Medium Term Notes (MTN) Debentures.

- On September 10, 2019, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $550 million of 2.90% MTN Debentures, Series M-50, at a price of $99.871 per $100 principal amount, to mature on September 10, 2029. The net proceeds of the offering were used to repay short-term debt.
- On February 13, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $750 million of 3.50% MTN Debentures, Series M-51, at a price of $99.902 per $100 principal amount, to mature on September 30, 2050. The net proceeds of the offering were used to fund, on March 16, 2020, the redemption, prior to maturity, of Bell Canada's 4.95% Series M-24 debentures, having an outstanding principal amount of $500 million, which were due on May 19, 2021, and to repay short-term debt.
- On March 25, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $1 billion of 3.35% MTN Debentures, Series M-47, pursuant to a re-opening of an existing series of MTN debentures, at a price of $98.501 per $100 principal amount plus accrued and unpaid interest from and including March 12, 2020 to, but excluding, March 25, 2020 in the amount of $0.119315068 per $100 principal amount, to mature on March 12, 2025. The net proceeds of the offering were used to repay short-term debt and for general corporate purposes.
- On May 14, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $500 million of 3.50% MTN Debentures, Series M-51, pursuant to a re-opening of an existing series of MTN Debentures, at a price of $96.325 per $100 principal amount plus accrued and unpaid interest from and including February 13, 2020 to, but excluding, May 14, 2020 in the amount of $0.87260274 per $100 principal amount, to mature on September 30, 2050. Also on May 14, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $1 billion of $2.50% MTN Debentures, Series M-52, at a price of $99.824 per $100 principal amount, to mature on May 14, 2030. The net proceeds of the offerings were used to repay short-term debt and for general corporate purposes.
- On August 14, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $750 million of 1.65% MTN Debentures, Series M-53, at a price of $99.993 per $100 principal amount, to mature on August 16, 2027. The net proceeds of the offering were used to fund the redemption, prior to maturity, of Bell Canada's 3.15% Series M-30 debentures, having an outstanding principal amount of $750 million, which were due on September 29, 2021.

In order to continue to provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. debt capital markets, on November 16, 2020, Bell Canada filed with the Canadian provincial securities regulatory authorities and with the SEC a new shelf prospectus (2020 Shelf Prospectus) under which Bell Canada may issue, over a 25-month period, up to $6 billion of unsecured debt securities. The 2020 Shelf Prospectus effectively replaced the 2019 Shelf Prospectus and effectively cancelled the 2019 Prospectus Supplement.

As at March 4, 2021, Bell Canada had issued no debt securities under its 2020 Shelf Prospectus.

Certain of Bell Canada's trust indentures and MTS' 2011 trust indenture assumed by Bell Canada impose 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. In addition, 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. "Change of Control" and "Rating Event" are defined in the terms and conditions of the relevant series of debt securities. Bell Canada is in compliance with all conditions and restrictions of its debt securities.

5 Our capital structure

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 4, 2021. 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 4, 2021, Bell Canada had CP Notes outstanding under its U.S. program in the principal amount of US$1,480 million (C$1,876 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. A ratings downgrade could result in adverse consequences for our funding capacity or our ability to access the capital markets.

As of March 4, 2021, 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.

This section describes the credit ratings, as of March 4, 2021, 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 securitized trade receivable programs.

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

LONG-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

PREFERRED SHARES	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 4, 2021, BCE and Bell Canada's credit ratings have stable outlooks from DBRS, Moody's and S&P.

5 Our capital structure

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 4, 2021.

	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 4, 2021.

	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 one year 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 4, 2021.

	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.

5 Our capital structure

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)	satisfactory capacity of the company to fulfill its financial commitment on the obligation
		A-2 (Global scale)	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)	adequate protection parameters
		BBB- (Global scale)	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 2020 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)
January 2020											
High	$63.390	$16.200	$16.100	$15.250	$16.220	$16.050	$16.220	$16.250	$17.110	$16.210	$16.230
Low	$59.280	$15.340	$15.230	$14.680	$15.300	$15.340	$15.450	$15.300	$16.430	$15.330	$15.300
Volume	30,837,083	83,785	66,129	65,997	782,414	59,120	105,541	286,339	245,973	164,500	216,757
February 2020											
High	$65.275	$15.760	$15.860	$14.980	$15.910	$15.860	$15.890	$15.870	$17.100	$15.910	$15.880
Low	$58.875	$14.230	$14.500	$13.990	$14.230	$14.640	$14.500	$14.400	$15.410	$14.130	$14.150
Volume	48,102,075	71,347	34,445	52,422	149,395	18,600	83,557	96,466	296,829	172,245	46,662
March 2020											
High	$63.900	$14.430	$14.170	$13.660	$14.380	$14.560	$14.600	$14.360	$15.820	$14.340	$14.350
Low	$46.030	$8.250	$8.640	$8.500	$8.640	$8.920	$8.650	$8.600	$9.650	$8,540	$8.600
Volume	126,482,835	293,268	137,445	110,123	369,943	111,388	401,205	421,854	514,739	431,873	225,327
April 2020											
High	$59.310	$12.200	$11.610	$11.590	$11.630	$12.930	$12.690	$11.620	$14.700	$12.490	$11.660
Low	$54.690	$10.030	$10.070	$10.020	$10.190	$10.650	$10.500	$10.160	$12.090	$10.150	$10.260
Volume	47,054,239	202,209	171,800	73,849	137,050	198,049	181,817	248,102	231,639	182,226	538,637
May 2020											
High	$57.580	$11.850	$11.610	$11.840	$11.600	$12.980	$12.680	$11.590	$14.840	$11.620	$11.690
Low	$53.250	$10.520	$10.570	$10.780	$10.600	$12.120	$11.310	$10.590	$13.760	$10.560	$10.610
Volume	39,833,587	153,865	81,306	52,657	297,392	69,318	166,767	226,004	320,526	377,453	194,220
June 2020											
High	$60.140	$11.730	$11.500	$11.500	$11.500	$13.280	$12.670	$11.520	$14.730	$11.560	$11.800
Low	$55.790	$10.800	$10.600	$10.230	$10.540	$12.000	$11.500	$10.500	$13.750	$10.320	$10.600
Volume	74,705,435	136,496	133,319	37,284	239,515	70,383	291,966	441,172	364,521	354,860	222,898
July 2020											
High	$57.700	$12.160	$11.900	$12.000	$12.000	$13.080	$13.140	$12.210	$14.580	$12.040	$12.160
Low	$54.330	$10.920	$10.690	$10.990	$10.700	$11.910	$11.550	$10.700	$13.760	$10.650	$10.660
Volume	32,047,363	211,710	126,489	13,214	170,904	30,137	168,887	299,633	113,953	250,624	136,717
August 2020											
High	$58.210	$12.790	$12.770	$13.150	$12.820	$13.600	$14.000	$12.820	$14.570	$12.820	$12.850
Low	$56.050	$11.800	$11.710	$11.500	$11.750	$12.690	$12.540	$11.620	$13.750	$11.460	$11.690
Volume	35,434,424	57,833	113,100	210,712	78,289	33,576	177,885	205,857	207,562	140,611	249,210
September 2020											
High	$57.510	$13.420	$13.310	$13.090	$13.420	$14.200	$14.530	$13.430	$14.980	$13.380	$13.480
Low	$54.420	$12.050	$11.990	$12.340	$12.200	$13.100	$12.940	$12.190	$13.950	$12.190	$12.150
Volume	83,069,229	65,306	95,178	139,256	88,039	14,322	201,949	163,070	71,263	108,949	107,530
October 2020											
High	$56.840	$13.160	$12.820	$12.800	$12,970	$13.750	$13.660	$12.930	$14.450	$13.045	$12.840
Low	$53.185	$11.500	$11.790	$12.000	$11.840	$12.600	$12.490	$11.780	$13.750	$11.830	$11.790
Volume	41,046,718	477,670	65,614	34,273	106,672	21,967	170,490	143,885	93,862	134,207	71,607
November 2020											
High	$57.375	$14.150	$13.490	$13.550	$13.710	$14.240	$14.200	$13.560	$15.280	$13.490	$13.940
Low	$52.520	$11.550	$11.720	$11.990	$11.690	$12.550	$12.490	$11.660	$13.560	$11.750	$11.710
Volume	49,176,318	611,642	60,369	20,423	153,132	40,618	141,609	179,663	140,298	259,074	127,491
December 2020											
High	$58.670	$15.230	$14.150	$14.250	$14.250	$14.920	$14.980	$14.200	$15.960	$14.290	$14.640
Low	$54.310	$14.200	$13.300	$13.600	$13.380	$14.170	$13.860	$13.360	$14.850	$13.290	$13.220
Volume	98,974,886	465,503	92,342	37,804	360,825	27,558	109,336	186,593	984,868	276,849	175,208

	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 (BCE.PR.O)	SERIES AQ (BCE.PR.Q)
January 2020											
High	$16.240	$15.260	$16.180	$15.230	$16.170	$14.550	$14.410	$14.920	$15.400	$20.500	$19.460
Low	$15.260	$14.550	$15.300	$14.600	$15.350	$13.560	$13.750	$14.190	$14.510	$19.120	$18.600
Volume	192,854	52,820	701,351	141,043	1,403,207	628,052	24,618	167,271	40,835	178,741	190,913
February 2020											
High	$16.250	$15.060	$15.880	$15.060	$15.880	$14.220	$14.270	$14.730	$14.910	$20.510	$19.290
Low	$14.250	$13.510	$14.150	$13.300	$14.300	$12.720	$13.310	$13.680	$14.450	$19.400	$17.580
Volume	71,142	18,203	164,739	55,396	88,096	294,783	16,154	105,175	181,090	90,661	195,684
March 2020											
High	$15.050	$13.830	$14.200	$13.600	$14.380	$13.000	$13.000	$13.500	$14.200	$19.150	$18.510
Low	$9.410	$8.750	$8.550	$8.600	$8.750	$8.160	$8.000	$8.550	$9.300	$12.380	$12.000
Volume	259,068	124,923	342,781	134,636	272,762	1,764,923	45,615	510,332	45,171	147,752	206,661
April 2020											
High	$14.000	$11.590	$11.600	$11.510	$11.860	$11.560	$10.980	$11.980	$11.750	$17.000	$16.840
Low	$11.460	$10.010	$10.050	$10.010	$10.280	$10.270	$9.750	$10.710	$10.550	$14.970	$14.600
Volume	419,240	48,324	293,391	62,388	122,947	900,376	17,351	373,760	9,680	94,187	346,371
May 2020											
High	$13.770	$11.800	$11.560	$12.000	$11.630	$11.850	$11.080	$12.000	$12.000	$17.270	$16.800
Low	$12.560	$10.710	$10.560	$10.700	$10.700	$10.370	$9.700	$11.020	$10.840	$16.010	$15.320
Volume	193,923	60,987	102,580	113,166	75,045	420,975	26,187	121,108	26,322	38,510	287,004
June 2020											
High	$13.480	$11.600	$11.550	$11.830	$11.600	$11.050	$10.690	$11.800	$11.840	$17.100	$16.900
Low	$12.590	$10.700	$10.560	$10.590	$10.650	$10.290	$9.970	$11.000	$11.000	$16.210	$15.340
Volume	140,877	167,934	144,689	266,587	138,853	397,848	26,659	114,436	33,147	63,705	205,991
July 2020											
High	$14.110	$11.950	$12.010	$11.700	$12.000	$11.770	$11.000	$12.740	$12.550	$18.570	$18.680
Low	$12.630	$10.540	$10.670	$10.660	$10.680	$10.350	$9.810	$11.160	$10.790	$16.210	$15.850
Volume	202,372	149,000	228,534	31,115	249,287	331,748	22,761	154,396	22,632	47,880	75,056
August 2020											
High	$14.990	$12.750	$12.830	$13.000	$12.970	$12.200	$11.500	$12.830	$12.500	$17.760	$17.690
Low	$13.500	$11.600	$11.750	$11.700	$11.720	$11.090	$10.760	$12.000	$12.070	$17.010	$16.520
Volume	268,005	63,501	253,004	167,581	102,076	481,747	30,805	89,369	23,982	224,289	74,857
September 2020											
High	$15.520	$13.100	$13.500	$13.270	$13.400	$12.300	$11.500	$12.980	$12.600	$18.100	$17.740
Low	$14.010	$12.200	$12.180	$12.200	$12.230	$11.430	$10.900	$12.040	$11.820	$17.450	$16.610
Volume	68,027	112,152	114,621	29,804	95,725	470,208	13,846	199,735	23,600	60,047	90,867
October 2020											
High	$14.740	$12.850	$12.840	$12.960	$12.860	$11.800	$11.390	$12.440	$12.230	$18.550	$17.400
Low	$13.590	$11.990	$11.770	$11.990	$11.900	$11.180	$10.850	$11.900	$11.750	$17.470	$16.540
Volume	106,765	21,431	117,127	48,422	37,356	359,320	10,232	126,558	15,704	91,706	164,479
November 2020											
High	$15.170	$13.600	$13.490	$13.520	$13.500	$12.690	$12.000	$13.250	$12.490	$19.400	$18.720
Low	$13.400	$11.790	$11.730	$11.810	$11.790	$11.350	$10.850	$12.300	$11.630	$17.690	$16.630
Volume	73,334	25,946	75,858	20,574	101,816	841,095	17,806	112,537	42,737	48,789	122,421
December 2020											
High	$15.930	$14.230	$14.240	$14.310	$14.240	$13.410	$12.740	$13.890	$13.450	$19.770	$18.900
Low	$14.710	$13.490	$13.340	$13.310	$13.340	$12.350	$11.830	$12.960	$12.480	$19.100	$18.130
Volume	116,112	85,041	298,114	57,720	99,903	948,923	14,097	122,346	32,033	81,636	261,365

6 Dividends and dividend payout policy

The board of directors of BCE 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 (1) of 65% to 75% of free cash flow (1). 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. In 2020, our dividend payout ratio was 89%, which is higher than our policy range due to the impact of the COVID-19 pandemic. Due to a planned acceleration in capital expenditures and ongoing financial impacts of the COVID-19 pandemic expected in 2021, BCE's dividend payout ratio is expected to remain above our target policy range in 2021. For additional information, refer to section 1.4, *Capital markets strategy* of the BCE 2020 MD&A, on pages 39 to 41 of the BCE 2020 Annual Report.

BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends are subject to the discretion of BCE's board of directors 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 of directors 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, 2018.

DATE OF ANNOUNCEMENT	AMOUNT OF INCREASE	EFFECTIVE DATE
February 8, 2018	5.2% (from $2.87 per share to $3.02 per share)	Quarterly dividend payable on April 15, 2018
February 7, 2019	5.0% (from $3.02 per share to $3.17 per share)	Quarterly dividend payable on April 15, 2019
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

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 2020, 2019 and 2018.

	2020	2019	2018
Common shares	**$3.33**	$3.17	$3.02
First preferred shares			
Series R	**$0.96300**	$1.03250	$1.0325
Series S	**$0.66019**	$0.98748	$0.91392
Series T	**$0.75475**	$0.75475	$0.75475
Series Y	**$0.66019**	$0.98748	$0.91392
Series Z	**$0.97600**	$0.97600	$0.976
Series AA	**$0.90252**	$0.90252	$0.90252
Series AB	**$0.66019**	$0.98748	$0.91392
Series AC	**$1.09500**	$1.09500	$1.095
Series AD	**$0.66019**	$0.98748	$0.91392
Series AE	**$0.66019**	$0.98748	$0.91392
Series AF	**$0.96625**	$0.77750	$0.7775
Series AG	**$0.70000**	$0.70000	$0.70
Series AH	**$0.66019**	$0.98748	$0.91392
Series AI	**$0.68750**	$0.68750	$0.6875
Series AJ	**$0.66019**	$0.98748	$0.91392
Series AK	**$0.73850**	$0.73850	$0.7385
Series AL	**$0.70180**	$0.88996	$0.77374
Series AM	**$0.69100**	$0.69100	$0.691
Series AN	**$0.75445**	$0.94245	$0.82625
Series AO	**$1.06500**	$1.06500	$1.065
Series AQ	**$1.20300**	$1.20300	$1.097625

(1) *The terms free cash flow and dividend payout ratio 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 non-controlling interest. 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 consider free cash flow to be an important indicator of the financial strength and performance of our businesses because it shows how much cash is available to pay dividends on common shares, repay debt and reinvest in our company. We believe that certain investors and analysts use free cash flow to value a business and its underlying assets and to evaluate the financial strength and performance of our businesses. The most comparable IFRS financial measure is cash flows from operating activities. We define dividend payout ratio as dividends paid on common shares divided by free cash flow. 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.*

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 4, 2021.

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 4, 2021
Barry K. Allen, Florida, United States	May 2009	Operating Partner, Providence Equity Partners LLC (a private equity firm focused on media, entertainment, communications and information investments), since September 2007
Mirko Bibic, Ontario, Canada	January 2020	President and Chief Executive Officer, BCE and Bell Canada, since January 2020
Robert E. Brown, Québec, Canada	May 2009	Corporate director, since October 2009
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
Ian Greenberg, Québec, Canada	July 2013	Corporate director, since July 2013
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
Thomas E. Richards, Florida, United States	May 2020	Corporate director, since January 2020
Calin Rovinescu, C.M., Québec, 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
Paul R. Weiss, FCPA, FCA, Ontario, Canada	May 2009	Corporate director, since April 2008, and Chartered Professional Accountant

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
Monique F. Leroux, C.M., O.Q., FCPA, FCA	Chair, President and Chief Executive Officer of Desjardins Group (the leading cooperative financial group in Canada), from 2008 to April 2016
Sheila A. Murray	President of CI Financial Corp. (an investment fund company), from 2016 to March 2019; Executive Vice-President, General Counsel and Secretary of CI Financial Corp., from 2009 to 2016
Louis P. Pagnutti, FCPA, FCA	Global Managing Partner of Ernst & Young (EY) (a professional services firm), from 2013 to September 2020
Thomas E. Richards	Executive Chairman of the Board of Directors of CDW Corporation (a provider of integrated information technology solutions), from December 2018 to December 2019; Chairman, President and Chief Executive Officer of CDW Corporation from 2013 to December 2018
Calin Rovinescu, C.M.	President and Chief Executive Officer of Air Canada (an airline company), from April 2009 to February 2021
Karen Sheriff	President and Chief Executive Officer of Q9 Networks Inc. (a data centre services provider), from 2015 to October 2016

7 Our directors and executive officers

COMMITTEES OF THE BOARD

The table below lists the committees of BCE's board of directors and their members on March 4, 2021.

COMMITTEE	MEMBERS
Audit	Louis P. Pagnutti (Chair) Ian Greenberg, Katherine Lee, Monique F. Leroux, Thomas E. Richards, Paul R. Weiss
Corporate Governance	Monique F. Leroux (Chair) Barry K. Allen, Robert E. Brown, David F. Denison, Katherine Lee, Robert C. Simmonds
Management Resources and Compensation	David F. Denison (Chair) Barry K. Allen, Robert E. Brown, Robert P. Dexter, Ian Greenberg, Sheila A. Murray, Thomas E. Richards, Calin Rovinescu
Risk and Pension Fund	Calin Rovinescu (Chair) Robert P. Dexter, Sheila A. Murray, Louis P. Pagnutti, Karen Sheriff, Robert C. Simmonds, Paul R. Weiss

7.2 Executive officers

The following executive changes became effective in January 2021:

- Mr. Wade Oosterman assumed operational leadership of Bell Media following Randy Lennox's departure, becoming President, Bell Media and Vice Chair of BCE and Bell Canada. Mr. Oosterman was previously Vice Chair and Group President as well as Bell's Chief Brand Officer.
- Ms. Devorah Lithwick was appointed Senior Vice-President and Chief Brand Officer of Bell Canada as Mr. Oosterman focuses fully on his role at Bell Media. Ms. Lithwick was previously Senior Vice-President, Brand.
- Mr. Robert Malcolmson became Executive Vice-President and Chief Legal & Regulatory Officer of BCE and Bell Canada. Mr. Malcolmson was previously Chief Regulatory Officer.

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 4, 2021.

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)
Michael Cole	Ontario, Canada	Executive Vice-President and Chief Information Officer (Bell Canada)
Claire Gillies	Ontario, Canada	President, Bell Mobility (Bell Canada)
Stephen Howe	Ontario, Canada	Executive Vice-President and Chief Technology Officer (Bell Canada)
Rizwan Jamal	Ontario, Canada	President, Bell Residential & Small Business (Bell Canada)
Blaik Kirby	Ontario, Canada	Group President, Bell Mobility and Bell Residential & Small Business (Bell Canada)
Glen LeBlanc	Nova Scotia, Canada	Executive Vice-President and Chief Financial Officer (BCE and Bell Canada)
Bernard le Duc	Ontario, Canada	Chief Human Resources Officer and Executive Vice-President, Corporate Services (BCE and Bell Canada)
Devorah Lithwick	Ontario, Canada	Senior Vice-President and Chief Brand Officer (Bell Canada)
Thomas Little	Ontario, Canada	President, Bell Business Markets (Bell Canada)
Robert Malcolmson	Ontario, Canada	Executive Vice-President and Chief Legal & Regulatory Officer (BCE and Bell Canada)
Karine Moses	Québec, Canada	Senior Vice-President, Content Development and 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, Customer Experience (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, 2020, 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, 538,329 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 4, 2021 or which were concluded in 2020. 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 4, 2021, 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.

CLASS ACTION CONCERNING INDEXATION RATE OF PENSION PAYMENTS

On January 16, 2018, a statement of claim was filed pursuant to the *Class Proceedings Act* (Ontario) in the Ontario Superior Court against Bell Canada, Bell Mobility, Bell Media and Expertech alleging that the indexation rate under the Bell Canada Pension Plan was not properly calculated for the year 2017. The action sought to certify a class action consisting of all persons, wherever resident, who are or were members of the Bell Canada Pension Plan, or otherwise entitled to benefits thereunder, and were entitled to receive indexed pension payments as of January 1, 2017, together with the spouses, estates, heirs, beneficiaries and representatives of those who died. The action sought damages in the amount of $150 million or any greater amount determined by the court, for breach of contract under the Bell Canada Pension Plan, as well as for breach of fiduciary and trust duties under the *Pension Benefits Standards Act* of 1985. On August 12, 2019, the Ontario Superior Court delivered its decision certifying the class action, but simultaneously dismissed the action on the merits. On February 21, 2020, the Ontario Court of Appeal reversed the Ontario Superior Court's decision on the merits, and granted summary judgment in favour of the plaintiff, sending the proceeding back to the Ontario Superior Court for a decision on damages and other ancillary issues.

CLASS ACTION AND PURPORTED CLASS ACTION 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 or reductions of the bundle discount were not compliant under the Québec *Consumer Protection Act.* The action seeks the reimbursement, since November 2012, of the monthly price increases and/or reductions of the bundle discount, 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 or reductions of the bundle discount were not compliant under the Québec *Consumer Protection Act.* The action seeks the reimbursement, since December 2015, of the monthly price increases and/or reductions of the bundle discount, and payment of punitive damages in the amount of $100 per class member. This action has not yet been authorized as a class action.

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). Together, the Actions seek to certify a national class consisting of Bell Mobility customers who subscribed to mobile data services between November 16, 2013 and April 13, 2015. 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. 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.

8 Legal proceedings

IP INFRINGEMENT LAWSUITS CONCERNING IPTV SYSTEMS

On April 23, 2013, a claim was filed in the Federal Court against Bell Canada and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) (now Bell Canada) by Mediatube Corp. (Mediatube) and NorthVu Inc. The claim alleged that the defendants, through their development and use of IPTV systems infringed on a patent owned by NorthVu Inc. and licensed to Mediatube. In addition to declaratory and injunctive relief, the plaintiffs sought damages in the form of unpaid royalties in relation to the defendants' revenues from their IPTV services (the plaintiffs estimated that the monetary value of these royalties exceeded $350 million) or an accounting of the defendants' profits, as well as punitive damages. On January 4, 2017, the Federal Court dismissed the action on the basis that Bell Canada did not infringe on the patent and that the claims o punitive damages were without merit. The plaintiffs appealed the decision to the Federal Court of Appeal. Plaintiff NorthVu Inc. discontinued its appeal, leaving Mediatube as the sole appellant. On June 11, 2019, the Federal Court of Appeal dismissed Mediatube's appeal and, on September 10, 2019, Mediatube applied to the Supreme Court of Canada for leave to appeal from the Federal Court of Appeal's decision. On March 19, 2020, the Supreme Court of Canada denied Mediatube's leave to appeal. Accordingly, this legal proceeding is now concluded.

On January 19, 2018, a 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. Separate and similar actions have been filed by the same plaintiffs against other Canadian telecommunications and cable companies. The claim alleges that the defendants, through their manufacture, distribution, sale and use of certain features of their IPTV systems, have infringed on six patents variously owned by the plaintiffs. The claim also alleges that the defendants have, through their marketing and customer support activities, induced users to infringe on the patents. 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. On May 25, 2018, the plaintiffs discontinued the claim with respect to two of the six patents on which they asserted infringement. With the action bifurcated into separate liability and remedies phases, trial on the merits for the liability phase was completed in January 2021. The court's decision is pending. Bell Canada intends to exercise all available indemnity recourses from third parties that provide the intellectual property upon which its IPTV services are based.

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 the reimbursement of such amounts, the action also seeks payment of 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). 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 actions allege that BCE Inc. and Bell Mobility, respectively, misrepresented and did not disclose that they round up to the next full minute when calculating long distance call time or wireless airtime. The class actions seek reimbursement of all amounts received by BCE Inc. and Bell Mobility as a result of the rounded-up portion of per minute charges for residential long distance calls and wireless airtime. Each action originally claimed general damages of $20 million, costs of $1 million for administering the distribution of damages and $5 million in punitive damages. On January 15, 2014, the Second Rounding-Up Action was amended to include an allegation of breach of contract and to increase claimed general damages to $500 million and claimed punitive damages to $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. The First Rounding-Up Action has not yet been certified as a class action.

8 Legal proceedings

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, Bell MTS Inc. and Bell Aliant LP (now Bell Mobility as successor to the Bell Aliant LP wireless business), on behalf of certain alleged customers. The action also named BCE Inc. and Bell Canada as defendants. The statement of claim alleges, among other things, breach of contract and duty to inform, deceit, misrepresentation 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. On July 22, 2013, the plaintiffs delivered an amended statement of claim which removed BCE Inc. and Bell Canada as defendants, and added claims for unjust enrichment and breaches of provincial consumer protection legislation and the *Competition Act*. 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 Bell Aliant LP (now Bell Mobility as successor to the Bell Aliant LP wireless business), 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.

Table of Contents

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 (U.S.) (PCAOB).

11 Transfer agent and registrar

The transfer agent and registrar for the common shares and preferred shares of BCE in Canada is AST Trust Company (Canada) 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 debentures and subordinated debentures is kept at the principal office of BNY Trust Company of Canada (BNY), acting as attorney for CIBC Mellon Trust Company (CIBC Mellon), in Montréal, and facilities for registration, exchange and transfer of the Canadian debentures are maintained at the principal offices of BNY, acting as attorney for CIBC Mellon, 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 2020 Annual 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 board of directors 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 risks as it relates 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 of directors has determined that all the members of the Audit Committee during 2020 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, and Ms. K. Lee, Ms. M.F. Leroux and Mr. P.R. Weiss 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 2020 or currently.

RELEVANT EDUCATION AND EXPERIENCE

L.P. Pagnutti, FCPA, FCA (Chair) (since January 2021)	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 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 is also a director of DLA Piper International LLP and DLA Piper Global (a professional services firm). He holds an Honours Bachelor of Commerce degree from Laurentian University. He earned his Chartered Professional 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.
D.F. Denison, FCPA, FCA (until December 2020)	Mr. Denison has been a director of BCE since October 2012. Mr. Denison is a corporate director with extensive experience in the financial services industry. He served as President and Chief Executive Officer of the Canada Pension Plan Investment Board (an investment management organization) from 2005 to 2012. Prior to that, Mr. Denison was President of Fidelity Investments Canada Limited (a financial services provider). He has also held a number of senior positions in the investment banking, asset management and consulting sectors in Canada, the United States and Europe. Mr. Denison serves as an Advisor to the Government of Singapore Investment Corporation, Whitehorse Liquidity Partners and Sagard Holdings, and co-chairs the University of Toronto Investment Committee. Mr. Denison earned bachelor's degrees in Mathematics and Education from the University of Toronto, is a Chartered Professional Accountant and a Fellow of CPA Ontario. He was named an Officer of the Order of Canada in 2014 and received an honorary Doctor of Laws degree from York University in 2016. Mr. Denison is a director of Royal Bank of Canada and Chair of Element Fleet Management Corp.
R.P. Dexter (until December 2020)	Mr. Dexter has been a director of BCE since November 2014. He has been Chair and Chief Executive Officer of Maritime Travel Inc. since 1979. He holds bachelor's degrees in both Commerce and Law from Dalhousie University and was appointed Queen's Counsel in 1995. Mr. Dexter has over 20 years of experience in the communications sector, having served as a director of Maritime Tel & Tel Limited from 1997 to 1999 prior to joining the Aliant, and later the Bell Aliant, boards until October 2014. He is also a counsel to the law firm Stewart McKelvey and was Chair of Sobeys Inc. and Empire Company Limited from 2004 to 2016. Mr. Dexter is also a director of High Liner Foods Incorporated and Chair of Wajax Corporation.
I. Greenberg	Mr. Greenberg has been a director of BCE since July 2013. He is a corporate director and one of four brothers who founded Astral Media Inc. (a media company). From 1995 until July 2013, Mr. Greenberg was President and Chief Executive Officer of Astral Media Inc. He is past Chair of Cineplex Inc., and is a member of the Broadcasting Hall of Fame and a recipient of the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system. With his brothers, he also received the Eleanor Roosevelt Humanities Award for their active support of numerous industry and charitable organizations. Mr. Greenberg was a member of the Canadian Council of Chief Executives and a governor of Montréal's Jewish General Hospital. In 2013, he was inducted in the Canadian Business Hall of Fame.
K. Lee	Ms. Lee has been a director of BCE since August 2015 and a corporate director since March 2018. Ms. Lee 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) from 2010 to February 2015. Prior to this role, Ms. Lee served as Chief Executive Officer of GE Capital Real Estate in Canada from 2002 to 2010, building it into 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. From 2016 to 2018, Ms. Lee was Chief Executive Officer of 3 Angels Holdings Limited. 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 also a director of Colliers International Group Inc. and Public Sector Pension Investments.

13 Schedule 1 – Audit Committee information

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 is Vice-Chair of Fiera Holdings Inc. and serves as an independent board member of global companies such as Michelin Group (ML-France), S&P Global Inc. (SPGI), Alimentation Couche-Tard Inc. (ATD) and Lallemand Inc. (a privately owned company). 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, Ms. Leroux was appointed Chair of the Industry Strategy Council by the Minister of Innovation, Science and Industry of Canada. From 2016 to 2020, she was Chair of the Board of Investissement Québec. She is also vice-chair of the Montreal Symphony Orchestra (OSM). Ms. Leroux is a Member of the Order of Canada, an Officer of the Ordre national du Québec, a Chevalier of the 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 eight Canadian universities in recognition of her contribution to the business sector and to the community.
T.E. Richards (since January 2021)	Mr. Richards has been a director of BCE since May 2020. Mr. Richards is a corporate director and was Executive Chairman of the board of directors of CDW Corporation until December 2019. He previously served as Chairman, President and Chief Executive Officer of CDW Corporation until December 2018. Mr. Richards was named President and Chief Executive Officer of CDW Corporation in October 2011 and Chairman in January 2013. Prior to joining CDW Corporation in 2009 as President and Chief Operating Officer, he served as Executive Vice President and Chief Operating Officer of Qwest Communications International Inc. (a telecommunications company) from 2008 to 2009 and before then as Executive Vice President of the Business Markets Group. Mr. Richards also served as Chairman and Chief Executive Officer of Clear Communications Corporation (a telecommunications company) and as Executive Vice President of Ameritech Corporation (a telecommunications company). He is Chairperson of the Board of Trustees of the University of Pittsburgh and Vice Chairman of the University of Pittsburgh Medical Center. He is also a director of Northern Trust Corporation.
R.C. Simmonds (until December 2020)	Mr. Simmonds has been a director of BCE since May 2011. He became Chair of Lenbrook Corporation in 2002, having been a founder and director of the company since 1977. He is a seasoned Canadian telecommunications executive who has served in public company roles from 1994 to 2006. From 1985 until 2000, he served as Chair of Clearnet Communications Inc., a Canadian wireless competitor that launched two all-new digital mobile networks. Internationally regarded as a leading wireless communications engineer and mobile spectrum authority, Mr. Simmonds has played a key role in the development of Canada's mobile spectrum policies for more than 30 years. He is Chair of the Mobile and Personal Communications Committee of the Radio Advisory Board of Canada, a body that provides unbiased and technically expert advice to the federal Department of Innovation, Science and Economic Development, and is a past Chair of the Canadian Wireless Telecommunications Association (CWTA). A laureate and member of Canada's Telecommunications Hall of Fame and recipient of the Engineering Medal for Entrepreneurship from Professional Engineers Ontario, Mr. Simmonds earned a B.A.Sc. in Electrical Engineering at the University of Toronto. In October 2013, Mr. Simmonds became a Fellow of the Wireless World Research Forum (an organization dedicated to long-term research in the wireless industry) in recognition of his contribution to the industry. In 2019, Mr. Simmonds was inducted into the Engineering Alumni Hall of Distinction of the University of Toronto.
P.R. Weiss, FCPA, FCA	Mr. Weiss has been a director of BCE since May 2009 and was Chair of the Audit Committee between May 2009 and December 2020. Mr. Weiss is a past director of Torstar Corporation, member of the board of trustees of Choice Properties REIT, director and audit committee member of The Empire Life Insurance Company and director and audit committee member of ING Bank of Canada. He is also a past Chair of Soulpepper Theatre Company and of Toronto Rehab Foundation. For over 40 years, until his retirement in 2008, he was with KPMG LLP (an accounting firm). He served as Managing Partner of the Canadian Audit Practice, a member of KPMG Canada's Management Committee and a member of the International Global Audit Steering Group. Mr. Weiss holds a Bachelor of Commerce degree from Carleton University. He is a Chartered Professional Accountant and a Fellow of CPA Ontario.

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. In addition to serving on BCE's Audit Committee, Ms. Monique F. Leroux currently serves on the audit committees of three public companies, Alimentation Couche-Tard Inc., Michelin Group and S&P Global Inc. The Board has reviewed the Audit Committee service of Ms. Leroux and has concluded that these other activities do not impair her ability to effectively serve on the Audit Committee. This conclusion is based on the following considerations, among others:

- she is not involved in full-time professional activities other than serving on various boards of directors and not-for-profit organizations and acting as strategic advisor
- she has extensive accounting and financial knowledge and experience, which serves the best interests of BCE and assists the Audit Committee in the discharge of its duties
- she makes valuable contributions to BCE's Audit Committee, and
- she attended 100% of Board and committee meetings, including the Audit Committee, in 2020.

13 Schedule 1 – Audit Committee information

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.

	2020 (IN $ MILLIONS)	2019 (IN $ MILLIONS)
Audit fees (1)	**9.1**	9.4
Audit-related fees (2)	**3.3**	4.7
Tax fees (3)	**0.4**	0.4
All other fees (4)	**0.4**	0.3
Total (5)	**13.2**	14.8

(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 $13.2 million for 2020 and $14.8 million for 2019 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 $9.9 million in 2020 and $11.3 million in 2019.*

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 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.

14 Schedule 2 – Audit Committee charter

B. Oversight of the Shareholders' Auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the shareholders' auditor 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 non-audit services 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.

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.

14 Schedule 2 – Audit Committee charter

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. compliance with the policies and practices of the Corporation relating to business ethics and code of conduct;
   c. compliance by Directors, Officers and other management personnel with the Corporation's Disclosure Policy; and
   d. 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 President, CTV News.
2. At least annually, obtain and review a report by the President, CTV News regarding compliance with the Corporation's Journalistic Independence Policy.

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;

14 Schedule 2 – Audit Committee charter

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 his/her 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.

Table of Contents

bce.ca

Management's discussion and analysis

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 10.2, *Non-GAAP financial measures and key performance indicators (KPIs)* on pages 115 to 117 for a list of defined non-GAAP financial measures and KPIs.

Please refer to BCE's audited consolidated financial statements for the year ended December 31, 2020 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 4, 2021, 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, 2020, BCE's annual information form for the year ended December 31, 2020, dated March 4, 2021 (BCE 2020 AIF) and recent financial reports, on BCE's website at **BCE.ca**, on SEDAR at **sedar.com** and on EDGAR at **sec.gov**.

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

This MD&A comments on our business operations, performance, financial position and other matters for the two years ended December 31, 2020 and 2019.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

BCE's 2020 annual report, including this MD&A and, in particular, but without limitation, section 1.3, *Key corporate developments*, section 1.4, *Capital markets strategy*, section 2, *Strategic imperatives*, section 3.1, *Business outlook and assumptions*, section 5, *Business segment analysis* and section 6.7, *Liquidity* of this MD&A, contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to our projected financial performance for 2021, BCE's dividend growth objective and 2021 annualized common share dividend, BCE's anticipated capital expenditures and the benefits expected to result therefrom, including its two-year increased capital investment program to accelerate fibre, Wireless Home Internet and Fifth Generation (5G) network expansion, BCE's financial policy targets, the sources of liquidity we expect to use to meet our anticipated 2021 cash requirements, our expected post-employment benefit plans funding, 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 BCE's 2020 annual report, including in this MD&A, describe our expectations as at March 4, 2021 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 BCE's 2020 annual report, including 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 and operational assumptions in preparing the forward-looking statements contained in BCE's 2020 annual report, including 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 sections of this MD&A entitled *Business outlook and assumptions*, which sections are incorporated by reference in this cautionary statement. Subject to various factors including, without limitation, the future impacts of the COVID-19 pandemic, which are difficult to predict, we believe that our assumptions were reasonable at March 4, 2021. If our assumptions turn out to be inaccurate, our actual results 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 BCE's 2020 annual report, and in particular in this MD&A, include, but are not limited to: the COVID-19 pandemic and the adverse effects from the emergency measures implemented or to be implemented as a result thereof, as well as other pandemics, epidemics and other health risks; adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services; the intensity of competitive activity including from new and emerging competitors; the level of technological substitution and the presence of alternative service providers contributing to the acceleration of disruptions and disintermediation in each of our business segments; changing viewer habits and the expansion of over-the-top (OTT) television (TV) and other alternative service providers, as well as the fragmentation of, and changes in, the advertising market; rising content costs and challenges in our ability to acquire or develop key content; the proliferation of content piracy; higher Canadian smartphone

penetration and reduced or slower immigration flow; regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business; 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 transform our operations, enabling a truly customer-centric service experience, while lowering our cost structure; the failure to continue investment in next-generation capabilities in a disciplined and strategic manner; the inability to drive a positive customer experience; the complexity in our operations; the failure to maintain operational networks in the context of significant increases in capacity demands; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the failure to implement or maintain highly effective information technology (IT) systems; the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns, staff reductions and the integration of business acquisitions; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, IT systems, equipment and other facilities; in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject; the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe environment; labour disruptions and shortages; our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business; the failure of our vendor selection, governance and oversight processes; security and data leakage exposure if security control protocols affecting our suppliers are bypassed; the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards; 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 Board) or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; pension obligation volatility and increased contributions to post-employment benefit plans; 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 failure to reduce costs, as well as unexpected increases in costs; the failure to evolve practices to effectively monitor and control fraudulent activities; unfavourable resolution of legal proceedings and, in particular, class actions; new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations; the failure to recognize and adequately respond to climate change concerns or stakeholder and governmental changing expectations on environmental matters; and health concerns about radiofrequency emissions from wireless communication devices and equipment.

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 BCE's 2020 annual report, including in this MD&A, for periods beyond 2021 involve longer-term assumptions and estimates than forward-looking statements for 2021 and are consequently subject to greater uncertainty. In particular, the nature and value of capital investments planned to be made by BCE over the next two years assume our ability to access or generate the necessary sources of capital as well as access the necessary equipment and labour. However, there can be no assurance that the required sources of capital, equipment or labour will be available with the result that the actual nature and value of capital investments made by BCE, as well as the timing thereof, could materially differ from current expectations. Forward-looking statements for periods beyond 2021 further assume, unless otherwise indicated, that the competitive, regulatory, security, technological, operational, financial and other 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 risk factors related to the COVID-19 pandemic and general economic conditions 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. From time to time, we 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 4, 2021. 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

COVID-19

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. The most significant impact of the COVID-19 pandemic was experienced in the second quarter of 2020. The gradual easing of certain emergency measures in the latter part of the second quarter allowed many businesses to resume some level of, or increase, commercial activities, resulting in a marked sequential improvement in our business and financial performance in the third quarter. However, starting in late September, due to the resurgence in the number of COVID-19 cases, government restrictions were gradually tightened and became more severe in late December, resulting in the closure of all non-essential businesses and the reintroduction of lockdown measures in certain areas. This drove lower consumer activity during key selling periods.

The COVID-19 pandemic had the following principal consequences on our business and financial results in 2020:

- Lower advertising revenues from our Bell Media segment due to customer cancellations attributable to the temporary shutdown of businesses and the cancellation and/or postponement of sporting events
- Lower wireless product sales driven by reduced market activity, fewer promotional offers and the temporary closure of our retail distribution channels
- Decreased service revenues in our Bell Wireless segment primarily due to lower outbound roaming revenues resulting from reduced customer travel and the waiving of roaming charges during the month of April 2020
- A reduction in Bell Wireless and Bell Wireline subscriber activity due to reduced market activity, fewer promotions and the temporary closure of our retail distribution channels resulting in lower activations, moderated by lower deactivations
- Higher bad debt expense and customer accommodations, including delayed implementation of price increases and revenue credits, due to the financial difficulty experienced by customers
- Lower and delayed customer spending in our business markets due to the temporary shutdown of businesses, uncertain economic environment and difficulties accessing customer premises
- Higher COVID-19-related expenses primarily in our Bell Wireline segment, including related to employee redeployment, greater donations, purchase of personal protective equipment (PPE), incremental building cleaning and supplies
- Higher capital investments in wireless and wireline network capacity enhancements to support increased demand, along with greater investments in online fulfillment, customer self-serve and automation tools, as well as improved app functionality

Due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including the current resurgence and possible future resurgences in the number of COVID-19 cases, and various potential outcomes, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on our business or future financial results and related assumptions. Our business and financial results could continue to be significantly and negatively impacted in future periods. The extent to which the COVID-19 pandemic will continue to adversely impact us will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the severity, duration and resurgences of the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others.

2020 REPORTING CHANGES

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 have reclassified amounts related to the sale for the previous year to discontinued operations in our consolidated income statements and consolidated statements of cash flows to make them consistent with the presentation for the current year. 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 is mainly offset by the recognition of previously unrecognized capital loss carry forwards.

In Q2 2020, we updated our definitions of adjusted net earnings (1), adjusted EPS (1) and free cash flow (1) to exclude the impacts of discontinued operations as they may affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. As a result of this change, prior periods have been restated for comparative purposes. See section 10.2, *Non-GAAP financial measures and key performance indicators (KPIs)*, for more details.

To align with changes in how we manage our business and assess performance, the operating results of our public safety land radio network business are now included within our Bell Wireline segment effective January 1, 2020, with prior periods restated for comparative purposes. Previously, these results were included within our Bell Wireless segment. Our public safety land radio network business, which builds and manages land mobile radio networks primarily for the government sector, is now managed by our Bell Business Markets team in order to better serve our customers with end-to-end communications solutions.

(1) *Adjusted net earnings, adjusted EPS and free cash flow are non-GAAP financial measures and 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. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Adjusted net earnings and adjusted EPS *and* Free cash flow and dividend payout ratio *in this MD&A for more details, including reconciliations to the most comparable IFRS financial measure.*

1.1 Introduction

AT A GLANCE

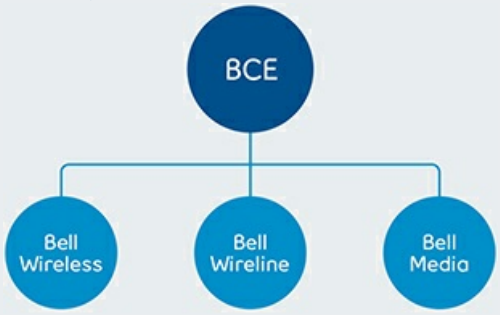
BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. BCE's shares are publicly traded on the Toronto Stock Exchange and on the New York Stock Exchange (TSX, NYSE: BCE).

Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media.

Bell Wireless provides wireless voice and data communication products and services to our residential, small and medium-sized business and large enterprise customers as well as consumer electronic products across Canada.

BCE is Canada's largest communications company

BCE's business segments
At December 31, 2020



Bell Wireline provides data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, as well as other communication services and products 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.

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.

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

- a 28% 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 Montreal Canadiens Hockey Club, evenko and the Bell Centre in Montréal, Québec, as well as Place Bell in Laval, Québec

BCE 2020 CONSOLIDATED RESULTS

Operating revenues
$22,883
million
(3.8%) vs. 2019

Net earnings
$2,699
million
(17.0%) vs. 2019

Adjusted EBITDA (1)
$9,607
million
(4.0%) vs. 2019

Net earnings attributable to common shareholders
$2,498
million
(17.8%) vs. 2019

Adjusted net earnings
$2,730
million
(12.5%) vs. 2019

Cash flows from operating activities
$7,754
million
(2.6%) vs. 2019

Free cash flow
$3,348
million
(10.4%) vs. 2019

BCE CUSTOMER CONNECTIONS

Wireless Total
+2.6%
10.2 million subscribers at the end of 2020

Retail high-speed Internet
+4.2%
3.7 million subscribers at the end of 2020

Retail TV
(1.2%)
2.7 million subscribers at the end of 2020

Retail residential network access services (NAS) lines
(7.9%)
2.5 million subscribers at the end of 2020

OUR GOAL

BCE's goal is to advance how Canadians connect with each other and the world. Our strategic imperatives frame our longstanding strengths in networks, service innovation and content creation, and position the company for continued growth and innovation leadership in a fast-changing communications marketplace. 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 premier 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 both 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. The six strategic imperatives that underlie BCE's business plan are:

BELL'S 6 STRATEGIC IMPERATIVES

1. **Build the best networks**
2. **Drive growth with innovative services**
3. **Deliver the most compelling content**
4. **Champion customer experience**
5. **Operate with agility and cost efficiency**
6. **Engage and invest in our people**

(1) *Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Adjusted EBITDA and adjusted EBITDA margin*in this MD&A for more details, including a reconciliation to the most comparable IFRS financial measure.*

1.2 About BCE

We report the results of our operations in three segments: Bell Wireless, Bell Wireline and Bell Media. We describe our product lines by segment below, to provide further insight into our operations.

OUR PRODUCTS AND SERVICES

Bell Wireless

SEGMENT DESCRIPTION

- Provides integrated digital wireless voice and data communication products and services to residential and business customers across Canada
- Includes the results of operations of Bell Mobility Inc. (Bell Mobility) and our national consumer electronics retailer, The Source (Bell) Electronics Inc. (The Source)

OUR BRANDS INCLUDE

Bell, Virgin mobile, lucky mobile, The SOURCE

OUR NETWORKS AND REACH

We hold wireless spectrum licences, with holdings across various spectrum bands and regions across Canada, totalling more than 4.8 billion megahertz per population (MHz-Pop), corresponding to an average of approximately 137 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) and LTE Advanced (LTE-A) nationwide wireless broadband networks are compatible with global standards and deliver high-quality and reliable voice and high-speed data services to virtually all of the Canadian population. Our 5G network, launched in June 2020, is the next-generation of wireless technology. 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 coast to coast, with LTE-A covering approximately 96% of Canada's population and 5G covering 26% of Canada's population at December 31, 2020
- Peak theoretical mobile data access download speeds: 5G, up to 1.7 Gbps (average expected speeds of 69 to 385 Mbps in the Greater Toronto Area (GTA)); LTE-A, up to 1.5 Gigabit(s) per second (Gbps) (1) (average expected speeds of 25 to 319 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) (2)
- Reverts to LTE/LTE-A technology and speeds when customers are outside 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 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 4,600 retail points of distribution across Canada, including approximately 1,200 Bell, Virgin Mobile Canada (Virgin Mobile), Lucky Mobile 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 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, mobile Internet, smartwatches and Connected Car
- **Extensive selection of devices:** leading 5G, 4G LTE and LTE-A smartphones, tablets, mobile Internet hubs and sticks, mobile Wi-Fi devices and connected things (smartwatches, Bell Connected Car, trackers, connected home, lifestyle products and virtual reality)
- **Travel:** roaming services with other wireless service providers in more than 230 outbound destinations worldwide with LTE roaming in 196 outbound destinations, Roam Better feature and Travel Passes
- **Mobile business solutions:** push-to-talk, field service management, worker safety and mobility management
- **IoT solutions:** asset management, smart buildings, smart cities, fleet management 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

- Provides data, including Internet access and IPTV, voice, comprising local telephone and long distance, as well as other communication services and products to 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 BRANDS INCLUDE

Bell, Fibe, BellAliant, BellMTS, NorthwesTel, Virgin mobile

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 9.9 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba. Our FTTP direct fibre footprint encompassed approximately 5.6 million homes and commercial locations at the end of 2020, representing the largest FTTP footprint in Canada.
- Wireless-to-the-premise (WTTP) footprint approaching 50% of our target of 1 million locations primarily in rural areas. WTTP is 5G-capable fixed wireless technology delivered over Bell's LTE wireless network that provides broadband residential Internet access to smaller and underserved communities.
- Largest Internet protocol (IP) multi-protocol label switching footprint of any Canadian provider, enabling us to offer business customers a virtual private network (VPN) service for IP traffic and to optimize bandwidth for real-time voice and TV
- More than 700 Bell and Virgin Mobile locations

OUR PRODUCTS AND SERVICES

RESIDENTIAL

- **TV:** IPTV services (Fibe TV, Alt TV and Virgin TV) and satellite TV service. Bell Fibe TV provides extensive content options with full high-definition (HD) and 4K resolution (4K) Whole Home personal video recorder (PVR), 4K Ultra HD programming, on-demand content and innovative features including wireless receivers, the Fibe TV app, Restart and access to Crave, Netflix and YouTube. Alt TV app-based live TV streaming service offers live and on-demand programming on Bell Streamer, Apple TV, Amazon Fire TV, Google Chromecast, laptops, smartphones, tablets and other devices with no traditional TV set-top box (STB) required. Bell Streamer is a 4K High Dynamic Range (HDR) streaming device powered by Android TV offering all-in-one access to Alt TV, 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 TV.
- **Internet:** high-speed Internet access through fibre optic broadband technology, 5G-capable WTTP technology or digital subscriber line (DSL) with a wide range of options, including Whole Home Wi-Fi, unlimited usage, security services and mobile Internet. Our Internet service, marketed as Fibe Internet, offers total download access speeds of up to 1.5 Gbps with FTTP or download speeds of up to 100 Mbps with FTTN, while our Wireless Home Internet fixed wireless service currently delivers broadband download speeds of up to 50 Mbps. We also offer Internet service under the Virgin Mobile brand offering download speeds of up to 100 Mbps.
- **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 TV, Internet, home phone and smart home services with monthly discounts

BUSINESS

- **Internet and private networks:** business Internet, Ethernet, IP VPN, Wavelength, global network solutions, virtual network services, managed Wi-Fi
- **Communications:** IP telephony, local and long distance, audio, video and web conferencing and webcasting, contact centre solutions
- **Cloud:** cloud computing, cloud connect, backup and disaster recovery, cloud managed services
- **Other:** security, managed services, professional services

Bell Media

SEGMENT DESCRIPTION

- Canada's leading content creation company with premier assets in video, radio, OOH advertising and digital media
- Revenues are derived primarily from advertising and subscriber fees
  - Conventional TV, radio, OOH and digital media revenues are derived from advertising
  - Specialty TV revenue is generated from subscription fees and advertising
  - Pay TV revenue is derived from subscription fees

OUR BRANDS INCLUDE



OUR ASSETS AND REACH

VIDEO

- 35 conventional TV stations, including CTV, Canada's #1 TV network for 19 consecutive years, and the French-language Noovo network in Québec
- 27 specialty TV channels, including TSN, Canada's most-watched sports channel and RDS, the top French-language sports network
- 4 pay TV services and 3 direct-to-consumer (DTC) streaming services, including Crave, the exclusive home of HBO in Canada

RADIO

- 109 licensed radio stations in 58 markets across Canada

OOH ADVERTISING

- Network of more than 50,000 advertising faces in key urban cities across Canada

DIGITAL MEDIA

- More than 200 websites and more than 30 apps

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, Montreal 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
- **HBO Max:** long-term exclusive agreement to deliver original, non-children's programming produced by Warner Bros. Television Group for HBO Max
- **SHOWTIME:** content licensing and trademark agreement for past, present and future SHOWTIME-owned programming
- **STARZ:** long-term agreement with Lionsgate to deliver U.S. premium pay TV platform STARZ in Canada
- **iHeartRadio:** exclusive partnership for digital and streaming music services in Canada

OTHER ASSETS

- Majority stake in Pinewood Toronto Studios, the largest purpose-built production studio in Canada
- 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

OUR PRODUCTS AND SERVICES

- Varied and extensive array of TV programming to broadcast distributors across Canada
- **Advertising** on our TV, radio, OOH, and digital media properties to both local and national advertisers across a wide range of industry sectors
- **Crave** bilingual subscription on-demand TV streaming service offering a large collection of premium content in one place, including HBO, HBO Max, SHOWTIME, STARZ and Super Écran programming, on 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 Direct and RDS Direct** streaming services offering live and on-demand TSN and RDS content directly to consumers through a monthly or single-day subscription on computers, tablets, mobile devices, Apple TV and other streaming devices

Other BCE investments

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

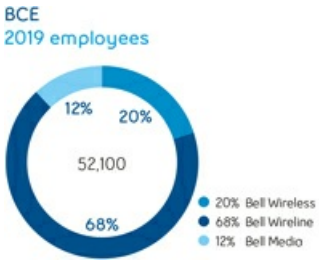
- a 28% indirect equity interest in MLSE, a sports and entertainment company that owns several sports teams, including the Toronto Maple Leafs, the Toronto Raptors, Toronto FC and the Toronto Argonauts, as well as real estate and entertainment assets in Toronto
- a 50% indirect equity interest in Glentel, a Canadian-based connected services retailer
- an 18.4% indirect equity interest in entities that operate the Montreal 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

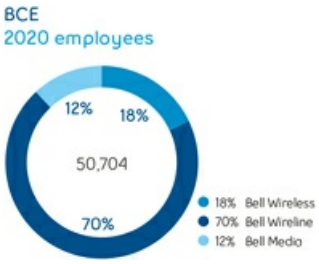
OUR PEOPLE

EMPLOYEES

At the end of 2020, our team comprised 50,704 employees, a decrease of 1,396 employees compared to the end of 2019, due to natural attrition, retirements and workforce reductions, partly offset by call centre hiring.

Approximately 41% of total BCE employees were represented by labour unions at December 31, 2020.





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 capital investment acceleration program. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

CAPITAL INVESTMENT ACCELERATION PROGRAM

On February 4, 2021, Bell announced its plan to rapidly expand its broadband fibre and wireless networks with a $1 billion to $1.2 billion acceleration in capital expenditures over the next two years, underscoring the essential role Bell networks have played in Canada's COVID-19 pandemic response, and how important they will be to the country's economic recovery and future growth. The investment acceleration will be substantially funded by the proceeds received in 2020 from the sale of substantially all of our data centre operations. Bell expects to invest approximately $700 million of this additional capital in 2021 to accelerate the expansion of both our wireless and wireline network footprints. This includes an incremental increase of up to 400,000 more homes and businesses covered by fast fibre and rural Wireless Home Internet service (which is expected to increase new locations covered with direct fibre and Wireless Home Internet service this year to as many as 900,000, for a total broadband footprint of approximately 6.9 million locations by the end of 2021). At the same time, Bell plans to double the national coverage of Bell 5G, the fastest wireless network in the country, to approximately 50% of the population.

SALE OF DATA CENTRES

In the fourth quarter of 2020, BCE completed its sale of 25 data centres at 13 sites, representing substantially all of its data centre operations, to global interconnection and data centre company Equinix, Inc. (Equinix) in an all-cash transaction valued at Cdn $1.04 billion. This transaction reinforces Bell's strategy to focus investment on network infrastructure, content and service innovation. As part of the transaction, Bell Business Markets became the first Equinix Platinum Partner in Canada.

BELL MEDIA LEADERSHIP CHANGE

On January 4, 2021, Wade Oosterman assumed operational leadership of Bell Media in addition to his media strategy role following the departure of Bell Media President Randy Lennox. A Bell executive since 2006, Mr. Oosterman was most recently Vice Chair and Group President, BCE and Bell, responsible for strategic direction of Bell's wireless, residential and media segments. In his prior roles, Mr. Oosterman served as President of Mobility and Residential Services and has also served as Bell's Chief Brand Officer since he joined the company. As Mr. Oosterman focuses fully on his role at Bell Media, Devorah Lithwick, formerly Senior Vice-President, Brand, was appointed Senior Vice-President and Chief Brand Officer.

1.4 Capital markets strategy

This section contains forward-looking statements, including relating to BCE's dividend growth objective, 2021 annualized common share dividend and financial policy targets, 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 substantial free cash flow generation 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 (1)

6.1%

in 2020

2021 dividend increase

+5.1%

to $3.50 per common share

Dividend payout policy

65%–75%

of free cash flow

On February 4, 2021, we announced a 5.1%, or 17 cents, increase in the annualized dividend payable on BCE's common shares for 2021 to $3.50 per share from $3.33 per share in 2020, starting with the quarterly dividend payable on April 15, 2021. This represents BCE's 17th increase to its annual common share dividend since 2009, representing a total increase of 140%. This is BCE's 13th consecutive year of 5% or better dividend growth.

Our objective is to seek to achieve dividend growth while maintaining our dividend payout ratio (2) within the target policy range of 65% to 75% of free cash flow and balancing our strategic business priorities.

BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends are subject to the discretion of the BCE Board 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. In 2020, our dividend payout ratio was 89%, which is higher than our policy range due to the impact of the COVID-19 pandemic. Due to a planned acceleration in capital expenditures and ongoing financial impacts of the COVID-19 pandemic expected in 2021, BCE's dividend payout ratio is expected to remain above our target policy range this year.

EXECUTIVE COMPENSATION ALIGNMENT

BCE's management equity-based incentive plans are structured to maximize shareholder value, share price and capital returns, as well as 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 a strong alignment of interest between shareholders and our management's 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 mid-term and long-term incentive grants
- Vesting criteria fully aligned to shareholder interests

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

(2) *Dividend payout ratio is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Free cash flow and dividend payout ratio *for more details.*

USE OF LIQUIDITY

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 remaining free cash flow, after payment of dividends on common shares, 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 2020, free cash flow, after payment of dividends on common shares, in the amount of $373 million, down from $919 million in 2019, was directed towards various small acquisitions and strategic partnerships that support our strategic imperatives, as well as the repayment of short-term debt. The year-over-year decrease was primarily attributable to the financial impacts of the COVID-19 pandemic.

TOTAL SHAREHOLDER RETURN PERFORMANCE

Five-year total shareholder return (1)

+32%

2016–2020

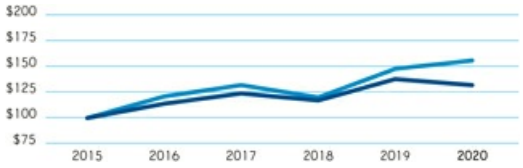
One-year total shareholder return (1)

(4.1%)

2020

FIVE-YEAR CUMULATIVE TOTAL VALUE OF A $100 INVESTMENT (2)

DECEMBER 31, 2015 – DECEMBER 31, 2020



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/TSX Composite Index (3), for the five-year period ending December 31, 2020, assuming an initial investment of $100 on December 31, 2015 and the quarterly reinvestment of all dividends.

BCE common shares S&P/TSX Composite Index

STRONG CAPITAL STRUCTURE

BCE's balance sheet is underpinned by a healthy liquidity position of approximately $3.8 billion at the end of 2020 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 material maturities until the fourth quarter of 2022. We continue to monitor the capital markets for opportunities where we can further reduce 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 (4)

- Average term of Bell Canada's publicly issued debt securities: approximately 11.8 years
- Average after-tax cost of publicly issued debt securities: 3.0%
- No material publicly issued debt securities maturing until Q4 2022

STRONG LIQUIDITY POSITION (4)

- $3,151 million available under our $3.5 billion multi-year committed credit facilities
- $400 million accounts receivable securitization available capacity
- $224 million cash and cash equivalents on hand

INVESTMENT GRADE CREDIT PROFILE (4) (5)

- 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 Global Ratings Canada (S&P), all with stable outlooks

(1) *The change in BCE's common share price for a specified period plus BCE common share dividends reinvested, divided by BCE's common share price at the beginning of the period.*

(2) *Based on BCE's common share price on the Toronto Stock Exchange (TSX) and assuming the reinvestment of dividends.*

(3) *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-basedTSX-listed companies.*

(4) *As at December 31, 2020*

(5) *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.*

We monitor our capital structure by utilizing a number of measures, including net debt leverage ratio (1), adjusted EBITDA to net interest expense ratio (1), and dividend payout ratio.

As a result of financing a number of strategic acquisitions made since 2010, including CTV Inc., Astral Media Inc., MLSE, Bell Aliant Inc. and Manitoba Telecom Services Inc. (MTS); voluntary pension plan funding contributions to reduce our pension solvency deficit; wireless spectrum purchases; as well as a one-time unfavourable impact in 2019 due to the adoption of IFRS 16 that added $2.3 billion of leases to net debt (1) on our balance sheet on January 1, 2019, our net debt leverage ratio has increased above the limit of our internal target range. At December 31, 2020, our net debt leverage ratio was 2.93 times adjusted EBITDA, which exceeded the upper limit of our internal target range by 0.43.

BCE's adjusted EBITDA to net interest expense ratio at the end of 2020 remained above our internal target range of greater than 7.5 times adjusted EBITDA at 8.32, providing good predictability in our debt service costs and protection from interest rate volatility for the foreseeable future.

BCE CREDIT RATIOS	INTERNAL TARGET	DECEMBER 31, 2020
Net debt leverage ratio	2.0–2.5	2.93
Adjusted EBITDA to net interest expense ratio	>7.5	8.32

Bell Canada successfully accessed the debt capital markets in February 2020, March 2020, May 2020 and August 2020, raising a total of $4.0 billion in gross proceeds from the issuance in Canada of medium-term note (MTN) debentures. The issuances contributed to modestly lowering our after-tax cost of outstanding publicly issued debt securities to approximately 3.0% (4.1% on a pre-tax basis), and increasing the average term to maturity to 11.8 years. The net proceeds of the 2020 offerings were used to fund certain early redemptions of Bell Canada MTN debentures maturing in 2021, to repay short-term debt and for general corporate purposes.

In November 2020, Bell Canada renewed its short form base shelf prospectus, enabling Bell Canada to offer up to $6 billion of debt securities from time to time until December 16, 2022. 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. As at March 4, 2021, Bell Canada had issued no debt securities under its new short form base shelf prospectus.

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)	✓ Board Interlocks Guidelines
96% 2020 Board and Committee Director Attendance Record	✓ Directors' Tenure Guidelines
✓ Board Committees 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 Policy for Directors	✓ Board Risk Oversight Practices
✓ Separate Chair and CEO	✓ Robust Succession Planning

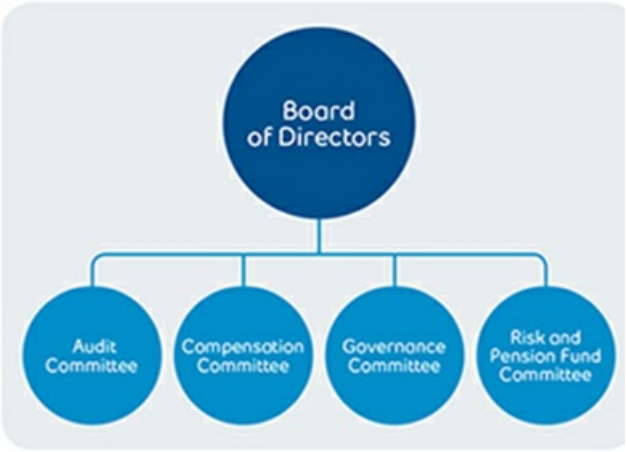
For more information, please refer to BCE's most recent notice of annual general shareholder meeting and management proxy circular (the Proxy Circular) filed with the Canadian provincial securities regulatory authorities (available at **sedar.com**) and furnished to the U.S. Securities and Exchange Commission (available at **sec.gov**), and available on BCE's website at **BCE.ca**.

(1) *Net debt, net debt leverage ratio and adjusted EBITDA to net interest expense ratio are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) - Net debt, Net debt leverage ratio *and* Adjusted EBITDA to net interest expense ratio *in this MD&A for more details.*

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.



Effective January 1, 2021, the Board established the Risk and Pension Fund Committee, succeeding the Pension Fund Committee, which further underlines the importance that the Board assigns to risk management across the organization. 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 and physical security, fraud, vendor and supply chain management, the environment, the pension fund, and other risks as required. The Risk and Pension Fund Committee receives a report on security matters, including information security, 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 also oversees matters such as environmental, social and governance (ESG) matters, 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 has become 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 segments (Bell Wireless, Bell Wireline and Bell Media), 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 50,704 employees as at December 31, 2020, 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 for 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 will maintain, an enhanced Data Governance Policy which encompasses the protection and appropriate use of data across its lifecycle. A significant element of the data governance program relies on the Corporate Security activities outlined below and these two functions are working 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, *Environmental, social and governance practices*, 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 10.3, *Effectiveness of internal controls* of 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 supporting 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 at the vice-president and director levels, to ensure oversight of our overall energy consumption and costs with the objective of minimizing financial and reputational risks while maximizing business opportunities.

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 Environmental, social and governance practices

ESG practices form an integral part of BCE's corporate responsibility approach. Since its founding in 1880, Bell has been the Canadian leader in telecommunications and today our goal is to advance how Canadians connect with each other and the world. We take very seriously our responsibility to manage the company in ways that enable us to sustain our record of serving the personal and business communications needs of millions of customers, seek to create value for shareholders, provide meaningful careers for tens of thousands of people, and make a significant contribution to the broader Canadian community and economy.

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. This approach also supports our goal of advancing how Canadians connect with each other and the world.

The Board has established clear lines of authority and oversight over our corporate responsibility programs and our ESG practices, with primary accountability at the committee level. The Risk and Pension Fund Committee oversees ESG issues, including environmental risks, security and business continuity. The Compensation Committee has oversight for human resources issues, including respectful workplace practices, health and safety. The Governance Committee is responsible for governance practices and policies, overview of our ESG strategy and disclosure as well as policies concerning business conduct and ethics. In addition, in 2020, the Compensation Committee introduced a metric to track corporate performance against our ESG targets.

We report annually on our corporate responsibility performance and our ESG practices in our Corporate Responsibility Report, available on **BCE.ca**. We report on the ESG topics that are of greatest importance to our stakeholders and which could have a relevant impact on our business.

BCE is recognized around the world for the effectiveness of its corporate responsibility and ESG programs, as reflected in its inclusion in various sustainability indices and its receipt of sustainability awards. In 2020, BCE continued to be listed on socially responsible investment indices such as the FTSE4Good Index, the Jantzi Social Index, the Ethibel Sustainability Index (ESI) Excellence Global, and the Euronext Vigeo World 120 index.

COMMUNITY

Since 2010, the Bell Let's Talk mental health initiative has built awareness and action in Canadian mental health, helping reduce the stigma around mental illness while improving access to care, research and workplace mental health. Over the last 11 years, Canadians and people worldwide have taken the mental health conversation started by Bell Let's Talk to remarkable heights each year, driving unprecedented change in mental health. To date, Bell Let's Talk has supported more than 1,100 organizations providing mental health support and services throughout Canada, including hospitals, universities, local community service providers and other care and research organizations.

WHY MENTAL HEALTH MATTERS

With the COVID-19 crisis affecting every aspect of our lives, the Canadian Mental Health Association reports that 40% of Canadians say their mental health has declined due to the COVID-19 pandemic. At the same time, the mental health challenges within Black, Indigenous and People of Colour (BIPOC) communities, and those faced by youth, have also underscored the need to address mental illness in new ways as well as the important role we can all play in putting the focus on mental health.

WHAT WE ARE DOING

In March 2020, Bell extended Bell Let's Talk for another five years and launched a new $10 million partnership with the Graham Boeckh Foundation to accelerate the delivery of mental health services for young people through Integrated Youth Services (IYS) hubs. Later that month, Bell Let's Talk announced an additional $5 million in donations to the Canadian Red Cross, Canadian Mental Health Association, Kids Help Phone, Revivre and Strongest Families Institute, to enhance their efforts to support Canadians confronting isolation, anxiety and other challenges during the COVID-19 crisis.

In July 2020, Bell launched the $5 million Bell Let's Talk Diversity Fund to support the mental health and well-being of BIPOC communities across Canada with inaugural donations totaling $500,000 to Black Youth Helpline and the National Association of Friendship Centres.

January 2021 saw a number of significant donations made by Bell in the lead up to Bell Let's Talk Day, including: the $2 million Bell Let's Talk – Brain Canada Mental Health Research Program to accelerate brain research; $2.5 million for a new Bell Let's Talk Post-Secondary Fund for Canadian colleges and universities; a further $1 million in Diversity Fund grants to eight organizations; $500,000 to help expand the reach of Jack.org Chapters in hundreds of communities to support the mental health of young people; $420,000 to the QEII Foundation to introduce repetitive transcranial magnetic stimulation (rTMS) at two hospitals in Nova Scotia; and $300,000 to the CHU Sainte-Justine Foundation to launch an intensive ambulatory care pilot program for young people across Québec being treated for an eating disorder.

On January 28, 2021 – Bell Let's Talk Day itself – when Bell donates 5 cents more to mental health programs for every eligible text, call and social media interaction, Canadians and people around the world set all-new records for engagement in the mental health conversation, sharing 159,173,435 messages of support and driving $7,958,671.75 in new mental health funding by Bell.

KEY METRIC

Adding the funding amount of the latest Bell Let's Talk Day to the original Bell Let's Talk commitment of $50 million in 2010, along with the results of the first ten Bell Let's Talk Days and the additional $5 million funding committed in response to the COVID-19 pandemic, Bell has now committed $121,373,806.75 to improving Canadian mental health.

SOCIETY

Being an engaged corporate citizen has been central to our identity for 140 years. Our networks and services are fundamental to the success of the communities we serve, the nation's economy and Canadian society as a whole. We work closely with governments, regulators and our customers to maximize these societal benefits.

WHY DIGITAL ACCESS MATTERS

Society increasingly depends upon communications networks and services for education, work, healthcare, entertainment and to stay informed and engaged with friends, neighbours and the rest of the world. It has never been more critical for all Canadians to have ready access to modern digital infrastructure. The COVID-19 crisis that began in 2020 and brought about fundamental changes to the way we live and work only reinforces this point.

WHAT WE ARE DOING

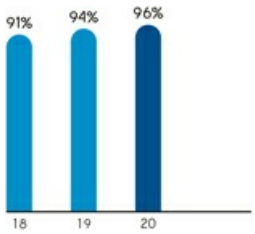
Bell is Canada's leading communications company with respect to network investment, research and development and innovation, with industry-leading capital expenditures to provide advanced networks and services to our customers. Our LTE wireless network is renowned as the fastest in Canada, and has driven rapid growth in recent years in the number of customers using feature-rich smartphones and accelerating usage of mobile video, social media, IoT business applications and other mobile content.

Despite many challenges in 2020, we also maintained our strong commitment to investment in our all-fibre network. In addition to continuing with all-fibre network deployments in the GTA and on the Island of Montréal, we launched new all-fibre builds in Hamilton, Ontario, and Winnipeg, Manitoba, early in the year.

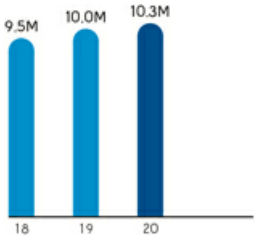
At the outset of the COVID-19 pandemic and to specifically help address needs in rural areas, we also ramped up deployment of our Wireless Home Internet service to reach 137,000 additional rural households by the end of April 2020. We also pushed forward an important upgrade to the service in many areas, increasing download and upload speeds to 50 and 10 Mbps, respectively, by late 2020. We continued to accelerate rollouts in the second half of the year to reach an additional 80,000 rural households, including new deployments in Atlantic Canada in the fall. As at December 31, 2020, our buildout of Wireless Home Internet approached 50% of our target of 1 million locations in smaller towns and rural communities across Ontario, Québec, Atlantic Canada and Manitoba.

KEY METRICS

LTE-advanced network coverage
at December 31 (1)



Fibre and WTTP footprint
at December 31
(homes and businesses passed)



(1) *Population data is based on the 2016 census conducted by Statistics Canada.*

TEAM MEMBERS

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 that drives 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.

WHY ENGAGEMENT MATTERS

We believe that everyone deserves a respectful, positive, professional and rewarding work environment. Engaging and investing in our people is a strategic imperative which recognizes that our success requires a dynamic and engaged team. The Bell team is critical to our company's success, enabling our goal of advancing how Canadians connect with each other and the world, while also making a difference in communities across the country.

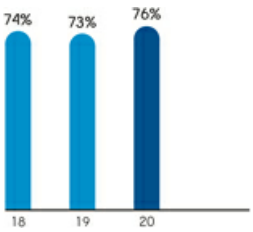
Our highly skilled team members are a key competitive differentiator for us in a dynamic and fast-changing marketplace.

WHAT WE ARE DOING

We are focused on attracting, developing and retaining the best talent in the country by providing a workplace that is positive, professional, and rewarding which enables creativity and innovation. We are proud to be ranked as one of Canada's Top Employers both across Canada and in Montréal, where Bell was founded in 1880. As part of our commitment to mental health, we support and invest in our people with comprehensive health and wellness benefits and a flexible work policy. Reflecting our focus on ensuring an inclusive, equitable and accessible workplace, Bell has been recognized by Mediacorp as one of Canada's Best Diversity Employers, Canada's Top Employers for Young People, Canada's Top Family-Friendly Employers and one of Canada's Greenest Employers.

KEY METRICS

Overall team member engagement score (1)



(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.*

WHY DIVERSITY AND INCLUSION MATTERS

Bell is committed to an inclusive, equitable and accessible workplace where all team members feel valued, respected, supported and have the opportunity to reach their full potential. A truly diverse team and inclusive workplace fosters innovation and creativity, better reflects the customers we serve, and increases team member engagement.

WHAT WE ARE DOING

Our diversity and inclusion strategy is supported by a strong governance framework that includes the Diversity Leadership Council, business unit committees and employee-led networks, including: Black Professionals at Bell, Pride at Bell and Women at Bell.

In step with our overarching corporate commitment to improve gender diversity, we are strategically focused on increasing the diversity of our senior leadership. Bell is a signatory of the Catalyst Accord 2022 and member of the 30% Club. We have established a goal of at least 35% women in executive positions (vice-president level and above) by the end of 2021.

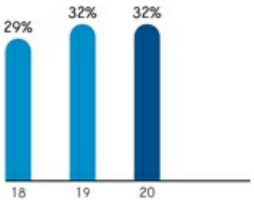
In 2020, Bell committed to taking meaningful actions to address the impacts of systemic racism on blacks, indigenous and people of colour at our company and in our communities. This included:

- New targets for BIPOC representation on our senior management team of at least 25%, and 40% of graduate and student hires by 2025
- New 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 launch of the HireBIPOC website and the Bell Media Content Diversity Task Force in partnership with BIPOC TV & Film
- A new $5 million Bell Let's Talk Diversity Fund to support the mental health and well-being of Canada's BIPOC communities
- Reinforcing our culture of inclusion with review of internal policies and practices, and successful launch of the Inclusive Leadership Development Program to people leaders, exceeding our goal of over 30% completion within the first year.

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

KEY METRICS

Women in executive positions
(vice-president level and above)



Women non-executive directors on the BCE Board



(1) *The variation from 2019 to 2020 is the result of appointments made to the BCE Board during the year 2020 in anticipation of the retirements of three directors at the 2021 annual shareholder meeting.*

(2) *Based on director nominees for election at BCE's 2021 annual shareholder meeting.*

ENVIRONMENT

Our team members, our customers and our investors 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. 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 from fines or restoration, and we may lose investors, all of which could impact our business.

We have been implementing and maintaining programs to reduce the environmental impact of our operations for more than 25 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, and it has been certified ISO 14001 (1) since 2009, making us the first Canadian telecommunications company to be so designated. We have continuously maintained this certification since then. In addition, Bell Canada's energy management system was certified ISO 50001 (2) in 2020, making us the first North American telecommunications company to be so designated.

WHY ENERGY MANAGEMENT AND CLIMATE CHANGE MATTER

A changing climate can lead to increased risks for any business – including financial, operational and reputational risks. Moreover, public health and supply chains could suffer major negative impacts from climate change. We believe that we have an important role to play in providing our customers with technologies that help them address climate change and adapt to related impacts on their businesses.

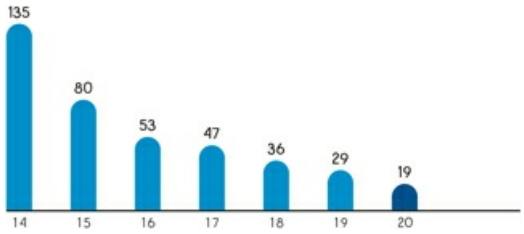
WHAT WE ARE DOING

We are taking action both to help fight climate change and adapt to its consequences. We adapt 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 while also helping customers reduce theirs. In addition, we believe that reporting regularly on our energy performance and associated greenhouse gas (GHG) emissions demonstrates to our stakeholders that we take these initiatives seriously. Since 2004, we report on our climate change mitigation and adaptation efforts through the CDP (formerly known as the Carbon Disclosure Project), a non-for-profit organization that gathers information on climate-related risk and opportunities from organizations worldwide. In 2020, we obtained an A- score, recognizing our work on climate action, our alignment with current best practices and the transparency of our climate disclosures. Furthermore, we support and report on the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which has developed voluntary and consistent climate-related risks and opportunities disclosures. In 2019, we surpassed our 2020 GHG emissions reduction objective. While we work to set a new long-term objective, we set an interim GHG reduction objective to reduce by the end of 2021 the ratio of our operational GHG emissions (3) to our network usage (4) by 40% from 2019 levels. In March 2021, we added a new objective, which is to be carbon neutral for our operational emissions starting in 2025.

KEY METRIC

Reduce the ratio of our operational GHG emissions to our network usage

Operational emissions (tonnes) divided by network usage (petabytes)



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

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

(3) *Operational GHG emissions include scope 1 and scope 2 emissions. Scope 1GHG emissions are direct emissions from sources that are owned or controlled by Bell. Scope 2GHG emissions are indirect emissions associated with the consumption of purchased electricity, heat, steam and cooling.*

(4) *Performance is based on energy consumption and network usage data from January 1 to December 31 of calendar years 2014 to 2017. Starting in 2018, performance is based on energy consumption and network usage data from October 1 of the previous year to September 30 of the reporting year. Network usage includes residential and wholesale Internet, business Internet dedicated (BID), VPN, IPTV, Inter-Network Exchange (INX), prepaid and postpaid wireless services, Wireless Home Internet, Voice-over-LTE traffic, IoT, and enterprise usage, both in Canada and on international roaming partners' networks. As the methodology for gathering network usage differs from one carrier to another, and because a company's business model directly impacts the amount of GHG it emits and how those GHG emissions are calculated and classified, the ratio itself cannot be used to directly compare carrier performance. This metric excludes our Bell MTS division.*

WHY RECOVERING E-WASTE MATTERS

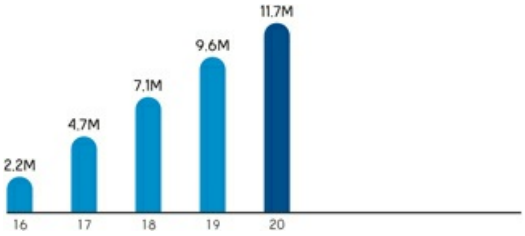
Due to the rapid obsolescence of communications devices, particularly mobile phones, they represent an increasing proportion of electronic waste (e-waste). E-waste disposal is a global issue with global attention. Our relationship with customers provides an opportunity for product recycling, reuse and disposal. Telecommunications companies like BCE therefore face increasing regulatory compliance requirements related to e-waste. There is also a risk to our reputation if we do not properly address this issue.

WHAT WE ARE DOING

We have implemented an effective national program for managing e-waste recycling, reuse and disposal, including national take-back programs, drop boxes and mail-in instructions for customers. In 2020, we surpassed our goal of recovering 10 million used TV receivers, modems and mobile phones between January 1, 2016 and the end of 2020. We are exploring new targets for the future.

KEY METRIC

Cumulative recovery of used TV receivers, modems and mobile phones



PRIVACY AND INFORMATION SECURITY

Privacy and information security present both potentially significant risks and significant opportunities for any business operating in the digital economy. They are the subject of an expanding range of obligations in 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.

WHY DATA GOVERNANCE MATTERS

We recognize that to achieve our goal 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.

WHAT WE ARE DOING

Last year, we adopted an enhanced Data Governance Policy that brings together multiple existing policies and programs in the interrelated areas of privacy, information security, data access management and records management. Our approach to data governance encompasses the protection and appropriate use of data across its lifecycle, and we are incorporating data governance proactively as a core consideration in all our business initiatives and technology decisions. This year, we target to develop and deploy enhanced data governance training to support our new Data Governance Policy.

WHY INFORMATION SECURITY MATTERS

Our operations, service performance, reputation and business continuity depend on how well we protect our data, networks and IT systems from information security threats. Our industry is particularly at risk from a growing landscape of sophisticated threat actors, including hackers, organized criminals, state-sponsored organizations and other parties. Preventing successful cyber attacks limits both financial and legal exposure associated with remediation efforts and recovery of service, aligning with our strategic imperative to operate with agility and cost efficiency.

WHAT WE ARE DOING

In order to seek to protect our data and underlying assets, we continuously enhance our prevention, detection and remediation programs in direct response to evolving security threats. Through these enhancements, we help shape industry security and risk management practices with a goal of being a global leader in the telecommunications industry, and a trusted partner to our customers. In order to be successful, security awareness must influence design, development and operations across the company. Accordingly, we drive a security-by-design culture through an awareness program helping employees embed security in all aspects of what we do with a focus on data protection. To that end, we have recently set our first information security target: complete the rollout of our BeCyberSavvy Information Security training to all applicable team members across Bell by the end of 2021.

KEY METRIC

As discussed above, we have set our first information security target for 2021.

2 Strategic imperatives

Our success is built on the BCE team's dedicated execution of the six strategic imperatives that support our goal to advance how Canadians connect with each other and the world.

This section contains forward-looking statements, including relating to our network deployment and capital investment plans and our 2021 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

Expand Bell's next-generation network leadership with continued capital investment in all-fibre home and business connections in more places, enhanced rural connectivity with Wireless Home Internet and the buildout of our mobile 5G network.

2020 PROGRESS

- Continued to expand our FTTP direct fibre footprint, reaching approximately 5.6 million homes and businesses in seven provinces. FTTP delivers total broadband access speeds of up to 1.5 Gbps currently, with faster speeds expected in the future as equipment evolves to support these higher speeds.
  - As part of Bell's $1 billion investment plan for Manitoba, we announced an investment of approximately $400 million to bring all-fibre connections to approximately 275,000 homes and business locations throughout Winnipeg. We also announced an investment of approximately $400 million in Hamilton's digital infrastructure that is planned to bring direct fibre connections to more than 200,000 residential and business locations throughout the city.
- Accelerated the rollout of our innovative Wireless Home Internet service to previously unserved or underserved communities in response to COVID-19 demand and expanded service to rural Atlantic Canada
  - At the end of 2020, our buildout of Wireless Home Internet approached 50% of our target of 1 million locations in smaller towns and rural communities across Ontario, Québec, the Atlantic provinces and Manitoba
  - Wireless Home Internet was also enhanced to deliver 50/10 access speeds (50 Mbps download/10 Mbps upload) to a majority of customers
- Expanded our LTE-A wireless network to reach approximately 96% of the Canadian population with theoretical mobile data peak download speeds of up to 1.5 Gbps in select markets (expected average download speeds of 25 to 319 Mbps)
- Launched our 5G wireless network, offering enhanced mobile data speeds, with initial service in Montréal, the GTA, Calgary, Edmonton and Vancouver. Our 5G network expanded to reach 26% of Canada's population at the end of 2020.
  - Our 5G network will expand to more centres across the country as the next-generation wireless technology grows in speed and capacity. As with previous wireless and wireline network deployments, Bell is working with multiple equipment suppliers for its 5G rollout.
- Bell's 4G and 5G wireless networks were ranked Canada's fastest in PCMag's 2020 Fastest Mobile Networks Canada, the prestigious annual study of network performance across the country
- Bell's wireless and wireline networks delivered 99.99+% service availability throughout the COVID-19 pandemic, despite increased demand for data as millions of Canadians worked and studied from home
- Collaborated with Société de Transport de Montréal (STM) and industry partners to complete deployment of 4G LTE wireless service throughout Montreal's metro transit system, providing the STM with Canada's largest indoor digital network and the longest underground wireless network in the country
- Enabled faster access to infrastructure to advance the rollout of high-speed Internet services throughout Québec, with new measures simplifying the process for service providers requesting access to our communications support structures

2021 FOCUS

- In February 2021, Bell announced a capital investment acceleration of an additional $1 billion to $1.2 billion over the next two years to advance its direct fibre, Wireless Home Internet and 5G wireless network rollouts. Bell expects to invest approximately $700 million of this additional capital in 2021.
- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
  - Increase the number of customer locations covered with direct fibre and fixed WTTP technology by as many as 900,000, bringing our total broadband footprint to approximately 6.9 million homes and businesses by the end of 2021
- Continued deployment of 5G wireless network offering coverage that is competitive with other national operators in centres across Canada
  - Double the national coverage of our wireless 5G network to approximately 50% of the population

2.2 Drive growth with innovative services

Leverage our network superiority to provide innovative, integrated communications services to Canadian consumers and businesses, including the fastest Internet and best Wi-Fi technology, the highest-quality mobile services and a growing range of next-generation IoT solutions, smart home products and business solutions like Virtual Network Services.

2020 PROGRESS

- Added 263,721 total net postpaid and prepaid wireless customers. Our wireless customer base grew to 10,221,683 at December 31, 2020, up 2.6% over 2019.
- Expanded our lineup of 5G, 4G LTE and LTE-A devices and offered a broad selection of 5G smartphones, including Apple's iPhone 12 Series, the Samsung Galaxy S20 5G series and the Samsung Galaxy Note20 5G Series
- Renewed our exclusive national distribution agreement with Dollarama Inc. to offer Lucky Mobile and Virgin Mobile prepaid wireless service at the value retailer's more than 1,200 locations across Canada
- Partnered with Giant Tiger to make Lucky Mobile available in the discount retail chain's over 250 locations across the country, expanding the reach of our prepaid wireless offering to even more budget-conscious Canadians
- Renewed our partnership with Loblaws to offer the newly rebranded PC mobile prepaid service in more than 840 Loblaws store locations across Canada
- Became the first wireless provider in Canada to offer mobile connection for Apple Family Setup, a service that allows kids and older family members in the household to use Apple Watch even if they do not have an iPhone
- Built on our position as the leading Internet service provider (ISP) in Canada with a retail high-speed Internet subscriber base of 3,704,590 at December 31, 2020, up 4.2% over 2019, including almost 1.7 million FTTP customers at December 31, 2020
- Launched Managed Cloud Security Gateway, a solution that provides our corporate customers with fully managed Internet protection as a cost-effective, hassle-free service from the cloud. Offered in partnership with Zscaler, the Managed Cloud Security Gateway provides an advanced and consistent layer of security including protection from botnets, malware, phishing attempts and other threats as well as blocking malicious websites and other fraudulent Internet activity.
- Partnered with BlackBerry Limited (BlackBerry) to provide enhanced secure communications to business and government customers. BlackBerry became our preferred Mobile Threat Defense partner, enabling Bell to offer its enterprise customers access to BlackBerry Protect, the Mobile Threat Defense solution that uses the power of artificial intelligence to block malware infections, prevent URL phishing attacks and provide application integrity checking.
- Launched Bell Total Business Wi-Fi, enabling small businesses in Ontario and Québec to take advantage of enhanced Wi-Fi coverage, the fastest speeds available and an easy way to manage their network

2021 FOCUS

- Maintain our market share of national operators' wireless postpaid net additions
- Continued growth of our prepaid subscriber base
- Continued adoption of mobile phone devices, tablets and data applications, as well as the introduction of more 5G, 4G LTE and LTE-A devices and new data services
- Increased adoption of unlimited data plans and device financing plans
- Improvement in subscriber acquisition and retention spending, enabled by increasing adoption of device financing plans
- Continued growth in retail Internet subscribers
- Enhance Internet product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
- Invest in direct fibre expansion, 5G and new solutions in key portfolios such as Internet and private networks, cloud services, unified communications, security and IoT to improve the business client experience and increase overall business customer spending on telecommunications products and services
- 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

Inform and engage Canadian audiences with a unified approach to delivering our top TV, media and entertainment assets, leveraging our trusted media brands and content creation leadership to bring Canadians the content they want the most on any platform they choose.

2020 PROGRESS

- Maintained our position as Canada's largest TV provider with 2,738,605 retail subscribers at December 31, 2020, and increased our total number of IPTV subscribers by 2.2% to 1,806,373
- Introduced the Bell Streamer, a new 4K HDR streaming device powered by Android TV offering all-in-one access to live TV, movies and on demand content from Bell Alt TV, support for all major streaming services, and access to thousands of apps in Google Play
- Launched Virgin TV, an app-based TV service offering Virgin Internet Members an all-new way to watch live and on-demand TV shows and live sports across iOS and Android smartphones, tablets, laptops and streaming devices
- Maintained CTV's #1 ranking as the most-watched TV network in Canada for the 19th year in a row, delivering the most Top 10, Top 20, and Top 30 programs nationally among total viewers
- TSN remained Canada's sports leader and RDS remained the top French-language sports network
- Grew our Crave subscriber base to approximately 2.8 million, up 8% over 2019
- Completed the acquisition of French-language conventional TV network V and the ad-supported video-on-demand (VOD) service Noovo.ca from Groupe V Média, strengthening choice for TV viewers in Québec while enhancing investment in French-language content creation. Bell Media rebranded V network as Noovo, establishing a singular brand in Québec for both a traditional TV network and its popular digital platform.
- Formed a new partnership with Grandé Studios, bringing increased resources to Québec's French-language content creation and production communities. Bell Media acquired a minority investment in the Montréal-based multipurpose TV, film, and equipment company, expanding our industry-leading content production role.
- Introduced a new ad-supported CTV digital video platform offering all-in-one access to live and on-demand programming from CTV, CTV2, CTV-branded specialty channels, MTV, CTV Movies and CTV Throwback across smartphones, smart TVs and other connected devices
- Crave launched HBO Max programming in Canada as part of Bell Media's long-term licensing agreement with Warner Bros. International Television Distribution
- TSN and RDS announced a multi-year media rights extension with F1, ensuring that Bell Media's sports networks continue to be the Canadian home of F1 through the 2024 season
- TSN and RDS extended their long-term broadcast partnership with Curling Canada, ensuring that Bell Media's sports networks will continue to be the exclusive English and French broadcasters of Curling Canada Season of Champions events through the 2027-28 season
- Bell Media's Pinewood Toronto Studios began major construction on its multi-stage expansion of new sound stage and support space. The 5-acre new build will better meet the growing roster of domestic and international film and TV clients in Toronto, bringing the production facility to a total of over 525,000 square feet.
- iHeartRadio Canada launched the new national contemporary radio brand, MOVE Radio, in 10 markets across Canada, as well as on the iHeartRadio Canada app and at MoveRadio.ca

2021 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
- Continued scaling of Crave through broader content offering and user experience improvements
- Investment in Noovo news and more French-language originals to better serve our French-language customers
  - In January 2021, Bell Media's French-language Noovo TV and digital network announced the debut of its news show LE FIL on March 29, continuing Bell Media's industry-leading investment in and commitment to offer enhanced information and entertainment programming across all platforms
- Strategic pricing on advertising sales
- Monetization of content rights and Bell Media properties across all platforms
- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, specialty TV, pay TV, streaming and sports services
- Optimize unique partnerships and strategic content investments

2.4 Champion customer experience

Deliver a positive customer experience for consumers and business customers by making it easier to do business with Bell at every level, from sales to installation to ongoing support.

2020 PROGRESS

- Delivered the greatest reduction in consumer complaints among all national providers for the fifth year in a row according to the 2019-20 Annual Report from the Commission for Complaints for Telecom-television Services (CCTS). The CCTS reported that complaints received from Bell customers declined more than 35% and the company's overall share of complaints was down six basis points to 24%.
- Virgin Mobile was ranked highest in overall customer care satisfaction in the J.D. Power 2020 Canada Wireless Customer Care Study for the fourth year in a row, and the fifth time in the last six years. Virgin Mobile also ranked best in overall satisfaction in J.D. Power's 2020 Wireless Purchase Experience Study.
- Virgin Mobile's My Account was named the Best Telecommunications Mobile Application of the year at the 2020 MobileWebAwards
- Improved wireless postpaid churn by 0.14 pts over 2019 to 0.99%, our lowest ever annual postpaid churn rate
- Improved customer churn rates across all wireline residential services over 2019
- Launched Move Valet, a service that helps customers in Ontario and Québec seamlessly transfer their Internet, TV and phone services from one residential address to another, with dedicated customer care specialists available seven days a week
- Improved our digital capabilities, including online fulfillment, self-serve tools and enhanced app functionality. As a result, 54% of total customer transactions were conducted online by the end of 2020, up 10 pts over 2019.
- Introduced the Assisted Self-Installation and Repair program in response to the COVID-19 pandemic to protect the health and safety of our customers and team members. We also offered a full self-installation option to households in Ontario and Québec with fibre connections already in place.
- Integrated our innovative Manage Your Appointment service into the MyBell app and enabled this service for Virgin Mobile customers. Available in Ontario and Québec, Manage Your Appointment provides customers with more precise estimates of technician arrival times and allows customers the ability to add their appointment to a personal calendar.
- Reduced residential FTTP Internet repair truck rolls per customer by 17% in Ontario, Québec and the Atlantic provinces as a result of greater network performance
- Offered residential repair appointments the same day or next day 92% of the time in Ontario, Québec and the Atlantic provinces
- Introduced Virtual Office, a new suite of integrated remote work solutions enabling businesses to optimize costs, enhance productivity and grow employee engagement

2021 FOCUS

- Improve end-to-end customer experience with continued investment in online sales support and digital functionality
- Further improve and expand self-installation capabilities, including ordering and delivery options and interactive support
- Further improve customer satisfaction scores
- Deliver a more convenient and personalized self-serve experience for customers
- Further evolve our self-serve tools
- Further reduce the total number of customer calls to our call centres as well as the number of truck rolls
- Continue to invest in artificial intelligence and machine learning to resolve customer issues faster

2.5 Operate with agility and cost efficiency

Enhance our operational excellence in a competitive marketplace and build on our industry-leading cost structure with a focus on efficiency and disciplined cost management across our business segments.

2020 PROGRESS

- Maintained relatively stable BCE consolidated adjusted EBITDA margin (1)
- 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
- Lowered Bell Canada's average after-tax cost of publicly issued debt securities to 3.0%

2021 FOCUS

- Continued sharp focus on our cost structure
- Realize cost savings from:
  - management workforce reductions including attrition and retirements
  - lower contracted rates from our suppliers
  - operating efficiencies enabled by a growing direct fibre footprint
  - changes in consumer behaviour and product innovation
  - new call centre technology that is enabling self-serve capabilities
  - rationalization of real estate footprint
  - other improvements to the customer service experience
- Reduce subscriber acquisition and retention spending, enabled by increasing adoption of device financing plans

(1) *Adjusted EBITDA margin is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Adjusted EBITDA and adjusted EBITDA margin *in this MD&A for more details.*

2.6 Engage and invest in our people

Recognize our team's importance to Bell's competitive success by strengthening our award-winning workplace culture with new technology and support resources and by offering enhanced development opportunities, enabling our diverse and dynamic team members to achieve their full potential.

2020 PROGRESS

- Recognized as one of Canada's Top 100 Employers for the sixth consecutive year in Mediacorp's annual review of the best workplaces across the country, reflecting our long-standing commitment to mental health, comprehensive employee benefits and resources, inclusive workplace environment and strong response to the COVID-19 pandemic
- Announced new initiatives to support BIPOC team members and communities
  - New targets for BIPOC representation in Bell senior management and intern/graduate hiring and launched the Bell Let's Talk Diversity Fund to support the mental health and well-being of Canada's BIPOC communities
  - Partnered with BIPOC TV and Film to launch the Bell Media Content Diversity Task Force to enhance the representation of diverse voices in programming and decision-making, and increase the employment of BIPOC Canadians working in the media industry through the HireBIPOC website and other initiatives
  - Partnerships with the Onyx Initiative, Black Professionals in Tech Network, Ascend Canada and Indigenous Works, as well as ongoing support for the Black Professionals at Bell Network
- Named one of Canada's Best Diversity Employers for the fourth year in a row in Mediacorp's 2020 report on workplace diversity and inclusion. The award recognizes Bell's commitment to providing an inclusive and accessible workplace that reflects Canada's diversity and highlights our wide range of programs to enable BIPOC communities, women, persons with disabilities, Indigenous Peoples, visible minorities and other groups in their career development.
- Ranked as the top communications company on the Solutions Research Group (SRG) list of 25 Canadian brands that are championing diversity and inclusion
- Named one of Canada's Top Employers for Young People for the third 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 our maternity and parental benefits, commitment to workplace mental health, comprehensive and flexible benefits plans and a strong Employee and Family Assistance Program with a variety of resources and support
- Introduced our Flexible Work Policy, offering Bell team members new ways to balance work, family and other life commitments and facilitating a move to remote work arrangements in response to the COVID-19 pandemic
- Launched an online virtual healthcare program, offering team members and their families convenient and confidential access to healthcare professionals through virtual consultation technology and added a new HealthCareAssist service to help team members better navigate the healthcare system
- Enhanced our health and safety measures as part of Bell's ongoing response to the COVID-19 pandemic, and provided mental health resources and confidential support services through Bell's Employee and Family Assistance Program

2021 FOCUS

- Continue our initiatives to engage and invest in our people, recognizing how critically important our team is to Bell's success
- Deliver on diversity and inclusion commitments
- Enhance Bell's focus on performance and employee recognition with a new, unified corporate reward and recognition program
- Build Bell's talent advantage by expanding critical skills and upskilling
- Continue to evolve Bell's COVID-19 pandemic response, focusing on the guiding principles to keep Canadians connected and informed; protect the health and safety of the public, our customers and team; and support our customers and communities

3 Outlook, assumptions and risks

This section provides information pertaining to our consolidated business outlook and operating assumptions for 2021 and our principal business risks.

3.1 Business outlook and assumptions

This section contains forward-looking statements, including relating to our projected financial performance for 2021, our 2021 business outlook, objectives, plans and strategic priorities and our 2021 annualized common share dividend. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

OUTLOOK

2021 will be a reset year for BCE as we expect to transition towards a return to pre-COVID-19 pandemic levels of financial performance and operating momentum. Due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including the current resurgence and possible future resurgences in the number of COVID-19 cases, and various potential outcomes, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on our business or future financial results and related assumptions. Our business and financial results could continue to be significantly and negatively impacted in future periods. The extent to which the COVID-19 pandemic will continue to adversely impact us will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the severity, duration and resurgences of the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others.

Our projected operating success for 2021 will continue to be anchored to the strategic priorities we set in 2020. They centre on:

- Increased investment on core network infrastructure that will lay the foundation for future broadband Internet and 5G growth
- Improving the end-to-end customer experience
- The ongoing digital transformation of our operations, especially as it relates to online fulfillment, self-serve and automation tools and improved app functionality
- A continued sharp focus on our cost structure

Underpinning our outlook for 2021 is an expected improving performance trajectory for all Bell operating segments. Wireless, retail Internet and TV subscriber base growth, together with pricing discipline and the flow-through of operating cost savings from a reduced workforce, fibre-related operating efficiencies and continued service improvement, are projected to drive overall revenue and adjusted EBITDA growth. This is expected to contribute to substantial free cash flow generation, providing support for the higher BCE common share dividend for 2021, as well as increased capital expenditures to forge ahead even more aggressively on our broadband strategy, including the expansion of all-fibre connections, deployment of Wireless Home Internet to even more rural communities, and a faster build of our mobile 5G network.

The key 2021 operational priorities for BCE are:

- Maintain our market share of national operators' wireless postpaid net additions
- Continued growth of our prepaid subscriber base
- Continued adoption of mobile phone devices, tablets and data applications, as well as the introduction of more 5G, 4G LTE and LTE-A devices and new data services
- Continued deployment of 5G wireless network offering coverage that is competitive with other national operators in centres across Canada
- Increased adoption of unlimited data plans and device financing plans
- Improvement in subscriber acquisition and retention spending, enabled by increasing adoption of device financing plans
- Continued growth in retail Internet and IPTV subscribers
- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
- Enhance Internet and TV product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
- Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, new call centre technology that is enabling self-serve capabilities, rationalization of real estate footprint and other improvements to the customer service experience
- Media revenue generation from an expected improvement in advertiser demand with a gradual economic recovery combined with subscriber revenue growth and strategic pricing on advertising sales, while seeking to control TV programming and premium content cost escalation
- Continued scaling of Crave through broader content offering and user experience improvements
- Investment in Noovo news and more French-language originals to better serve our French-language customers with a wider array of content, in the language of their choice, on their preferred platforms
- Monetization of content rights and Bell Media properties across all platforms

Our projected financial performance for 2021 enabled us to increase the annualized BCE common share dividend for 2021 by 17 cents, or 5.1%, to $3.50 per share.

ASSUMPTIONS

ASSUMPTIONS ABOUT THE CANADIAN ECONOMY

We have made certain assumptions concerning the Canadian economy, which in turn depend on important assumptions about how the COVID-19 pandemic will evolve. Notably, it is assumed that the vaccine rollout proceeds largely as announced by governments and that Canada, other advanced economies and China achieve broad immunity by the end of 2021. In particular, we have assumed:

- Strong rebound in economic growth after the first quarter of 2021 as the economy recovers from the significant impacts of the COVID-19 pandemic, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of around 4% on average in 2021, following a decline of about 5.5% in 2020
- Recovery of consumer confidence and elevated levels of disposable income
- Strengthening business investment outside the oil and gas sector as uncertainty recedes
- Employment gains expected in 2021, despite ongoing challenges in some sectors
- Accelerating trend toward e-commerce
- Low immigration levels until international travel and/or health-related restrictions are lifted
- Prevailing low interest rates expected to remain at or near current levels for the foreseeable future
- Canadian dollar expected to remain at or near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.

MARKET ASSUMPTIONS

- A consistently high 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 traditional telecommunications solutions or alternative OTT competitors
- While the advertising market continues to be adversely impacted by cancelled or delayed advertising campaigns from many sectors due to the economic downturn during the COVID-19 pandemic, we do expect gradual recovery in 2021
- Declines in broadcasting distribution undertakings (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

3.2 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 a description 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.

COVID-19 PANDEMIC AND GENERAL ECONOMIC CONDITIONS

The COVID-19 pandemic resulted in governments and businesses worldwide adopting emergency measures to combat the spread of the coronavirus. These emergency measures have included, without limitation, social distancing, the temporary closure of non-essential businesses, stay-at-home and work-from-home policies, quarantine periods, border closures, travel bans or restrictions and curfews. These measures 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. The most significant impact of the COVID-19 pandemic on our business and financial results was experienced in the second quarter of 2020. The gradual easing of certain emergency measures in the latter part of the second quarter allowed many businesses to resume some level of, or increase, commercial activities, resulting in a marked sequential improvement in our financial performance in the third quarter. However, starting in late September, due to the resurgence in the number of COVID-19 cases, government restrictions were gradually strengthened and became more severe in late December, resulting in the closure of all non-essential businesses and the reintroduction of lockdown measures in certain areas. Accordingly, resurgences in new COVID-19 cases have caused and could continue to cause governments to strengthen or re-introduce emergency 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 strengthening or reintroduction of emergency measures, or a more prolonged duration of the COVID-19 pandemic, could result in increased adverse economic disruptions and financial markets volatility. The uncertainty brought about by the COVID-19 pandemic could result in increased insolvencies, bankruptcies, permanent store closures, higher unemployment levels and decreased consumer and corporate spending in Canada and around the world. Economic uncertainty could continue or worsen for as long as measures taken to contain the spread of COVID-19 persist and certain of such economic conditions could continue even upon the gradual or complete removal of such measures and thereafter. While government programs supporting workers and certain businesses, coupled with low interest rates, sustained some level of consumer and business activities, it is unknown for what period of time such government programs will be maintained. In addition, it is difficult to predict the speed and magnitude of travel recovery and economic rebound, or the associated impact on our business once government programs and health restrictions limiting movement of people are withdrawn.

Restrictive measures adopted or encouraged to combat the spread of COVID-19 and the resulting adverse economic conditions are expected to continue to adversely affect our business, financial condition, liquidity and financial results for as long as measures adopted in response to the COVID-19 pandemic remain in place or are reintroduced, and potentially upon and after their gradual or complete removal, and such adverse effect could be material. Should the COVID-19 pandemic continue for a more prolonged period of time and the temporary closure of non-essential businesses continue or be reintroduced, it would likely result in more employment losses and financial hardship, adversely affecting spending by our customers, both businesses and consumers, which could continue or accelerate the decrease in the

purchase of certain of our products and services. It may also result in the continued suppression by customers of mobile phone data usage 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.

A more prolonged COVID-19 pandemic could continue to result in lower business customer activity, which could continue to lead to further reduction or cancellation of our services due to economic uncertainty. These adverse results would be exacerbated should the temporary closure of non-essential businesses continue or be reintroduced as a result of resurgences in the number of COVID-19 cases. Business customers may continue to postpone purchases of hardware products, downgrade data connectivity speeds, or re-prioritize various business projects with a focus on business continuity instead of growth projects. We may be unable to perform work and render services on the premises of certain business customers due to existing, new or reintroduced government guidelines and health and safety measures. Finally, a certain number of our business customers could become insolvent or otherwise cease to carry on business as a result of the COVID-19 pandemic.

Measures adopted to combat the spread of COVID-19 have resulted in the suspension, delay or cancellation of some live programming and other productions, resulting in reduced audience levels in certain Bell Media market segments. In addition, measures such as social distancing and stay-at-home and work-from-home policies have adversely impacted Bell Media's radio audience levels and OOH business, while economic pressures on advertisers have led to the cancellation or deferral of advertising campaigns. These events have adversely affected, and could continue to adversely affect, for as long as they persist, Bell Media's revenues.

In addition, risk factors, including, without limitation, those described in section 9, *Business risks*, have been and/or could be exacerbated, or become more likely to materialize, as a result of the COVID-19 pandemic. 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 COVID-19 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.

The extent to which the COVID-19 pandemic will continue to adversely impact us will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others. Any of the developments and risks referred to above and elsewhere in this MD&A, and others arising from the COVID-19 pandemic, could have a material adverse effect on our business, financial condition, liquidity, financial results or reputation.

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. Any of these events could have an adverse effect on our business and financial performance.

COMPETITIVE ENVIRONMENT

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 material positions, 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.

Technology substitution, IP networks and recent regulatory decisions, in particular, continue to reduce barriers to entry in our industry. In addition, the effects of government policies reserving spectrum at favourable pricing for regional facilities-based wireless service providers continue to impact 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 taxation and 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, international roaming and resurgence of travel, 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. If we are unable to develop and deploy new solutions in advance of or concurrently with our competitors, or if the market does not adopt these new technologies in pace with our deployment of 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

- The COVID-19 pandemic and the restrictive measures mandated or encouraged 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 for as long as such measures persist, and potentially thereafter, which could adversely affect the sale of our products and services, as well as our revenues and cash flows
- The regional nature of restrictive measures imposed by provincial governments in response to the COVID-19 pandemic could adversely impact our business in certain key markets differently from other industry players
- 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, this could lead to increased churn
- The shift to online transactions during the COVID-19 pandemic amid store closures and reduced store traffic adversely impacted our ability to leverage our extensive retail network to increase the number of subscribers and sell our products and services. This could continue during the COVID-19 pandemic and thereafter, and potentially worsen if temporary closures of our retail outlets are maintained or reintroduced.
- The convergence of wireline and wireless services is impacting product purchase choice by customers and could accelerate product substitution in favour of lower-margin products as well as accelerate churn, which trends are expected to increase with the introduction of 5G
- Regulatory decisions regarding wholesale access to our wireless and fibre networks could bring 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 mobile service may be adversely impacted by government decisions, constraints on access to network equipment suppliers, the availability of 5G compatible handsets and potential operational challenges in delivering new technology
- The accelerated 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 higher declines 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 wireline 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 accelerated market penetration amid the COVID-19 pandemic of 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 piracy, account stacking, Canadian Radio-television and Telecommunications Commission (CRTC) arbitration and a fragmentation of audience with an abundance of choices
- Competition with global competitors such as Netflix, Amazon and Disney, in addition to 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 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 by the COVID-19 pandemic due to a decline in radio audience driven by reduced travel needs
- The launch by international competitors of low orbit satellites to provide connectivity, primarily in rural areas, represents a new type of competition which could adversely affect our network deployment strategy in such areas

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*.

REGULATORY ENVIRONMENT

Although most of our retail services are not price-regulated, government agencies and departments such as the 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 mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements 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. As a result of the COVID-19 pandemic, additional legislation or regulations, regulatory initiatives or proceedings, or government consultations or positions, may be adopted or instituted, as the case may be, that impose additional constraints on our operations and may adversely impact our ability to compete in the marketplace.

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*.

SECURITY MANAGEMENT

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 (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis), 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. 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.

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, and theft of, confidential, proprietary, sensitive or personal information, as well as extortion and business disruptions. 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. There is, however, no certainty that our information security policies, procedures and controls will be effective against all information security attacks.

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 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 artificial intelligence, robotics and smart contracts leveraging blockchain for digital certificate, have significantly increased the threat surface of our network 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 has increased our exposure to information security threats. Remote work arrangements of our employees and those of our suppliers have increased remote connectivity to our systems and the potential use of unauthorized communications technologies. In addition, the COVID-19 pandemic has 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 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, 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
- Litigation, investigations, fines and liability for failure to comply with increasingly stringent privacy and information security laws, including via mandatory flow-through of privacy-related obligations by our customers, as well as increased audit and regulatory scrutiny that could divert resources from project delivery
- Fines and sanctions 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 us, our employees or our customers
- 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
- Higher insurance premiums

In light of the evolving nature and sophistication of information security threats, we seek to continuously adapt our security policies and procedures to protect our information and assets. 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 and procedures that we implement will prevent the occurrence of all potential information security breaches. 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.

4 Consolidated financial analysis

This section provides detailed information and analysis about BCE's performance in 2020 compared with 2019. 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

	2020	2019	$ CHANGE	% CHANGE
Operating revenues				
Service	**19,832**	20,566	(734)	(3.6%)
Product	**3,051**	3,227	(176)	(5.5%)
Total operating revenues	**22,883**	23,793	(910)	(3.8%)
Operating costs	**(13,276)**	(13,787)	511	3.7%
Adjusted EBITDA	**9,607**	10,006	(399)	(4.0%)
Adjusted EBITDA margin	***42.0%***	*42.1%*		*(0.1) pts*
Severance, acquisition and other costs	**(116)**	(114)	(2)	(1.8%)
Depreciation	**(3,475)**	(3,458)	(17)	(0.5%)
Amortization	**(929)**	(886)	(43)	(4.9%)
Finance costs				
Interest expense	**(1,110)**	(1,125)	15	1.3%
Interest on post-employment benefit obligations	**(46)**	(63)	17	27.0%
Impairment of assets	**(472)**	(102)	(370)	n.m.
Other (expense) income	**(194)**	95	(289)	n.m.
Income taxes	**(792)**	(1,129)	337	29.8%
Net earnings from continuing operations	**2,473**	3,224	(751)	(23.3%)
Net earnings from discontinued operations	**226**	29	197	n.m.
Net earnings	**2,699**	3,253	(554)	(17.0%)
Net earnings from continuing operations attributable to:				
Common shareholders	**2,272**	3,011	(739)	(24.5%)
Preferred shareholders	**136**	151	(15)	(9.9%)
Non-controlling interest	**65**	62	3	4.8%
Net earnings from continuing operations	**2,473**	3,224	(751)	(23.3%)
Net earnings attributable to:				
Common shareholders	**2,498**	3,040	(542)	(17.8%)
Preferred shareholders	**136**	151	(15)	(9.9%)
Non-controlling interest	**65**	62	3	4.8%
Net earnings	**2,699**	3,253	(554)	(17.0%)
Adjusted net earnings	**2,730**	3,119	(389)	(12.5%)
Net earnings per common share (EPS)				
Continuing operations	**2.51**	3.34	(0.83)	(24.9%)
Discontinued operations	**0.25**	0.03	0.22	n.m.
Net earnings per common share	**2.76**	3.37	(0.61)	(18.1%)
Adjusted EPS	**3.02**	3.46	(0.44)	(12.7%)

n.m.: not meaningful

BCE STATEMENTS OF CASH FLOWS – SELECTED INFORMATION

	2020	2019	$ CHANGE	% CHANGE
Cash flows from operating activities	**7,754**	7,958	(204)	(2.6%)
Capital expenditures	**(4,202)**	(3,974)	(228)	(5.7%)
Free cash flow	**3,348**	3,738	(390)	(10.4%)

BCE revenues decreased by 3.8% in 2020, compared to last year, driven by the adverse impact of the COVID-19 pandemic across all three of our segments. Service revenues decreased by 3.6% year over year, due to reduced media advertising and subscriber revenues, the continued erosion in our voice, satellite TV and legacy data revenues, as well as lower wireless service revenues. This was moderated by the continued growth of our postpaid and prepaid wireless, retail Internet, and IPTV subscriber bases, along with the flow-through of rate increases. Product revenues decreased by 5.5% year over year, primarily due to lower wireless product sales and lower equipment sales to large enterprise customers.

In 2020, net earnings decreased by 17.0%, compared to 2019, mainly due to lower adjusted EBITDA, an increase in impairment of assets primarily at our Bell Media segment, higher other expense and higher depreciation and amortization, partly offset by lower income taxes and higher net earnings from discontinued operations as a result of a gain on sale, net of taxes, of $211 million in Q4 2020 from the completion of the sale of substantially all of our data centre operations.

BCE's adjusted EBITDA decreased by 4.0% in 2020, compared to last year, driven by declines across all three of our segments, mainly attributable to lower year-over-year revenues, moderated by reduced operating costs, primarily as a result of the COVID-19 pandemic. This drove an adjusted EBITDA margin of 42.0% in 2020, essentially stable compared to last year, with a decline of 0.1 pts, primarily from lower service revenue flow-through, offset in part by reduced operating expenses.

In 2020, BCE's cash flows from operating activities decreased by $204 million, compared to 2019, mainly due to lower adjusted EBITDA and higher income taxes paid due to timing of installments, partly offset by higher cash from working capital and lower severance and other costs paid.

Free cash flow decreased by $390 million in 2020, compared to 2019, mainly due to higher capital expenditures and lower cash flows from operating activities, excluding cash from discontinued operations and acquisition and other costs paid.

4.2 Customer connections

BCE NET ACTIVATIONS (LOSSES)

	2020	2019	% CHANGE
Wireless subscribers net activations	**263,721**	515,409	(48.8%)
Postpaid	***225,739***	*401,955*	*(43.8%)*
Prepaid	***37,982***	*113,454*	*(66.5%)*
Wireline retail high-speed Internet subscribers net activations	**148,989**	135,861	9.7%
Wireline retail TV subscribers net (losses) activations	**(33,859)**	6,053	n.m.
IPTV	***39,191***	*91,476*	*(57.2%)*
Satellite	***(73,050)***	*(85,423)*	*14.5%*
Wireline retail residential NAS lines net losses	**(213,551)**	(263,325)	18.9%
Total services net activations	**165,300**	393,998	(58.0%)

n.m.: not meaningful

TOTAL BCE CUSTOMER CONNECTIONS

	2020	2019	% CHANGE
Wireless subscribers	**10,221,683**	9,957,962	2.6%
Postpaid	***9,385,679***	*9,159,940*	*2.5%*
Prepaid	***836,004***	*798,022*	*4.8%*
Wireline retail high-speed Internet subscribers	**3,704,590**	3,555,601	4.2%
Wireline retail TV subscribers	**2,738,605**	2,772,464	(1.2%)
IPTV	***1,806,373***	*1,767,182*	*2.2%*
Satellite	***932,232***	*1,005,282*	*(7.3%)*
Wireline retail residential NAS lines	**2,483,932**	2,697,483	(7.9%)
Total services subscribers	**19,148,810**	18,983,510	0.9%

BCE added 165,300 net retail customer activations in 2020, declining by 58.0% compared to last year. The net retail customer activations in 2020 consisted of:

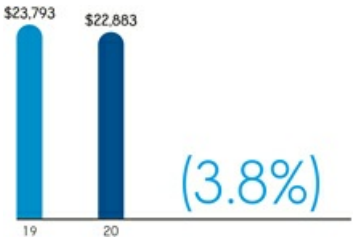
- 225,739 postpaid wireless net customer activations, and 37,982 prepaid wireless net customer activations
- 148,989 retail high-speed Internet net customer activations
- 33,859 retail TV net customer losses comprised of 73,050 retail satellite TV ne customer losses, moderated by 39,191 retail IPTV net customer activations
- 213,551 retail residential NAS net losses

At December 31, 2020, BCE's retail customer connections totaled 19,148,810, up 0.9% year over year, and consisted of the following:

- 10,221,683 wireless subscribers, up 2.6% compared to 2019, comprised of 9,385,679 postpaid subscribers, an increase of 2.5% over last year, and 836,004 prepaid subscribers, up 4.8% year over year
- 3,704,590 retail high-speed Internet subscribers, 4.2% higher than last year
- 2,738,605 total retail TV subscribers, down 1.2% compared to 2019, comprised of 1,806,373 retail IPTV subscribers, up 2.2% year over year, and 932,232 retail satellite TV subscribers, down 7.3% year over year
- 2,483,932 retail residential NAS lines, a decline of 7.9% compared to 2019

4.3 Operating revenues

BCE
Revenues
(in $ millions)



	2020	2019	$ CHANGE	% CHANGE
Bell Wireless	**8,683**	9,001	(318)	(3.5%)
Bell Wireline	**12,206**	12,317	(111)	(0.9%)
Bell Media	**2,750**	3,217	(467)	(14.5%)
Inter-segment eliminations	**(756)**	(742)	(14)	(1.9%)
Total BCE operating revenues	**22,883**	23,793	(910)	(3.8%)

BCE

Total operating revenues at BCE decreased by 3.8% in 2020, compared to 2019, due to declines across all three of our segments, which were adversely affected by the COVID-19 pandemic, with a more pronounced impact on media advertising revenues, as well as wireless product volumes and outbound roaming revenues. BCE service revenues of $19,832 million in 2020 declined by 3.6% over last year and product revenues of $3,051 million in 2020 decreased by 5.5% year over year.

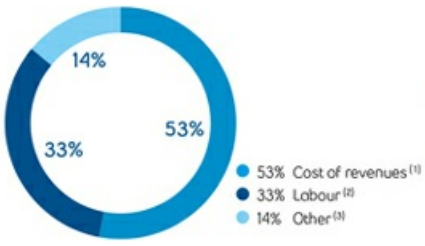
Wireless operating revenues declined by 3.5% due to both lower service and product revenues of 3.2% and 4.4%, respectively. Wireline operating revenues decreased by 0.9% year over year in 2020, driven by lower service revenue of 0.4%, from reduced voice revenue, moderated by higher data revenues, along with lower product revenue of 9.9%. Bell Media operating revenues declined by 14.5% year over year in 2020 from lower advertising and subscriber revenues.

4.4 Operating costs

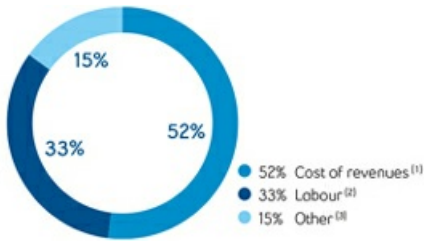
BCE
Operating costs
(in $ millions)



BCE
Operating cost profile
2019



BCE
Operating cost profile
2020



(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.*

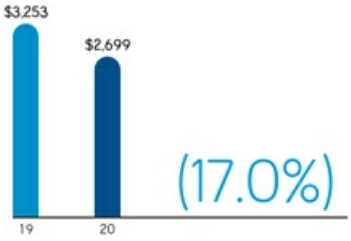
	2020	2019	$ CHANGE	% CHANGE
Bell Wireless	**(5,017)**	(5,210)	193	3.7%
Bell Wireline	**(6,960)**	(6,952)	(8)	(0.1%)
Bell Media	**(2,055)**	(2,367)	312	13.2%
Inter-segment eliminations	**756**	742	14	1.9%
Total BCE operating costs	**(13,276)**	(13,787)	511	3.7%

BCE

Total BCE operating costs decreased by 3.7% in 2020, compared to last year. The year-over-year decline was driven by lower costs in Bell Media of 13.2% and Bell Wireless of 3.7%, while Bell Wireline costs were essentially stable year over year, increasing by 0.1%. The reduction in operating expenses is primarily attributable to lower costs associated with the revenue decline.

4.5 Net earnings

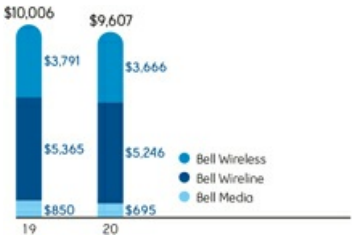
BCE
Net earnings
(in $ millions)



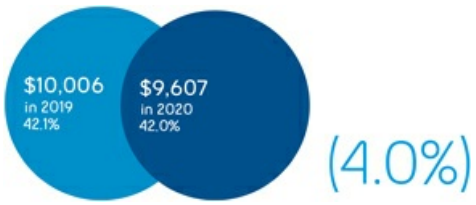
In 2020, net earnings decreased by 17.0%, compared to 2019, mainly due to lower adjusted EBITDA, an increase in impairment of assets primarily at our Bell Media segment, higher other expense and higher depreciation and amortization, partly offset by lower income taxes and higher net earnings from discontinued operations as a result of a gain on sale, net of taxes, of $211 million in Q4 2020 from the completion of the sale of substantially all of our data centre operations.

4.6 Adjusted EBITDA

BCE
Adjusted EBITDA
(in $ millions)



BCE
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)



	2020	2019	$ CHANGE	% CHANGE
Bell Wireless	**3,666**	3,791	(125)	(3.3%)
Bell Wireline	**5,246**	5,365	(119)	(2.2%)
Bell Media	**695**	850	(155)	(18.2%)
Total BCE adjusted EBITDA	**9,607**	10,006	(399)	(4.0%)

BCE

BCE's adjusted EBITDA decreased by 4.0% in 2020, compared to 2019, driven by lower revenues, moderated by reduced operating costs, primarily attributable to the adverse impact of the COVID-19 pandemic. Adjusted EBITDA margin of 42.0% in 2020 was relatively stable year over year, declining by 0.1 pts over last year, mainly resulting from lower service revenue flow-through, partly offset by reduced operating expenses.

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)



2020

Severance, acquisition and other costs included:

- Severance costs of $35 million related to involuntary and voluntary employee terminations
- Acquisition and other costs of $81 million

2019

Severance, acquisition and other costs included:

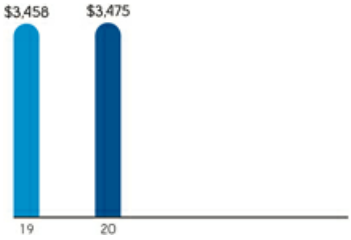
- Severance costs of $63 million related to involuntary and voluntary employee terminations
- Acquisition and other costs of $51 million

4.8 Depreciation and amortization

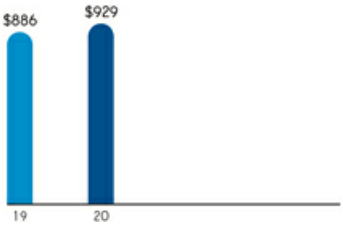
The amount of our depreciation and amortization in any year is affected by:

- *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*

BCE
Depreciation
(in $ millions)



BCE
Amortization
(in $ millions)



DEPRECIATION

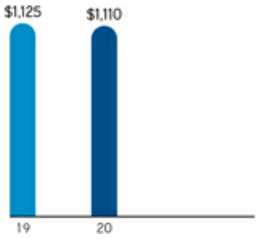
Depreciation in 2020 increased by $17 million, compared to 2019, mainly due to a higher asset base as we continued to invest in our broadband and wireless networks as well as our IPTV services, partly offset by an increase in the estimate of useful lives of certain assets as a result of our ongoing annual review process.

AMORTIZATION

Amortization in 2020 increased by $43 million, compared to 2019, mainly due to a higher asset base.

4.9 Finance costs

BCE
Interest expense
(in $ millions)



BCE
Interest on post-employment benefit obligations
(in $ millions)



INTEREST EXPENSE

Interest expense in 2020 decreased by $15 million, compared to 2019, mainly due to lower average interest rates, partly offset by higher average debt levels.

INTEREST ON POST-EMPLOYMENT BENEFIT OBLIGATIONS

Interest on our post-employment benefit obligations is based on market conditions that existed at the beginning of the year. On January 1, 2020, the discount rate was 3.1% compared to 3.8% on January 1, 2019.

In 2020, interest expense on post-employment benefit obligations decreased by $17 million, compared to last year, due to a lower discount rate and a lower net post-employment benefit obligation at the beginning of the year.

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

4.10 Impairment of assets

2020

During the second quarter of 2020, we identified indicators of impairment for certain of our Bell Media TV services and radio markets, notably declines in advertising revenues, lower subscriber revenues and overall increases in discount rates resulting from the economic impact of the COVID-19 pandemic. Accordingly, impairment testing was required for certain groups of cash generating units (CGUs) as well as for goodwill.

During Q2 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. There was no impairment of Bell Media goodwill.

2019

Impairment charges in 2019 included $85 million allocated to indefinite-life intangible assets, and $8 million allocated primarily to property, plant and equipment. These impairment charges related to broadcast licences and certain assets for various radio markets within our Bell Media segment. The impairment charges were a result of continued advertising demand and ratings pressures in the industry resulting from audience declines, as well as competitive pressure from streaming services.

BCE
Impairment of assets
(in $ millions)

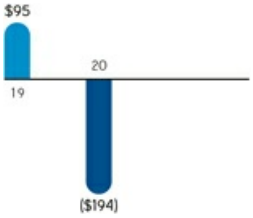


4.11 Other (expense) income

Other (expense) income includes income and expense items, such as:

- *Gains or losses on retirements and disposals of property, plant and equipment and intangible assets*
- *Net mark-to-market gains or losses on derivatives used to economically hedge equity settledshare-based compensation plans*
- *Early debt redemption costs*
- *Equity income or losses from investments in associates and joint ventures*
- *Net gains or losses on investments, including gains or losses when we dispose of, write down or reduce our ownership in investments*

BCE
Other (expense) income
(in $ millions)



2020

Other expense of $194 million included losses on retirements and disposals of property, plant and equipment and intangible assets of $83 million, which included a loss related to a change in strategic direction of the ongoing development of some of our TV platform assets under construction, net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans of $51 million, early debt redemption costs of $50 million and losses on operations from our equity investments of $38 million. These expenses were partly offset by gains on our equity investments of $43 million, which included gains on BCE's share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures.

2019

Other income of $95 million included net mark-to-market gains on derivatives used to economically hedge equity settled share-based compensation plans of $138 million and gains on investments of $18 million which included BCE's obligation to repurchase at fair value the minority interest in one of BCE's subsidiaries, partly offset by losses from our equity investments of $72 million, which included BCE's obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, and early debt redemption costs of $18 million.

4.12 Income taxes

BCE
Income taxes
(in $ millions)



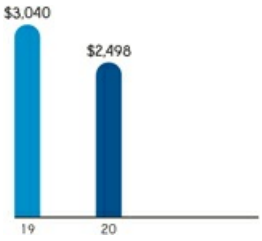
The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.9% for 2020 and 27.0% for 2019.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Net earnings from continuing operations	**2,473**	3,224
Add back income taxes	**792**	1,129
Earnings from continuing operations before income taxes	**3,265**	4,353
Applicable statutory tax rate	**26.9%**	27.0%
Income taxes computed at applicable statutory rates	**(878)**	(1,175)
Non-taxable portion of gains on investments	**1**	5
Uncertain tax positions	**21**	15
Effect of change in provincial corporate tax rate	**9**	25
Change in estimate relating to prior periods	**6**	14
Non-taxable portion of equity gains (losses)	**2**	(20)
Previously unrecognized tax benefits	**47**	5
Other	**–**	2
Total income taxes from continuing operations	**(792)**	(1,129)
Average effective tax rate	**24.3%**	25.9%

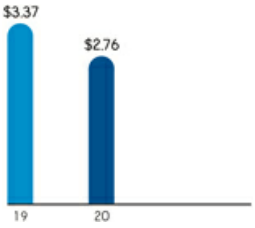
Income taxes in 2020 decreased by $337 million, compared to 2019, mainly due to lower taxable income and a higher value of previously unrecognized tax benefits, partly offset by a favourable change in the corporate income tax rate in Alberta in Q2 2019.

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 $)

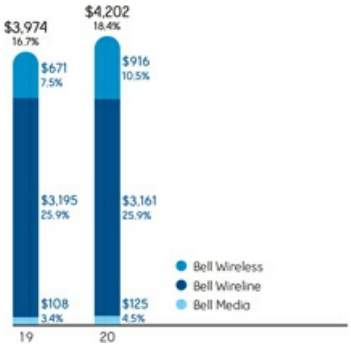


Net earnings attributable to common shareholders in 2020 decreased by $542 million, or $0.61 per common share, compared to 2019, mainly due to lower adjusted EBITDA, an increase in impairment of assets primarily at our Bell Media segment, higher other expense and higher depreciation and amortization, partly offset by lower income taxes and higher net earnings from discontinued operations as a result of a gain on sale, net of taxes, of $211 million in Q4 2020 from the completion of the sale of substantially all of our data centre operations.

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 gains (losses) on investments, early debt redemption costs, impairment of assets and discontinued operations, net of tax and non-controlling interest (NCI), adjusted net earnings in 2020 was $2,730 million, or $3.02 per common share, compared to $3,119 million, or $3.46 per common share, in 2019.

4.14 Capital expenditures

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



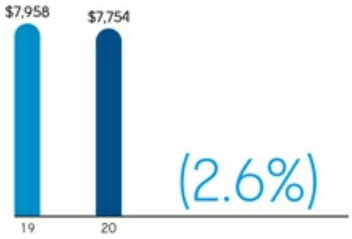
BCE capital expenditures increased by 5.7% in 2020 over the prior year to $4,202 million for a corresponding capital intensity ratio of 18.4%, up 1.7 pts compared to the 16.7% achieved in 2019. The year-over-year increase in capital spending was driven by greater investments in Bell Wireless and Bell Media, moderated by reduced spending in Bell Wireline. We continued to focus our investments on network expansion with the ongoing deployment of our FTTP and WTTP networks to more locations along with the launch of our mobile 5G network in June 2020 and the continued rollout of our LTE-A network, which at the end of 2020 reached 26% and 96% of the Canadian population, respectively. Additionally, we invested in capacity enhancements to support increased demand due to the COVID-19 pandemic, as well as investments in online fulfillment, customer self-serve and automation tools, as well as improved app functionality, also driven by the COVID-19 pandemic.

4.15 Cash flows

In 2020, BCE's cash flows from operating activities decreased by $204 million, compared to 2019, mainly due to lower adjusted EBITDA and higher income taxes paid due to timing of installments, partly offset by higher cash from working capital and lower severance and other costs paid.

Free cash flow decreased by $390 million in 2020, compared to 2019, mainly due to higher capital expenditures and lower cash flows from operating activities, excluding cash from discontinued operations and acquisition and other costs paid.

BCE
Cash flows from operating activities
(in $ millions)



BCE
Free cash flow
(in $ millions)



5 Business segment analysis

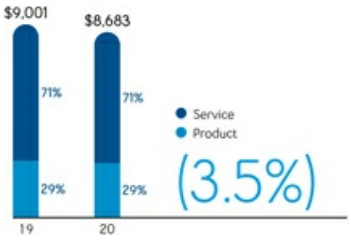
5.1 Bell Wireless

We grew our wireless customer base by 2.6% in 2020 with the addition of 263,721 total net postpaid and prepaid subscribers, the vast majority of which were new mobile phone customers. An impressive result in the context of the challenging COVID-19 situation that speaks to our focus on driving service revenue and adjusted EBITDA growth through accretive smartphone transactions.

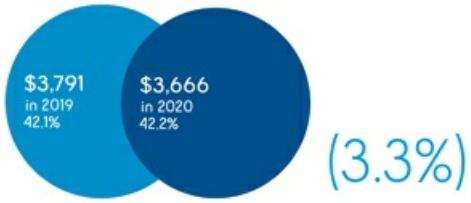
FINANCIAL PERFORMANCE ANALYSIS

2020 PERFORMANCE HIGHLIGHTS

Bell Wireless
Revenues
(in $ millions)



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



Total subscriber growth

+2.6%

in 2020

Postpaid net activations in 2020

225,739

Declined 43.8%
vs. 2019

Prepaid net activations in 2020

37,982

Declined 66.5%
vs. 2019

Postpaid churn in 2020

0.99%

Improved 0.14 pts
vs. 2019

Blended average billing per user (ABPU) (1)
per month

(5.4%)

2020: $64.69
2019: $68.36

(1) *In Q1 2020, we updated our definition of ABPU to include monthly billings related to device financing receivables owing from customers on contract. Consequently, we restated previously reported2019 ABPU for comparability. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) *in this MD&A for the definition of ABPU.*

BELL WIRELESS RESULTS

REVENUES

	2020	2019	$ CHANGE	% CHANGE
External service revenues	**6,122**	6,323	(201)	(3.2%)
Inter-segment service revenues	**47**	49	(2)	(4.1%)
Total operating service revenues	**6,169**	6,372	(203)	(3.2%)
External product revenues	**2,508**	2,623	(115)	(4.4%)
Inter-segment product revenues	**6**	6	–	–
Total operating product revenues	**2,514**	2,629	(115)	(4.4%)
Total Bell Wireless revenues	**8,683**	9,001	(318)	(3.5%)

Bell Wireless operating revenues decreased by 3.5% in 2020, compared to 2019, driven by both lower service and product revenues.

Service revenues declined by 3.2% in 2020, compared to last year, due to:

- Lower outbound roaming revenues mainly from reduced customer travel as a result of the COVID-19 pandemic
- Reduced data overages driven by greater customer adoption of monthly plans with higher data thresholds, including unlimited and shareable plans
- Accommodations provided to customers as a result of the COVID-19 pandemic, including delayed implementation of planned price increases and revenue credits due to financial difficulty experienced by customers

These factors were partly offset by the continued growth in our postpaid and prepaid subscriber base combined with the flow-through of rate increases.

Product revenues decreased by 4.4% in 2020, compared to last year, driven by lower device upgrades and gross activations, as well as lower consumer electronics sales at The Source from reduced retail traffic as a result of the COVID-19 pandemic, including the temporary closure of our retail distribution channels during the year. This was partly offset by increased sales of premium devices, higher handset prices and lower discounting.

OPERATING COSTS AND ADJUSTED EBITDA

	2020	2019	$ CHANGE	% CHANGE
Operating costs	**(5,017)**	(5,210)	193	3.7%
Adjusted EBITDA	**3,666**	3,791	(125)	(3.3%)
Total adjusted EBITDA margin	**42.2%**	42.1%		0.1 pts

Bell Wireless operating costs decreased by 3.7% in 2020, compared to 2019, driven by:

- Lower product cost of goods sold associated with reduced device sales, primarily driven by the COVID-19 pandemic, offset in part by a greater mix of premium devices and higher handset costs
- Reduced labour costs due to the Canada Emergency Wage Subsidy (CEWS), a wage subsidy program offered by the federal government to eligible employers as a result of the COVID-19 pandemic, which mitigated the impact on our retail employees from the temporary closure of our retail distribution channels
- Lower discretionary spending, mainly reduced advertising and employee travel as a result of the COVID-19 pandemic

These factors were partly offset by:

- Higher network operating costs to support the rollout of our mobile 5G network

Bell Wireless adjusted EBITDA decreased by 3.3% in 2020, compared to 2019, mainly driven by revenue decline, moderated by lower operating costs. Adjusted EBITDA margin, based on wireless operating revenues of 42.2% in 2020, was relatively stable compared to last year, increasing by 0.1 pts.

BELL WIRELESS OPERATING METRICS

	2020	2019	CHANGE	% CHANGE
Blended ABPU ($/month) (1)	**64.69**	68.36	(3.67)	(5.4%)
Gross activations	**1,805,732**	2,117,517	(311,785)	(14.7%)
Postpaid	***1,286,307***	*1,568,729*	*(282,422)*	*(18.0%)*
Prepaid	***519,425***	*548,788*	*(29,363)*	*(5.4%)*
Net activations	**263,721**	515,409	(251,688)	(48.8%)
Postpaid	***225,739***	*401,955*	*(176,216)*	*(43.8%)*
Prepaid	***37,982***	*113,454*	*(75,472)*	*(66.5%)*
Blended churn % (average per month)	**1.28%**	1.39%		0.11 pts
Postpaid	***0.99%***	*1.13%*		*0.14 pts*
Prepaid	***4.60%***	*4.44%*		*(0.16) pts*
Subscribers	**10,221,683**	9,957,962	263,721	2.6%
Postpaid	***9,385,679***	*9,159,940*	*225,739*	*2.5%*
Prepaid	***836,004***	*798,022*	*37,982*	*4.8%*

(1) *In Q1 2020, we updated our definition of ABPU to include monthly billings related to device financing receivables owing from customers on contract. Consequently, we restated previously reported2019 ABPU for comparability. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) *in this MD&A for the definition of ABPU.*

Blended ABPU of $64.69 decreased by 5.4% in 2020, compared to 2019, driven by:

- Decreased outbound roaming revenues from reduced customer travel due to the COVID-19 pandemic
- Lower data overages driven by greater customer adoption of monthly plans with higher data thresholds, including unlimited and shareable plans
- Customer accommodations, including delayed implementation of price increases and revenue credits due to the financial difficulty experienced by customers as a result of the COVID-19 pandemic

These factors were partly offset by:

- Higher monthly billings related to increased adoption of device financing plans
- The flow-through of rate increases

Total gross wireless activations decreased by 14.7% in 2020, compared to 2019, due to both lower postpaid and prepaid gross activations.

- **Postpaid gross activations** decreased by 18.0% in 2020, compared to last year, driven by reduced market activity and lower retail traffic due to the COVID-19 pandemic, including the temporary closure of retail distribution channels during the year
- **Prepaid gross activations** decreased by 5.4% in 2020, compared to last year, driven by reduced market activity and less retail traffic due to the COVID-19 pandemic, including the temporary closure of retail distribution channels during the year, and strong subscriber activations from Lucky Mobile in 2019

Blended wireless churn of 1.28% improved by 0.11 pts in 2020, compared to 2019.

- **Postpaid churn** of 0.99% in 2020 improved by 0.14 pts, compared to last year, driven by lower deactivations from reduced market activity as a result of the COVID-19 pandemic
- **Prepaid churn** of 4.60% in 2020 increased by 0.16 pts in 2020, compared to 2019, due to greater competitive intensity in the discount market

Net activations declined by 48.8% in 2020, compared to 2019, due to both lower year-over-year postpaid and prepaid net activations.

- **Postpaid net activations** decreased by 43.8% in 2020, compared to last year, driven by lower gross activations, offset in part by fewer customer deactivations
- **Prepaid net activations** decreased by 66.5% in 2020, compared to the prior year, due to lower gross activations and greater customer deactivations

Wireless subscribers at December 31, 2020 totaled 10,221,683, an increase of 2.6%, compared to 2019. This was comprised of 9,385,679 postpaid subscribers and 836,004 prepaid subscribers, an increase of 2.5% and 4.8%, respectively, year over year. At the end of 2020, the proportion of Bell Wireless customers subscribing to our postpaid service remained stable compared to last year at 92%.

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, including tablets; the expanding functionality of data and related applications; and the adoption of mobile devices and services by both younger and older generations. However, various forms of public health measures during the global COVID-19 pandemic, including the temporary closure of retail stores and global travel restrictions, hampered the growth of new subscribers in 2020. The wireless penetration rate increased to approximately 94% in Canada in 2020, with further increases in penetration expected in 2021. By comparison, the wireless penetration rate in the U.S. is well over 100%, and even higher in Europe and Asia.

The 2020 wireless market in Canada was challenged by the COVID-19 pandemic. Growth in ABPU had already been moderating as carriers migrated their customer bases to unlimited data and device financing plans. However, ABPU moderation was exacerbated by the COVID-19 pandemic as wireless industry roaming revenue significantly declined from customers' reduced travel activity. Additionally, with large numbers of the Canadian workforce working from home during the COVID-19 pandemic, there were associated declines in chargeable usage from workers offloading their mobile device traffic onto Wi-Fi. The Canadian wireless market also continued to experience high levels of competition nationally, which 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 customer mix shift towards non-traditional wireless devices and tools such as video chats. These factors, combined with increases in overall data usage, which is expected to increase dramatically with the ongoing commercialization of 5G, led to widespread adoption and promotion of unlimited data plans and device financing plans by all national players.

The Canadian wireless industry continues to be highly competitive and capital-intensive, with carriers continuing to expand and enhance their broadband wireless networks, including through material investments in spectrum.

Competitors

- Large facilities-based national wireless service providers Rogers Communications Inc. (Rogers) and the Telus Corporation group of companies (Telus)
- Smaller facilities-based wireless service provider Shaw Communications Inc. (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 Nova Scotia and Prince Edward Island; and Xplornet Communications Inc., which provides service in Manitoba

INDUSTRY TRENDS

INCREASED ADOPTION OF UNLIMITED DATA AND DEVICE FINANCING PLANS

The introduction of unlimited wireless data and device financing plans are a natural evolution of competition in the market. Unlimited wireless data plans are having a near-term unfavourable financial impact, due to revenue and ABPU pressure as customers with high overage charges or higher priced plans look to optimize their bills. Longer term, these new customer options are expected to encourage greater data consumption, particularly as the industry shifts to 5G over the next several years; drive lower costs as a result of lower device discounting compared to traditional subsidy plans, e-billing and reduced call centre activity. In addition, unlimited data and device financing plans address the need to make wireless data and the latest smartphone devices more affordable to Canadians.

ACCELERATING DATA CONSUMPTION

The demand for wireless data services is expected to continue to grow, due to: ongoing investment in faster network technologies, such as LTE-A and 5G, that provide a richer user experience and lower network latency; a larger appetite for mobile connectivity, social networking and other applications; increasing adoption of shared plans with multiple devices by families; and the growth of unlimited data plans. Greater customer adoption of services like 5G, international roaming and resumption of travel post-COVID-19, as well as IoT services and applications enabled and developed by 5G networks, should also contribute to the demand for data services. In the consumer market, IoT represents a growth area for the industry as wireless connectivity on everyday devices, from home automation to cameras, becomes ubiquitous. However, data overage revenue will continue to be negatively impacted as customers continue to migrate to unlimited and large allotment data plans.

SIGNIFICANT INVESTMENTS IN WIRELESS NETWORKS

Fast growth in mobile data traffic is increasingly putting a strain on wireless carriers' networks and their ability to manage and service this traffic. Industry Canada's 600 MHz, 700 MHz, advanced wireless services-3 (AWS-3), and 2500 MHz spectrum auctions that occurred since 2014 provided wireless carriers with prime spectrum to roll out faster next-generation wireless networks and build greater capacity. Carrier aggregation is a technology currently being employed by Canadian wireless carriers that allows for multiple channels of spectrum to be used together, thereby significantly increasing network capacity and data transfer rates. Investments in fibre backhaul to cell sites and the deployment of small-cell technology further increase the efficient utilization of carriers' spectrum holdings and will also pave the way for mobile 5G service. Early 5G wireless networks were deployed by the national operators in 2020 utilizing low-band and mid-band spectrum. Early 5G speeds are similar to peak speeds enabled by LTE-A mobile networks. The real benefit of 5G will come from the ability to offer consumers higher speeds, lower latency and the ability to support the massive deployment of devices connected to the Internet as well as the faster delivery of data services. Bringing Canada into this true 5G world will require higher-band spectrum, including 3.5 Gigahertz (GHz) spectrum, which will become available following the federal government's auction process scheduled to occur in June 2021. We expect 5G technology to provide a significant opportunity for future growth in the industry.

BUSINESS OUTLOOK AND ASSUMPTIONS

This section contains forward-looking statements, including relating to our projected financial performance for 2021 and our 2021 business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

2021 OUTLOOK

We expect revenue growth to be driven primarily by postpaid and prepaid mobile phone subscriber base expansion. We expect ABPU to continue to be impacted negatively by lower roaming revenues due to ongoing COVID-19 travel restrictions, reductions in data overage revenue resulting from continued adoption of unlimited plans and larger data allotments, and prepaid customer growth. We will 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. Our intention is to introduce new services to the market in a way that balances innovation with profitability.

We also remain focused on sustaining our market share of national operators' postpaid net additions in a disciplined and cost-conscious manner, while also growing our share of new industry prepaid net additions.

We plan to deliver adjusted EBITDA growth in 2021 from flow-through of higher revenue and disciplined cost management.

ASSUMPTIONS

- Maintain our market share of national operators' wireless postpaid net additions
- Continued growth of our prepaid subscriber base
- Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 5G, 4G LTE and LTE-A devices and new data services
- Continued deployment of 5G wireless network offering coverage that is competitive with other national operators in centres across Canada
- Improvement in subscriber acquisition and retention spending, enabled by increasing adoption of device financing plans
- Unfavourable impact on blended ABPU, driven by reduced outbound roaming revenue due to travel restrictions as a result of the COVID-19 pandemic, reduced data overage revenue due to continued adoption of unlimited plans and the impact of a higher prepaid mix in our overall subscriber base
- Increased adoption of unlimited data plans and device financing plans
- No material financial, operational or competitive consequences of changes in regulations affecting our wireless business

KEY GROWTH DRIVERS

- Higher, but slowing, Canadian wireless industry penetration
- A greater number of customers on our 4G LTE, LTE-A and 5G networks
- Continued growth of our prepaid subscriber base
- Continued adoption of smartphone devices, tablets, and data applications
- Increased adoption of unlimited data plans and device financing plans

PRINCIPAL BUSINESS RISKS

This section discusses certain principal business risks specifically related to the Bell Wireless segment. For a detailed description of the other principal risks that could have a material adverse effect on our business, including those related to the COVID-19 pandemic, refer to section 9, *Business risks*.

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from national wireless operators, regional facilities-based wireless service providers, non-traditional players and resellers

POTENTIAL IMPACT

- Pressure on our revenue, adjusted EBITDA, ABPU and churn would likely result if competitors continue to aggressively pursue new types of price plans, increase discounts, offer shared plans based on sophisticated pricing requirements or offer other incentives, such as multi-product bundles, to attract new customers

REGULATORY ENVIRONMENT

RISK

- Greater regulation of wireless services, pricing and infrastructure (e.g., additional mandated access to wireless networks and limitations placed on future spectrum bidding)

POTENTIAL IMPACT

- Greater 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 wireless business

MARKET MATURITY

RISK

- Slower subscriber growth due to high Canadian smartphone penetration and reduced or slower immigration flow

POTENTIAL IMPACT

- A maturing wireless market could challenge subscriber growth and cost of acquisition and retention, putting pressure on the financial performance of our wireless business

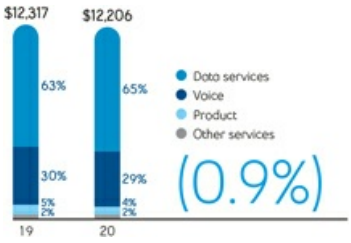
5.2 Bell Wireline

The advantages of fast, reliable and high-capacity broadband networks in a challenging and competitive marketplace, together with lower customer churn, drove an industry-leading 148,989 retail Internet net additions in 2020, up 9.7%, despite the impact of the COVID-19 pandemic on customer activity. The broadband footprint advantage that we are building, with the fastest fibre network and Wireless Home Internet speeds in the market today, positions us favourably in both our consumer and business segments over the long term to grow Internet revenue.

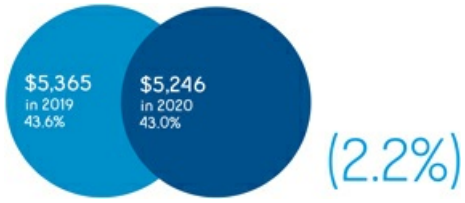
FINANCIAL PERFORMANCE ANALYSIS

2020 PERFORMANCE HIGHLIGHTS

Bell Wireline
Revenues
(in $ millions)



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



Retail high-speed Internet
+4.2%
Subscriber growth
in 2020

Retail high-speed Internet
148,989
Total net subscriber activations
in 2020

Fibre and WTTP footprint
10.3 million
Homes and businesses
at the end of 2020

Retail TV
(1.2%)
Subscriber decline
in 2020

Retail IPTV
39,191
Total net subscriber activations
in 2020

Retail residential NAS lines
(7.9%)
Subscriber decline
in 2020

BELL WIRELINE RESULTS

REVENUES

	2020	2019	$ CHANGE	% CHANGE
Data	**7,691**	7,617	74	1.0%
Voice	**3,402**	3,564	(162)	(4.5%)
Other services	**248**	251	(3)	(1.2%)
Total external service revenues	**11,341**	11,432	(91)	(0.8%)
Inter-segment service revenues	**321**	281	40	14.2%
Total operating service revenues	**11,662**	11,713	(51)	(0.4%)
Data	**494**	556	(62)	(11.2%)
Equipment and other	**49**	48	1	2.1%
Total external product revenues	**543**	604	(61)	(10.1%)
Inter-segment product revenues	**1**	–	1	n.m.
Total operating product revenues	**544**	604	(60)	(9.9%)
Total Bell Wireline revenues	**12,206**	12,317	(111)	(0.9%)

n.m.: not meaningful

Bell Wireline operating revenues declined by 0.9% in 2020, compared to last year, from the ongoing erosion in voice revenues combined with lower product sales, moderated by higher data service revenues.

Bell Wireline operating service revenues decreased by 0.4% in the year, compared to 2019.

- **Data revenues** grew by 1.0% in 2020, compared to the prior year, driven by:
  - Higher retail Internet and IPTV subscribers coupled with the flow-through of pricing changes

  These factors were partly offset by:
  - Ongoing decline in our satellite TV subscriber base
  - Greater acquisition, retention and bundle discounts on residential services
  - Continued legacy data erosion
  - Delayed implementation of planned price increases and waiving of residential Internet overage charges due to the accommodations provided to customers as a result of the COVID-19 pandemic
  - Reduced business solutions services revenues, driven by lower customer spending and delays in accessing customer sites as a result of the COVID-19 pandemic
- **Voice revenues** declined by 4.5% in 2020, compared to last year, resulting from:
  - Greater NAS line erosion due to technological substitution to wireless and Internet based services
  - Large business customer conversions to IP and Internet-based data services
  - Delayed implementation of planned price increases and other customer accommodations, due to the COVID-19 pandemic

  These factors were partly offset by:
  - Higher usage of conferencing services by business customers as a result of an increased number of employees working from home due to the COVID-19 pandemic
  - The flow-through of pricing changes

Bell Wireline operating product revenues decreased by 9.9% in 2020, compared to last year, due to lower customer spending and difficulties accessing customer premises, as a result of the COVID-19 pandemic, and lower sales, mainly to the government sector.

OPERATING COSTS AND ADJUSTED EBITDA

	2020	2019	$ CHANGE	% CHANGE
Operating costs	**(6,960)**	(6,952)	(8)	(0.1%)
Adjusted EBITDA	**5,246**	5,365	(119)	(2.2%)
Adjusted EBITDA margin	**43.0%**	43.6%		(0.6) pts

Bell Wireline operating costs were essentially stable in 2020, increasing 0.1%, compared to last year, due to:

- Higher costs attributable to the COVID-19 pandemic, mainly related to employee redeployment, purchase of PPE, incremental building cleaning and supplies, and increased donations
- Increased bad debt expense driven by greater financial difficulties experienced by customers as a result of the COVID-19 pandemic
- Greater pension expense reflecting a higher DB cost due to a lower discount rate

These factors were partly offset by:

- Lower cost of goods sold and TV programming and content costs, associated with the revenue decline
- Reduced discretionary spending mainly on employee travel, advertising and sales promotions, along with delayed sponsorships, as a result of the COVID-19 pandemic
- Labour savings from reduced vendor contract costs, lower headcount and fewer call volumes to our customer service centres

Bell Wireline adjusted EBITDA declined by 2.2% in 2020, compared to 2019, driven by lower revenues and higher operating expenses. Adjusted EBITDA margin of 43.0% in 2020 decreased by 0.6 pts, compared to the 43.6% achieved last year, attributable to lower revenue flow-through and incremental expenses driven by the COVID-19 pandemic.

BELL WIRELINE OPERATING METRICS

DATA

Retail high-speed Internet

	2020	2019	CHANGE	% CHANGE
Retail net activations	**148,989**	135,861	13,128	9.7%
Retail subscribers	**3,704,590**	3,555,601	148,989	4.2%

Retail high-speed Internet subscriber net activations increased by 9.7% in the year, compared to 2019, driven by greater retail residential net additions due to reduced deactivations as a result of the COVID-19 pandemic and fewer customers coming off of promotional offers, as well as increased net activations in our FTTP and WTTP footprints. This was moderated by lower gross activations primarily in our residential and small business markets, resulting from lower market activity, mainly attributable to reduced traffic in our retail distribution channels during the year, due to the COVID-19 pandemic.

Retail high-speed Internet subscribers totaled 3,704,590 at December 31, 2020, up 4.2% from the end of 2019.

Retail TV

	2020	2019	CHANGE	% CHANGE
Retail net subscriber (losses) activations	**(33,859)**	6,053	(39,912)	n.m.
IPTV	***39,191***	*91,476*	*(52,285)*	*(57.2%)*
Satellite	***(73,050)***	*(85,423)*	*12,373*	*14.5%*
Total retail subscribers	**2,738,605**	2,772,464	(33,859)	(1.2%)
IPTV	***1,806,373***	*1,767,182*	*39,191*	*2.2%*
Satellite	***932,232***	*1,005,282*	*(73,050)*	*(7.3%)*

n.m.: not meaningful

Retail IPTV net subscriber activations declined by 57.2% in 2020, compared to last year, driven by reduced market activity, mainly attributable to fewer promotional offers and lower traffic in our retail distribution channels, including the impact from the temporary closure of retail distribution channels during the year, due to the COVID-19 pandemic. Maturing Fibe TV and Alt TV markets, reduced new service footprint expansion, and higher substitution of traditional TV services with OTT services, also unfavourably impacted activations. This was partly mitigated by fewer deactivations as a result of the COVID-19 pandemic, a lower number of customers coming off of promotional offers, and a ramp-up in activations from Virgin TV, which launched in Ontario and Québec in July 2020.

Retail satellite TV net customer losses improved by 14.5% in the year, compared to 2019, due to lower deactivations attributable to the COVID-19 pandemic, fewer customers coming off of promotional offers, and reflected a more mature subscriber base geographically better-suited for satellite TV service.

Total retail TV net customer losses (IPTV and satellite TV combined) were unfavourable year over year by 39,912 in 2020, compared to the same period last year, driven by lower IPTV net activations, moderated by fewer satellite TV net losses.

Retail IPTV subscribers at December 31, 2020 totaled 1,806,373, up 2.2% from 1,767,182 subscribers reported at the end of 2019.

Retail satellite TV subscribers at December 31, 2020 totaled 932,232, down 7.3% from 1,005,282 subscribers reported at the end of 2019.

Total retail TV subscribers (IPTV and satellite TV combined) at December 31, 2020 were 2,738,605, representing a 1.2% decline from 2,772,464 subscribers at the end of 2019.

VOICE

	2020	2019	CHANGE	% CHANGE
Retail residential NAS lines net losses	**(213,551)**	(263,325)	49,774	18.9%
Retail residential NAS lines	**2,483,932**	2,697,483	(213,551)	(7.9%)

Retail residential NAS net losses improved by 18.9% in 2020, compared to 2019, due to fewer deactivations, resulting from the COVID-19 pandemic, along with a lower number of customers coming off of promotional offers. This was partly offset by continued substitution to wireless and Internet-based technologies.

Retail residential NAS subscribers at December 31, 2020 of 2,483,932 declined by 7.9%, compared to the end of 2019. This represented an improvement over the 8.9% rate of erosion experienced in 2019, driven by fewer deactivations primarily due to the COVID-19 pandemic.

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

Similar to the Canadian wireless industry, wireline markets and operations were significantly affected by the COVID-19 pandemic. 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 reaching historic levels during the COVID-19 pandemic. Although the residential high-speed Internet market is maturing, with a penetration rate of approximately 88% across Canada, subscriber growth is expected to continue over the coming years. An estimated 7.3 million Internet subscribers received their service over the networks of the four largest cable companies at the end of 2020, up 2% from approximately 7.1 million at the end of 2019. An estimated 6.6 million Internet subscribers received their service over the networks of incumbent local exchange carriers (ILECs) like Bell at the end of 2020, up 4% from approximately 6.3 million at the end of 2019. Bell continues to make gains in market share as a result of the expansion of our FTTP direct fibre network and our rollout of Wireless Home Internet in rural markets.

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 what, where, when and how to access their video content. In 2020, ILECs offering IPTV service grew their subscriber base by an estimated 3% to reach 3.1 million customers, driven by expanded network coverage, enhanced differentiated service offerings, and marketing and promotions focused on IPTV. Conversely, the combined cable TV and satellite TV subscriber penetration rate declined. Canada's four largest cable companies have an estimated 5.0 million TV subscribers, or a 52% market share, a decrease from 53% at the end of 2019. 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 most recently Québecor's Vidéotron brand. Our IPTV platform (Fibe TV, Alt TV and Virgin TV) continues to offer numerous service advantages over 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. Sustained competition from cable companies is also continuing to erode traditional telephone providers' market share of residential local telephony. Canada's four largest cable companies had approximately 3.3 million telephony subscribers at the end of 2020, representing a national residential market share of approximately 46%. 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, Distributel, VMedia, and Vonage Canada (a division of Vonage Holdings Corp.) offer resale or VoIP-based local, long distance and Internet services
- OTT voice and/or video services, such as Skype, Netflix, Amazon Prime Video, Disney+, CBS All Access 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-Edwards and Stanley Security

INDUSTRY TRENDS

INVESTMENT IN BROADBAND FIBRE DEPLOYMENT

The Canadian ILECs continue to make substantial investments in deploying broadband fibre within their territories, with a focus on direct FTTP access to maintain and enhance their ability to support enhanced IP-based services and higher broadband speeds. Cable TV companies are investing increasingly in ILECs' FTTP footprint in conjunction with their DOCSIS 3.1 platforms, enabling them to achieve speed parity with ILEC competitors where they have fibre deployed. The DOCSIS 3.1 platform does not however offer the same advanced capabilities as FTTP over the longer term in terms of reduced latency or upload speed potential. FTTP delivers total broadband access speeds of up to 1.5 Gbps currently, with faster speeds expected in the near future as network and in-home equipment evolves to support these higher speeds. Increasing speeds beyond 1.5 Gbps in the home will be enabled through modernization of the core network, but will not require any changes to the fibre.

ALTERNATIVE TV AND OTT SERVICES

The growing popularity of watching TV and on-demand content anywhere, particularly on handheld devices, is expected to continue as customers adopt services that enable them to view content on multiple screens. Streaming media providers, such as Netflix, Amazon Prime Video and Disney+ continue to enhance OTT 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 increased capabilities to our linear and on-demand assets, provide customers with flexible options to choose the content they want, and drive greater usage of Bell's high-speed Internet and wireless networks. We continue to enhance our Fibe TV service with additional content and capabilities, including the ability to watch recorded content on the go and access Netflix, Amazon Prime Video and YouTube on STBs. We launched Virgin TV in 2020, bringing our industry-leading app-based live TV service to the Virgin internet base. Virgin TV customers can enjoy live and on-demand content on a variety of devices. In addition, we introduced the Bell Streamer Android TV box, which allows customers to bring all of their favourite live TV, movies, and on-demand content directly to their big screens with Alt TV. This breakthrough device is also a key enabler of our video aggregation strategy.

TECHNOLOGY SUBSTITUTION

Technology substitution, enabled by the broad deployment of higher speed Internet; the pervasive use of e-mail, messaging and social media as alternatives to voice services; and the growth of wireless and VoIP services, continue to drive legacy voice revenue declines for telecommunications companies. Wireless-only households were estimated to represent approximately 53% of households in our wireline footprint at the end of 2020, compared to approximately 51% at the end of 2019, while the disconnection of and reduction in spending for traditional TV (cord-cutting and cord-shaving) continues to rise. Although Bell is a key provider of these substitution services, the decline in this legacy business continues as anticipated.

ADOPTION OF IP-BASED SERVICES

The convergence of IT and telecommunications, facilitated by the ubiquity of IP, continues to shape competitive investments for business customers. Telecommunications companies are providing professional and managed services, as well as other IT services and support, while IT service providers are bundling network connectivity with their software as service offerings. In addition, manufacturers continue to bring all-IP and converged (IP plus legacy) equipment to market, enabling ongoing migration to IP-based solutions. 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 and data hosting, that can have a greater business impact than traditional telecommunications services.

BUSINESS OUTLOOK AND ASSUMPTIONS

This section contains forward-looking statements, including relating to our projected financial performance for 2021 and our 2021 business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

2021 OUTLOOK

Our overall wireline financial growth profile is expected to strengthen progressively in 2021 as the COVID-19 pandemic impacts begin to dissipate. This is predicated on continued expansion of our retail Internet and TV subscriber bases, supported by a broader FTTP service footprint together with higher household penetration; further deployment of Wireless Home Internet access technology in more rural communities; further scaling of Bell's app-based live TV streaming services Alt TV and Virgin TV (launched in 2020); the introduction of new TV products and features; improving year-over-year business markets operating profitability; as well as cost reductions to offset competitive pricing pressures and the ongoing decline in voice revenue.

The broadband network advantage that we are building across our urban, suburban and rural service footprint areas positions us extremely well in both our consumer and business markets to continue growing Internet market share and revenue faster than our competitors. We will continue to focus on winning the home by delivering the fastest broadband speeds; the best content on the customer's TV platform of choice; and a superior Wi-Fi experience that leverages Bell's Smart Home automation leadership with services such as Whole Home Wi-Fi, home security, and video and automation, in order to drive higher year-over-year Internet and TV net customer additions.

In business wireline, customers continue to look for opportunities to leverage new technologies to grow and transform the workforce of the future, as well as to lower costs. As a result of these factors, and the unpredictable pace of the economy's recovery from the COVID-19 pandemic, spending by large enterprise customers on telecommunications services and products is expected to be variable. Ongoing customer migrations from traditional technologies to IP-based systems and demand for cheaper bandwidth alternatives will continue to create pressure on overall business markets results in 2021. 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. Furthermore, 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, security and IoT. 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, despite the current COVID-19 situation, 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 will maintain a focus on overall profitability by seeking to increase revenue per customer and customer retention, as well as through improving our processes to achieve further operating efficiencies and productivity gains.

We are also maintaining a sharp focus on our operating cost structure to help offset pressures related to the growth and retention of IPTV, Internet, IP broadband and hosted IP voice subscribers, the ongoing erosion of high-margin wireline voice and other legacy revenues, competitive repricing pressures in our residential, business and wholesale markets, as well as the financial impacts of the COVID-19 pandemic. This, combined with further operating efficiencies, enabled by the ongoing deployment of new broadband technologies (fibre and fixed WTTP) and incremental service improvement, is expected to deliver meaningful cost savings and productivity gains across the organization.

ASSUMPTIONS

- 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
- 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
- Accelerating customer adoption of OTT services resulting in downsizing of TV packages
- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
- Growing consumption of OTT TV services and on-demand streaming video, 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 management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, new call centre technology that is enabling self-serve capabilities, and other improvements to the customer service experience
- No material financial, operational or competitive consequences of changes in regulations affecting our wireline business

KEY GROWTH DRIVERS

- Expansion of FTTP and WTTP footprints
- Increasing FTTP and WTTP customer penetration
- Higher market share of industry retail Internet and IPTV subscribers
- Increased business customer spending on connectivity services and managed and professional services solutions
- 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 Wireline segment. For a detailed description of the other principal risks that could have a material adverse effect on our business, including those related to the COVID-19 pandemic, refer to section 9, *Business risks*.

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity coupled with new product launches for retail 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

POTENTIAL IMPACT

- An increase in the intensity level of competitive activity could result in lost revenue, higher churn and increased acquisition and retention expenses, all of which would put pressure on Bell Wireline's adjusted EBITDA

REGULATORY ENVIRONMENT

RISK

- The CRTC mandates 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 modifies the network configuration of this new service in a way that materially improves the business position of our competitors
- The CRTC does not materially revise the rates for aggregated wholesale high-speed access service (available on FTTN facilities and the cable facilities of large cable carriers), which rates the CRTC substantially reduced in August 2019 although this reduction is currently stayed by the CRTC pending its final decision on the review and vary applications

POTENTIAL IMPACT

- 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 wireline business

TECHNOLOGICAL ADVANCEMENT AND CHANGING CUSTOMER BEHAVIOUR

RISK

- With technological advancement, the traditional TV viewing model (i.e., the 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

- Our market penetration and number of TV subscribers could decline as a result of offerings by BDUs and an increasing number of domestic and global 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 from technological substitution challenges our traditional voice revenues and compels us to develop other service offerings

5.3 Bell Media

Operating performance was impacted materially in 2020 by reduced advertiser spending across all platforms – TV, radio, out of home and digital –, reflecting lower commercial activity during the COVID-19 pandemic as well as the related impacts on major league sports and other live TV events and programming.

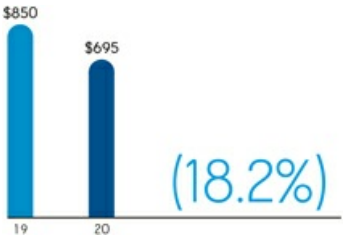
FINANCIAL PERFORMANCE ANALYSIS

2020 PERFORMANCE HIGHLIGHTS

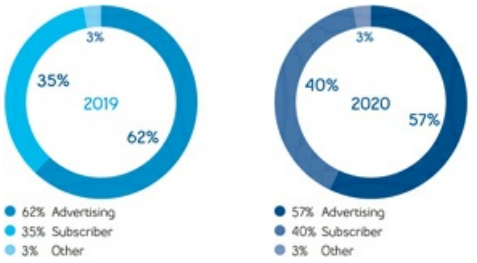
Bell Media
Revenues
(in $ millions)



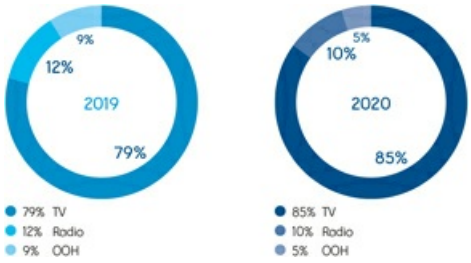
Bell Media
Adjusted EBITDA
(in $ millions)



Bell Media
Revenue mix
(product)



Bell Media
Revenue mix
(line of business)



BELL MEDIA RESULTS

REVENUES

	2020	2019	$ CHANGE	% CHANGE
Total external revenues	**2,369**	2,811	(442)	(15.7%)
Inter-segment revenues	**381**	406	(25)	(6.2%)
Total Bell Media revenues	**2,750**	3,217	(467)	(14.5%)

Bell Media operating revenues decreased by 14.5% in 2020, compared to last year, driven by both lower advertising and subscriber revenues.

- **Advertising revenues** declined in 2020, compared to 2019, mainly driven by reduced spending by advertisers across all our platforms (OOH, radio, and TV), with a more pronounced impact on OOH and radio advertising, due to the economic uncertainty resulting from the COVID-19 pandemic. The year-over-year decline reflected the following impacts on our advertising platforms:
  - Lower OOH advertising revenues due to non-essential services restrictions imposed on restaurants, bars, arenas, and school campuses, that continued through much of 2020, as well as reduced airport traffic, as a result of the COVID-19 pandemic
  - Decreased radio advertising revenues driven by lower demand due to reduced audience levels from lower at-work and in-car listening and the temporary shutdown of small local businesses attributable to the COVID-19 pandemic, along with continued overall industry decline
  - Lower TV advertising revenues from advertiser cancellations and delayed spending along with the impact from the cancellation and postponement of sporting events, all due to the COVID-19 pandemic, combined with the ongoing shift in viewership to OTT and digital platforms. The decline was moderated by the acquisition in May 2020 of the French-language network V, which was rebranded Noovo, and the return of simultaneous substitution for the broadcast of Super Bowl LIV in February 2020.
- **Subscriber revenues** declined in 2020, compared to last year, primarily driven by the timing of certain BDU contract renewals, partly offset by continued growth in DTC subscribers from Crave, our pay TV and streaming service.

OPERATING COSTS AND ADJUSTED EBITDA

	2020	2019	$ CHANGE	% CHANGE
Operating costs	**(2,055)**	(2,367)	312	13.2%
Adjusted EBITDA	**695**	850	(155)	(18.2%)
Adjusted EBITDA margin	**25.3%**	26.4%		(1.1) pts

Bell Media operating costs decreased by 13.2% in 2020, compared to 2019, driven by:

- Reduced programming and production costs primarily driven by the COVID-19 pandemic, including lower sports rights and broadcast costs due to delayed and/or cancelled sporting events along with lower costs from production shutdowns and delays
- Lower labour costs mainly as a result of the CEWS, which mitigated the impact on our media employees from the lower advertising revenues due to the COVID-19 pandemic
- Reduced discretionary spending mainly on sales promotion, advertising and employee travel as a result of the COVID-19 pandemic

These factors were partly offset by:

- Increased costs related to the V and Noovo.ca acquisition
- Continued investment in content for our Crave services

Bell Media adjusted EBITDA decreased by 18.2% in 2020, compared to last year, due to the decline in revenues, moderated by lower operating costs.

BELL MEDIA OPERATING METRICS

- CTV maintained its #1 ranking as the most-watched network in Canada for the 19th year in a row among total viewers in primetime, with 11 of the top 20 programs nationally among total viewers
- Bell Media maintained its leadership position in the specialty and pay TV market, with its English specialty and pay TV properties reaching 82% of all Canadian English specialty and pay TV viewers and with its French specialty and pay TV properties reaching 76% of Québec French specialty and pay TV viewers in an average week
- Bell Media continued to rank first in unique visitors, total page views and total page minutes in digital media among Canadian broadcast and video network competitors. Bell Media also ranked fourth among online properties in the country in terms of unique visitors and reach, with 24.3 million unique visitors per month, reaching 76% of the digital audience.
- For the 2019–2020 broadcast year, Bell Media remained Canada's top radio broadcaster, reaching over 14.4 million listeners who spent over 65.1 million hours tuned each week
- Astral is one of Canada's leading OOH advertising providers, typically reaching 18 million consumers weekly, with an offering of six innovative product lines (comprised of outdoor advertising, street furniture, airport, digital large format, transit and lifestyle advertising) and owning more than 50,000 advertising faces, strategically located in key urban cities across the country

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

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 video, radio, OOH advertising and digital media markets:

- **Video:** 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:** Consumers continue to shift their media consumption towards digital and online media, mobile devices and on-demand content, requiring industry players to increase their efforts in digital content and capabilities in order to compete. This trend is also causing advertisers to direct more of their spending to digital and online rather than traditional media. In addition, the number of competitors has increased as more digital and online media companies, including large global companies, enter the market.

The media industry in 2020 was particularly hit hard by the effects of the COVID-19 pandemic. Advertising revenues declined significantly due to the market-wide contraction of demand from COVID-19 restrictions, resulting in campaign cancellations or deferrals. As the year progressed, demand for TV advertising improved with the return of live sporting events and the start of the fall TV season. However, unlike TV, where consumption patterns were less affected by the COVID-19 pandemic, radio and OOH have been slower to rebound due to stay-at-home measures, global travel restrictions and service restrictions imposed on non-essential businesses.

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, Amazon Prime Video, Disney+, Apple TV+, CBS All Access and DAZN
- Video-sharing websites such as YouTube

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 advertisers, such as Jim Pattison Broadcast Group, Outfront Media, Québecor, Dynamic and Clear Channel Outdoor
- 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

TECHNOLOGY AND CONSUMER HABITS TRANSFORMING THE WAY TV IS DELIVERED

Technology used in the media industry continues to evolve rapidly, which has led to alternative methods for the distribution, storage and consumption of content. These technological developments have driven and reinforced changes in consumer behaviour as consumers seek more control over when, where and how they consume content. Consumers now have the ability to watch content from a variety of media services on the screen of their choice, including TVs, computers, and mobile devices. The number of Canadian users who are connected to the Internet through their TVs is growing as connection becomes easier and more affordable. Changes in technology and consumer behaviour have resulted in a number of challenges for content aggregators and distributors. Ubiquitous access to content enabled by connected devices introduces risk to traditional distribution platforms by enabling content owners to provide content directly to distributors and consumers, thus bypassing traditional content aggregators.

GROWTH OF ALTERNATIVES TO TRADITIONAL LINEAR TV

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, like Crave, Netflix, Amazon 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.

ESCALATING CONTENT COSTS

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, Amazon Prime Video, Disney+ and DAZN, 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.

MEDIA COMPANIES ARE EVOLVING TO REMAIN COMPETITIVE

In recognition of changing consumer behaviour, media companies are evolving their content and 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, Super Écran, TSN and RDS, as well as CTV, Noovo and Discovery, all of which offer streaming on a variety of platforms. Access to live sports 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.

BUSINESS OUTLOOK AND ASSUMPTIONS

This section contains forward-looking statements, including relating to our projected financial performance for 2021 and our 2021 business outlook, objectives, plans and strategic priorities. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

2021 OUTLOOK

Bell Media's financial performance is projected to reflect a gradual economic recovery in 2021, which should result in stronger advertiser demand, as well as strategic pricing on advertising sales and subscriber revenue growth. However, the COVID-19 pandemic is expected to continue to negatively affect overall results.

Subscriber revenue performance is projected to reflect the benefits from BDU carriage renewals, and continued scaling of DTC products, including Crave. However, the effects of shifting media consumption towards competing OTT and digital platforms, as well as further TV cord-shaving and cord-cutting, will continue to negatively impact traditional subscriber volumes.

While the advertising market continues to be adversely impacted by cancelled or delayed advertising campaigns from many sectors due to the economic downturn caused by the COVID-19 pandemic, we anticipate a gradual recovery during the year.

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 video, 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 further leveraging Bell Media's smart data Strategic Audience Management (SAM) tool, which helps marketers and planners identify, understand and connect with the right audiences on the right channels, with the addition of new features and functionalities such as best-in-class proprietary data, an improved user experience and a larger pool of available inventory.

With the return of key live sports broadcasts, including from the National Hockey League (NHL), NBA and CFL, our sports video offerings are expected to continue to deliver premium content and exceptional viewing experiences to our TV and DTC audiences. Our sports 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. We intend to capitalize on our competitive position in key specialty services to drive revenue growth.

Through Crave, our bilingual TV and streaming service, we will continue to leverage our investments in premium content (including HBO, HBO Max, SHOWTIME and STARZ) in order to attract pay TV and DTC subscribers. We intend to continue expanding platform availability 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 the investment in Noovo News and more French language originals.

In radio, we intend to leverage the strength of our market position to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Additionally, in conjunction with our local 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 premium opportunities in key Canadian markets. We will also continue to seek new opportunities in digital markets, including converting certain premium outdoor structures to digital and adding new boards.

ASSUMPTIONS

- Overall revenue is expected to reflect a gradual economic recovery in 2021 combined with subscriber revenue growth and strategic pricing on advertising sales. However, revenue performance is expected to continue to be negatively impacted by the effects of the COVID-19 pandemic on many sectors of the economy.
- Continued escalation of media content costs to secure quality programming, as well as the return of sports and entertainment programming; however, in the short term, savings can still be expected due to production delays, shortened sports seasons, and possible cancellations from the ongoing COVID-19 pandemic
- Continued scaling of Crave through broader content offering and user experience improvements
- Investment in Noovo news and more French-language original content to better serve our French-language customers with a wider array of content, in the language of their choice, on their preferred platforms
- Enhanced market-leading attribution through our SAM tool
- 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
- Continued monetization of content rights and Bell Media properties across all platforms
- No material financial, operational or competitive consequences of changes in regulations affecting our media business

KEY GROWTH DRIVERS

- Gradual economic recovery in 2021, including the return of key live sports programming and events
- Strategic pricing on advertising sales
- Further integrate the use of our data across our media properties to better inform media planning, activation, and measurement, combined with an improved buying experience for advertisers
- Ongoing growth in BDU rates
- Optimizing unique partnerships and strategic content investments
- Enhancing digital strategy, including scaling of DTC products
- Grow market share and generate revenue from investments in Noovo News and French-language original productions

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, including those related to the COVID-19 pandemic, refer to section 9, *Business risks*.

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, 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 from non-traditional global players and regulations that require all BDUs to make TV services available à la carte

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

ADVERTISING AND SUBSCRIPTION REVENUE UNCERTAINTY

RISK

- Advertising is heavily dependent on economic conditions and viewership, as well as on our ability to grow alternative advertising media such as digital and OOH platforms, in the context of a changing and fragmented advertising market. Conventional media is under increasing pressure for advertising spend against dominant non-traditional/ global digital services.
- The advertising market could be further impacted by cancelled/delayed advertising campaigns from many sectors due to the economic downturn during 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 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.
- The COVID-19 pandemic could continue to drive a material decline in advertising revenue across all Bell Media platforms
- If we are not successful in obtaining favourable agreements with BDUs, it could result in the loss of subscription revenue

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.
- Production delays attributable to the COVID-19 pandemic could further pressure our ability to secure key content in the short term.

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

	2020	2019	$ CHANGE	% CHANGE
Debt due within one year	**2,417**	3,881	(1,464)	(37.7%)
Long-term debt	**23,906**	22,415	1,491	6.7%
Preferred shares (1)	**2,002**	2,002	–	–
Cash and cash equivalents	**(224)**	(145)	(79)	(54.5%)
Net debt	**28,101**	28,153	(52)	(0.2%)

(1) *50% of outstanding preferred shares of $4,003 million and $4,004 million in 2020 and 2019, respectively, are classified as debt consistent with the treatment by some credit rating agencies.*

The increase of $27 million in total debt, comprised of debt due within one year and long-term debt, was due to:

- the issuance by Bell Canada of Series M-51, Series M-47, Series M-52 and Series M-53 MTN debentures, with total principal amounts of $1,250 million, $1 billion, $1 billion and $750 million in Canadian dollars, respectively

Partly offset by:

- the early redemption of Series M-42, Series M-30 and Series M-24 MTN debentures with total principal amounts of $850 million, $750 million and $500 million in Canadian dollars, respectively
- a decrease in our notes payable (net of issuances) of $1,641 million
- a net decrease of $232 million due to lower lease liabilities and other debt

Additionally, during the first half of 2020, Bell Canada drew $1,450 million in U.S. dollars ($2,035 million in Canadian dollars) under its committed credit facilities. In Q2 2020, Bell Canada repaid all of the U.S. dollar borrowings under such facilities.

The increase in cash and cash equivalents of $79 million was mainly due to:

- $3,348 million of free cash flow
- $892 million of cash from discontinued operations (included in cash flows from investing activities) which includes net proceeds of $933 million (net of debt and other items) from the completion of the sale of substantially all of our data centre operations in Q4 2020

Partly offset by:

- $2,975 million of dividends paid on BCE common shares
- $638 million of debt repayments (net of issuances)
- $263 million for the purchase on the open market of BCE common shares for the settlement of share-based payments
- $93 million for other financing which includes the payments for early debt redemption costs
- $86 million for the acquisition of spectrum licences
- $79 million for other investing activities

6.2 Outstanding share data

COMMON SHARES OUTSTANDING	NUMBER OF SHARES
Outstanding, January 1, 2020	**903,908,182**
Shares issued under employee stock option plan	**506,828**
Outstanding, December 31, 2020	**904,415,010**

STOCK OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2020	**12,825,541**	**57**
Granted	**3,420,407**	**65**
Exercised (1)	**(506,828)**	**52**
Forfeited or expired	**(88,886)**	**61**
Outstanding, December 31, 2020	**15,650,234**	**59**
Exercisable, December 31, 2020	**5,186,600**	**58**

(1) *The weighted average market share price for options exercised in 2020 was $63.*

At March 4, 2021, 904,559,124 common shares and 15,506,120 stock options were outstanding.

6.3 Cash flows

	2020	2019	$ CHANGE	% CHANGE
Cash flows from operating activities	**7,754**	7,958	(204)	(2.6%)
Capital expenditures	**(4,202)**	(3,974)	(228)	(5.7%)
Cash dividends paid on preferred shares	**(132)**	(147)	15	10.2%
Cash dividends paid by subsidiaries to non-controlling interest	**(53)**	(65)	12	18.5%
Acquisition and other costs paid	**35**	60	(25)	(41.7%)
Cash from discontinued operations (included in cash flows from operating activities)	**(54)**	(94)	40	42.6%
Free cash flow	**3,348**	3,738	(390)	(10.4%)
Cash from discontinued operations (included in cash flows from operating activities)	**54**	94	(40)	(42.6%)
Business acquisitions	**(65)**	(51)	(14)	(27.5%)
Acquisition and other costs paid	**(35)**	(60)	25	41.7%
Acquisition of spectrum licences	**(86)**	–	(86)	n.m.
Other investing activities	**(79)**	7	(86)	n.m.
Cash from (used in) discontinued operations (included in cash flows from investing activities)	**892**	(18)	910	n.m.
Net repayment of debt instruments	**(638)**	(1,209)	571	47.2%
Issue of common shares	**26**	240	(214)	(89.2%)
Purchase of shares for settlement of share-based payments	**(263)**	(142)	(121)	(85.2%)
Cash dividends paid on common shares	**(2,975)**	(2,819)	(156)	(5.5%)
Other financing activities	**(93)**	(54)	(39)	(72.2%)
Cash used in discontinued operations (included in cash flows from financing activities)	**(7)**	(6)	(1)	(16.7%)
Net increase (decrease) in cash and cash equivalents	**79**	(280)	359	n.m.

n.m.: not meaningful

CASH FLOWS FROM OPERATING ACTIVITIES AND FREE CASH FLOW

In 2020, BCE's cash flows from operating activities decreased by $204 million, compared to 2019, mainly due to lower adjusted EBITDA and higher income taxes paid due to timing of installments, partly offset by higher cash from working capital and lower severance and other costs paid.

Free cash flow decreased by $390 million in 2020, compared to 2019, mainly due to higher capital expenditures and lower cash flows from operating activities, excluding cash from discontinued operations and acquisition and other costs paid.

CAPITAL EXPENDITURES

	2020	2019	$ CHANGE	% CHANGE
Bell Wireless	**916**	671	(245)	(36.5%)
Capital intensity ratio	***10.5%***	*7.5%*		*(3.0) pts*
Bell Wireline	**3,161**	3,195	34	1.1%
Capital intensity ratio	***25.9%***	*25.9%*		*–*
Bell Media	**125**	108	(17)	(15.7%)
Capital intensity ratio	***4.5%***	*3.4%*		*(1.1) pts*
BCE	**4,202**	3,974	(228)	(5.7%)
Capital intensity ratio	***18.4%***	*16.7%*		*(1.7) pts*

BCE capital expenditures totaled $4,202 million in 2020, increasing 5.7% or $228 million over last year, driven by higher spending in Bell Wireless and Bell Media, moderated by reduced spending in Bell Wireline. This resulted in a corresponding capital intensity ratio of 18.4% in 2020, up 1.7 pts compared to the 16.7% achieved in 2019. Capital spending in the year reflected the following:

- Higher capital spending in our wireless segment of $245 million in 2020, compared to last year, primarily driven by our continued network investments with the launch of our mobile 5G network in June 2020 and the continued rollout of our LTE-A network, which at the end of 2020 reached 26% and 96% of the Canadian population, respectively. The COVID-19 pandemic drove increased investment in IT enhancements relating to online fulfillment and capacity expansion to support increased demand.

- Reduced capital spending in our wireline segment of $34 million in 2020, compared to 2019, mainly driven by fewer new customer service installations and delayed network construction attributable to the COVID-19 pandemic. We continued to invest in the expansion of our FTTP network to more homes and businesses and the rollout of our fixed WTTP network to rural locations. Additionally, we invested in capacity expansion driven by increased demand due to the COVID-19 pandemic, along with investments in online fulfillment, customer self-serve and automation tools as well as improved app functionality, also driven by the COVID-19 pandemic.
- Higher capital investments in our media segment of $17 million in 2020, compared to last year, mainly due to the integration of Noovo along with enhancements to network, digital and video platforms

CASH FROM DISCONTINUED OPERATIONS (INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES)

In 2020, cash from discontinued operations (included in cash flows from investing activities) increased by $910 million mainly due to $933 million (net of debt and other items) received in Q4 2020 from the completion of the sale of substantially all of our data centre operations.

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 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, 2020, all of our debt was denominated in Canadian dollars with the exception of our commercial paper, and Series US-1 and Series US -2 Notes, which are denominated in U.S. dollars and have been hedged for foreign currency fluctuations through forward currency contracts and cross currency interest rate swaps.

2020

We repaid $638 million of debt, net of issuances. This included the repayment (net of issuances) of $1,641 million of notes payable, the early redemption of Series M-42, Series M-30 and Series M-24 MTN debentures with total principal amounts of $850 million, $750 million and $500 million in Canadian dollars, respectively, and net payments of leases and other debt of $897 million, partly offset by the issuance of Series M-51, Series M-47, Series M-52 and Series M-53 MTN debentures, with total principal amounts of $1,250 million, $1 billion, $1 billion and $750 million in Canadian dollars, respectively. Additionally, during the first half of 2020, Bell Canada drew $1,450 million in U.S. dollars ($2,035 million in Canadian dollars) under its committed credit facilities. In Q2 2020, Bell Canada repaid all of the U.S. dollar borrowings under such facilities.

2019

We repaid $1,209 million of debt, net of issuances. This included the early redemption of Series M-27 MTN debentures and Series M-37 debentures in the principal amounts of $1 billion and $400 million in Canadian dollars, respectively, the repayments (net of issuances) of $1,073 million of notes payable, and net payments of lease liabilities and other debt of $825 million. These repayments were partly offset by the issuances of Series M-49 and Series M-50 MTN debentures with total principal amounts of $600 million and $550 million in Canadian dollars, respectively, Series US-2 Notes with a total principal amount of $600 million in U.S. dollars ($808 million in Canadian dollars), and an increase in securitized trade receivables of $131 million.

ISSUANCE OF COMMON SHARES

The issuance of common shares in 2020 decreased by $214 million, compared to 2019, mainly due to a lower number of exercised stock options.

CASH DIVIDENDS PAID ON COMMON SHARES

In 2020, cash dividends paid on common shares of $2,975 million increased by $156 million, compared to 2019, due to a higher dividend paid in 2020 of $3.2900 per common share compared to $3.1325 per common share in 2019.

6.4 Post-employment benefit plans

For the year ended December 31, 2020, we recorded an increase in our post-employment benefit plans and a gain, before taxes, in OCI from continuing operations of $687 million. This was due to a higher-than-expected return on plan assets in 2020, partly offset by a lower actual discount rate of 2.6% at December 31, 2020, compared to 3.1% at December 31, 2019.

For the year ended December 31, 2019, we recorded an increase in our post-employment benefit plans and a gain, before taxes, in OCI from continuing operations of $191 million. This was due to a higher-than-expected return on plan assets in 2019, partly offset by a lower actual discount rate of 3.1% at December 31, 2019, compared to 3.8% at December 31, 2018.

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 26, *Post-employment benefit plans* and Note 28, *Financial and capital management* in BCE's 2020 consolidated financial statements.

The following table outlines our financial risks, how we manage these risks and their financial statement classification.

FINANCIAL RISK	DESCRIPTION OF RISK	MANAGEMENT OF RISK AND FINANCIAL STATEMENT CLASSIFICATION
Credit risk	We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position. We are exposed to credit risk if counterparties to our trade receivables, wireless device financing plan receivables, and derivative instruments are unable to meet their obligations.	• Large and diverse customer base • Deal with institutions with investment-grade credit ratings • Regularly monitor our credit risk and exposure • Our trade receivables and allowance for doubtful accounts balances at December 31, 2020, which both include the current portion of wireless device financing plan receivables, were $3,414 million and $149 million, respectively. The allowance for doubtful accounts reflects an increase of $87 million for the period ended December 31, 2020, mainly as a result of the impact of the COVID-19 pandemic. • Our contract assets and allowance for doubtful accounts balances at December 31, 2020 were $1,002 million and $59 million, respectively • Our non-current wireless device financing plan receivables and allowance for doubtful accounts balances at December 31, 2020 were $399 million and $16 million, respectively
Liquidity risk	We are exposed to liquidity risk for financial liabilities.	• Sufficient cash from operating activities, possible capital markets financing and committed bank facilities to fund our operations and fulfill our obligations as they become due • Refer to section 6.7, *Liquidity – Contractual obligations*, for a maturity analysis of our recognized financial liabilities

Foreign currency risk	We are exposed to foreign currency risk related to anticipated transactions and certain foreign currency debt.
	A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain (loss) of $7 million ($19 million) recognized in net earnings from continuing operations at December 31, 2020 and a gain (loss) of $245 million ($215 million) recognized in OCI from continuing operations at December 31, 2020, 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 OCI from continuing operations at December 31, 2020, with all other variables held constant.
	Refer to the following *Fair value* section for details on our derivative financial instruments.
		• Foreign currency forward contracts and options on our anticipated transactions and commercial paper maturing in 2021 to 2022 of $2.2 billion in U.S. dollars ($2.9 billion in Canadian dollars) and $2.2 billion in Philippine pesos ($59 million in Canadian dollars) at December 31, 2020, to manage foreign currency risk related to anticipated transactions and certain foreign currency debt
		  • For cash flow hedges, changes in the fair value are recognized in OCI from continuing operations, except for any ineffective portion, which is recognized immediately in earnings in *Other (expense) income*. Realized gains and losses in *Accumulated OCI* 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.
		  • For economic hedges, changes in the fair value are recognized in *Other (expense) income*
		• At December 31, 2020, we had outstanding cross currency interest rate swaps with notional amounts of $1,750 million in U.S. dollars ($2,301 million in Canadian dollars) to hedge the U.S. currency exposure of our Series US-1 and Series US-2 Notes maturing in 2048 and 2049, respectively
		  • For cross currency interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other (expense) income* in the income statements and offset, unless a portion of the hedging relationship is ineffective

Interest rate risk	We are exposed to risk on the interest rates of our debt, our post-employment benefit plans and on dividend rate resets on our preferred shares. A 1% increase (decrease) in interest rates would result in an increase (decrease) of $20 million ($26 million) in net earnings from continuing operations at December 31, 2020. Refer to the following *Fair value* section for details on our derivative financial instruments.	• We use interest rate swaps to economically hedge dividend rate resets on preferred shares. We also use interest rate locks to hedge the interest rates on future debt issuances. • In 2020, we entered into interest rate options to economically hedge the dividend rate resets on $582 million of our preferred shares having varying reset dates in 2021 • For interest rate options, changes in the fair value of these derivatives are recognized immediately in *Other (expense) income* in the income statements • There were no interest rate locks outstanding as of December 31, 2020 • For our post-employment benefit plans, the interest rate risk is managed using a liability matching approach which reduces the exposure of the DB pension plans to a mismatch between investment growth and obligation growth

FINANCIAL RISK	DESCRIPTION OF RISK	MANAGEMENT OF RISK AND FINANCIAL STATEMENT CLASSIFICATION
Equity price risk	We are exposed to risk on our cash flow related to the settlement of equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan. A 5% increase (decrease) in the market price of BCE's common shares at December 31, 2020 would result in a gain (loss) of $39 million recognized in net earnings from continuing operations for 2020, with all other variables held constant. Refer to the following *Fair value* section for details on our derivative financial instruments.	• Equity forward contracts with a fair value liability of $82 million at December 31, 2020 on BCE's common shares to economically hedge the cash flow exposure related to the settlement of equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan • Changes in the fair value of these derivatives are recorded in the income statements in *Operating costs* for derivatives used to hedge a cash-settled share-based payment plan and *Other (expense) income* for derivatives used to hedge equity settled share-based payment plans
Commodity price risk	We are exposed to risk on the purchase cost of fuel. A 25% increase (decrease) in the market price of fuel at December 31, 2020 would result in a gain (loss) of $3 million recognized in net earnings from continuing operations, with all other variables held constant. Refer to the following *Fair value* section for details on our derivative financial instruments.	• In 2020, we entered into fuel swaps to economically hedge the purchase cost of fuel in 2020 and 2021. The fair value of our fuel swaps at December 31, 2020 was an asset of $3 million. • Changes in the fair value of these derivatives are recorded in the income statements in *Other (expense) income*
Longevity risk	We are exposed to life expectancy risk on our post-employment benefit plans.	• The Bell Canada pension plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately $4 billion of post-employment benefit obligations

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that may be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values may not be the net amounts that would be realized if these instruments were settled.

The carrying values of our cash and cash equivalents, trade and other receivables, dividends payable, trade payables and accruals, compensation payable, severance and other costs payable, interest payable, notes payable and loans secured by trade 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.

			DECEMBER 31, 2020		DECEMBER 31, 2019	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
CRTC deferral account obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**82**	**86**	82	85
Debt securities and other debt	Debt due within one year and long-term debt	Quoted market price of debt	**20,525**	**24,366**	18,653	20,905

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

			FAIR VALUE OF ASSET (LIABILITY)		
	CLASSIFICATION	CARRYING VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2) (1)	NON-OBSERVABLE MARKET INPUTS (LEVEL 3) (2)
December 31, 2020					
Publicly-traded and privately-held investments (3)	Other non-current assets	**126**	**3**	**–**	**123**
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	**(51)**	**–**	**(51)**	**–**
MLSE financial liability (4)	Trade payables and other liabilities	**(149)**	**–**	**–**	**(149)**
Other	Other non-current assets and liabilities	**109**	**–**	**167**	**(58)**
December 31, 2019					
Publicly-traded and privately-held investments (3)	Other non-current assets	129	2	–	127
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	165	–	165	–
MLSE financial liability (4)	Trade payables and other liabilities	(135)	–	–	(135)
Other	Other non-current assets and liabilities	71	1	128	(58)

(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 from continuing operations and impairment charges are recorded in Impairment of assets in the income statements.*

(4) *Represents BCE's obligation to repurchase the BCE Master Trust Fund's (Master Trust) 9% interest in MLSE at a price not less than an agreed minimum price, should the Master Trust exercise its put option. The obligation to repurchase is marked to market each reporting period and any gain or loss is recorded in* Other (expense) income *in the income statements.*

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 4, 2021 from DBRS, Moody's and S&P.

KEY CREDIT RATINGS

	BELL CANADA (1)		
MARCH 4, 2021	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
	BCE (1)		
	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 4, 2021, BCE 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 sources of liquidity we expect to use to meet our 2021 cash requirements. Refer to the section *Caution regarding forward-looking statements* at the beginning of this MD&A.

SOURCES OF LIQUIDITY

Total available liquidity at December 31, 2020 was $3.8 billion, comprised of $224 million in cash and cash equivalents, $400 million available under our securitized trade receivable programs and $3.15 billion available under our $3.5 billion committed bank credit facilities (given $349 million of commercial paper outstanding).

We expect that our available liquidity, 2021 estimated cash flows from operations and capital markets financing, including commercial paper, will permit us to meet our cash requirements in 2021 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 2021 cash requirements exceed our cash and cash equivalents balance, cash generated from our operations, and funds raised under capital markets financings and our securitized trade receivable programs, 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 2021, our cash flows from operations, cash and cash equivalents balance, capital markets financings, securitized trade receivable programs and credit facilities should give us flexibility in carrying out our plans for business growth, including business acquisitions and spectrum auctions, as well as for the payment of contingencies.

We continuously monitor the rapidly changing COVID-19 pandemic for impacts on operations, capital markets and the Canadian economy with the objective of maintaining adequate liquidity.

The table below is a summary of our total bank credit facilities at December 31, 2020.

DECEMBER 31, 2020	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving and expansion credit facilities (1) (2)	**3,500**	**–**	**–**	**349**	**3,151**
Other	**106**	**–**	**106**	**–**	**–**
Total committed credit facilities	**3,606**	**–**	**106**	**349**	**3,151**
Total non-committed credit facilities	**1,939**	**–**	**1,082**	**–**	**857**
Total committed and non-committed credit facilities	**5,545**	**–**	**1,188**	**349**	**4,008**

(1) *Bell Canada's $2.5 billion committed revolving credit facility expires in November 2024 and its $1 billion committed expansion credit facility expires in November 2022.*

(2) *As of December 31, 2020, Bell Canada's outstanding commercial paper included $274 million in U.S. dollars ($349 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*

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, 2020. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

Some of our credit agreements require us to meet specific financial ratios and to offer to repay and cancel the credit agreements upon a change of control of BCE or Bell Canada. In addition, some of our debt agreements require us to offer to repurchase certain series of debt securities upon the occurrence of a change of control event as defined in the relevant debt agreements. We are in compliance with all conditions and restrictions under such agreements.

CASH REQUIREMENTS

CAPITAL EXPENDITURES

In 2021, our planned capital spending will be focused on our strategic imperatives, reflecting an appropriate level of investment in our networks and services. On February 4, 2021, Bell announced a capital investment acceleration of $1 billion to $1.2 billion over the next two years to roll out its fibre, rural Wireless Home Internet and 5G networks to even more Canadians of which approximately $700 million is expected to be invested in 2021. The investment acceleration will be substantially funded by the $933 million of proceeds (net of debt and other items) received in 2020 from the sale of substantially all of our data centre operations.

POST-EMPLOYMENT BENEFIT PLANS FUNDING

Our post-employment benefit plans include DB pension and defined contribution (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. Our expected funding for 2021 is detailed in the following table and is subject to actuarial valuations that will be completed in mid-2021. Actuarial valuations were last performed for our significant post-employment benefit plans as at December 31, 2019.

2021 EXPECTED FUNDING	TOTAL
DB pension plans	180
DC pension plans	120
OPEBs	70
Total net post-employment benefit plans	370

DIVIDEND PAYMENTS

In 2021, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2020 as BCE's annual common share dividend increased by 5.1% to $3.50 per common share from $3.33 per common share effective with the dividend payable on April 15, 2021. 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, 2020 that are due in each of the next five years and thereafter.

AT DECEMBER 31, 2020	2021	2022	2023	2024	2025	THERE-AFTER	TOTAL
Recognized financial liabilities							
Long-term debt	221	1,785	1,665	1,278	2,125	13,540	20,614
Notes payable	392	–	–	–	–	–	392
Lease liabilities (1)	921	832	611	459	406	2,077	5,306
Loan secured by trade receivables	1,050	–	–	–	–	–	1,050
Interest payable on long-term debt, notes payable and loan secured by trade receivables	844	824	756	693	641	7,623	11,381
Net (receipts) payments on cross currency basis swaps	(1)	(1)	–	–	–	64	62
MLSE financial liability	149	–	–	–	–	–	149
Commitments (off-balance sheet)							
Commitments for property, plant and equipment and intangible assets	975	835	608	416	250	352	3,436
Purchase obligations	545	479	331	225	144	269	1,993
Leases committed not yet commenced	2	2	1	1	–	–	6
Total	**5,098**	**4,756**	**3,972**	**3,072**	**3,566**	**23,925**	**44,389**

(1) *Includes imputed interest of $950 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 OOH advertising spaces and real estate. 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.

LITIGATION

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. 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 4, 2021, 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 4, 2021, please see the section entitled *Legal proceedings* contained in the BCE 2020 AIF.

7 Selected annual and quarterly information

7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2020, 2019 and 2018 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 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. See section 1, *Overview – COVID-19*, in this MD&A for more details.

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 have reclassified amounts related to the sale for the previous years to discontinued operations in our consolidated income statements and consolidated statements of cash flows to make them consistent with the presentation for the current year. 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 is mainly offset by the recognition of previously unrecognized capital loss carry forwards.

In 2020, we updated our definitions of adjusted net earnings, adjusted EPS and free cash flow to exclude the impacts of discontinued operations as they may affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. As a result of this change, prior periods have been restated for comparative purposes. See section 10.2, *Non-GAAP financial measures and key performance indicators (KPIs)*, in this MD&A for more details.

As required, we adopted IFRS 16 – Leases effective January 1, 2019. We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019.

	2020	2019	2018
CONSOLIDATED INCOME STATEMENTS			
Operating revenues			
Service	**19,832**	20,566	20,264
Product	**3,051**	3,227	3,027
Total operating revenues	**22,883**	23,793	23,291
Operating costs	**(13,276)**	(13,787)	(13,855)
Adjusted EBITDA	**9,607**	10,006	9,436
Severance, acquisition and other costs	**(116)**	(114)	(136)
Depreciation	**(3,475)**	(3,458)	(3,110)
Amortization	**(929)**	(886)	(852)
Finance costs			
Interest expense	**(1,110)**	(1,125)	(995)
Interest on post-employment benefit obligations	**(46)**	(63)	(69)
Impairment of assets	**(472)**	(102)	(200)
Other (expense) income	**(194)**	95	(146)
Income taxes	**(792)**	(1,129)	(980)
Net earnings from continuing operations	**2,473**	3,224	2,948
Net earnings from discontinued operations	**226**	29	25
Net earnings	**2,699**	3,253	2,973
Net earnings from continuing operations attributable to:			
Common shareholders	**2,272**	3,011	2,760
Preferred shareholders	**136**	151	144
Non-controlling interest	**65**	62	44
Net earnings from continuing operations	**2,473**	3,224	2,948
Net earnings attributable to:			
Common shareholders	**2,498**	3,040	2,785
Preferred shareholders	**136**	151	144
Non-controlling interest	**65**	62	44
Net earnings	**2,699**	3,253	2,973
Net earnings per common share – basic and diluted			
Continuing operations	**2.51**	3.34	3.07
Discontinued operations	**0.25**	0.03	0.03
Net earnings per common share – basic and diluted	**2.76**	3.37	3.10
RATIOS			
Adjusted EBITDA margin (%)	**42.0%**	42.1%	40.5%
Return on equity (%) (1)	**14.7%**	18.2%	17.1%

(1) *Net earnings attributable to common shareholders divided by total average equity attributable to BCE shareholders excluding preferred shares.*

	2020	2019	2018
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Property, plant and equipment	**27,513**	27,636	24,844
Total assets	**60,665**	60,146	57,100
Debt due within one year (including notes payable and loans secured by trade receivables)	**2,417**	3,881	4,645
Long-term debt	**23,906**	22,415	19,760
Total non-current liabilities	**31,065**	28,961	25,982
Equity attributable to BCE shareholders	**20,989**	21,074	20,363
Total equity	**21,329**	21,408	20,689
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	**7,754**	7,958	7,384
Cash flows used in investing activities	**(3,540)**	(4,036)	(4,386)
Capital expenditures	**(4,202)**	(3,974)	(3,956)
Business acquisitions	**(65)**	(51)	(395)
Cash from (used in) discontinued operations	**892**	(18)	(15)
Cash flows used in financing activities	**(4,135)**	(4,202)	(3,198)
Issue of common shares	**26**	240	11
Net (repayment) issuance of debt instruments	**(638)**	(1,209)	160
Cash dividends paid on common shares	**(2,975)**	(2,819)	(2,679)
Cash dividends paid on preferred shares	**(132)**	(147)	(149)
Cash dividends paid by subsidiaries to non-controlling interest	**(53)**	(65)	(16)
Free cash flow	**3,348**	3,738	3,489
SHARE INFORMATION			
Average number of common shares (millions)	**904.3**	900.8	898.6
Common shares outstanding at end of year (millions)	**904.4**	903.9	898.2
Market capitalization (1)	**49,226**	54,379	48,440
Dividends declared per common share (dollars)	**3.33**	3.17	3.02
Dividends declared on common shares	**(3,011)**	(2,857)	(2,712)
Dividends declared on preferred shares	**(136)**	(151)	(144)
Closing market price per common share (dollars)	**54.43**	60.16	53.93
Total shareholder return	**(4.1%)**	17.5%	(5.6%)
RATIOS			
Capital intensity (%)	**18.4%**	16.7%	17.0%
Price to earnings ratio (times) (2)	**19.72**	17.85	17.40
OTHER DATA			
Number of employees (thousands)	**51**	52	53

(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) *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 2020 and 2019. 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 1, *Overview – COVID-19*, in this MD&A for a description of the impacts of the COVID-19 pandemic on our financial results during 2020.

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues								
Service	**5,090**	**4,924**	**4,800**	**5,018**	5,235	5,141	5,190	5,000
Product	**1,012**	**863**	**554**	**622**	1,040	799	699	689
Total operating revenues	**6,102**	**5,787**	**5,354**	**5,640**	6,275	5,940	5,889	5,689
Adjusted EBITDA	**2,404**	**2,454**	**2,331**	**2,418**	2,484	2,568	2,572	2,382
Severance, acquisition and other costs	**(52)**	**(26)**	**(22)**	**(16)**	(28)	(23)	(39)	(24)
Depreciation	**(872)**	**(876)**	**(869)**	**(858)**	(854)	(852)	(879)	(873)
Amortization	**(233)**	**(232)**	**(234)**	**(230)**	(224)	(225)	(220)	(217)
Finance costs								
Interest expense	**(274)**	**(279)**	**(280)**	**(277)**	(285)	(280)	(279)	(281)
Interest on post-employment benefit obligations	**(11)**	**(12)**	**(11)**	**(12)**	(16)	(16)	(15)	(16)
Impairment of assets	**(12)**	**(4)**	**(449)**	**(7)**	(96)	(1)	(1)	(4)
Other (expense) income	**(38)**	**(29)**	**(80)**	**(47)**	(18)	62	(54)	105
Income taxes	**(191)**	**(262)**	**(96)**	**(243)**	(245)	(319)	(275)	(290)
Net earnings from continuing operations	**721**	**734**	**290**	**728**	718	914	810	782
Net earnings from discontinued operations	**211**	**6**	**4**	**5**	5	8	7	9
Net earnings	**932**	**740**	**294**	**733**	723	922	817	791
Net earnings from continuing operations attributable to common shareholders	**678**	**686**	**233**	**675**	667	859	754	731
Net earnings attributable to common shareholders	**889**	**692**	**237**	**680**	672	867	761	740
Net earnings per common share – basic and diluted								
Continuing operations	**0.75**	**0.76**	**0.26**	**0.74**	0.73	0.96	0.84	0.81
Discontinued operations	**0.23**	**0.01**	**–**	**0.01**	0.01	–	0.01	0.01
Net earnings per common share – basic and diluted	**0.98**	**0.77**	**0.26**	**0.75**	0.74	0.96	0.85	0.82
Weighted average number of common shares outstanding – basic (millions)	**904.4**	**904.3**	**904.3**	**904.1**	903.8	901.4	899.5	898.4
OTHER INFORMATION								
Cash flows from operating activities	**1,631**	**2,110**	**2,562**	**1,451**	2,091	2,258	2,093	1,516
Free cash flow	**92**	**1,034**	**1,611**	**611**	874	1,169	1,076	619
Capital expenditures	**(1,494)**	**(1,031)**	**(900)**	**(777)**	(1,150)	(1,009)	(967)	(848)

FOURTH QUARTER HIGHLIGHTS

OPERATING REVENUES	Q4 2020	Q4 2019	$ CHANGE	% CHANGE
Bell Wireless	**2,408**	2,454	(46)	(1.9%)
Bell Wireline	**3,095**	3,135	(40)	(1.3%)
Bell Media	**791**	879	(88)	(10.0%)
Inter-segment eliminations	**(192)**	(193)	1	0.5%
Total BCE operating revenues	**6,102**	6,275	(173)	(2.8%)

ADJUSTED EBITDA	Q4 2020	Q4 2019	$ CHANGE	% CHANGE
Bell Wireless	**903**	931	(28)	(3.0%)
Bell Wireline	**1,312**	1,348	(36)	(2.7%)
Bell Media	**189**	205	(16)	(7.8%)
Total BCE adjusted EBITDA	**2,404**	2,484	(80)	(3.2%)

BCE operating revenues decreased by 2.8% in Q4 2020, compared to the same period in 2019. The decrease in Q4 2020 was driven by declines across all three of our segments, primarily due to the continuing adverse impact of the COVID-19 pandemic, with more pronounced impacts on media advertising revenues, as well as wireless product volumes and outbound roaming revenues. The year-over-year decline in Q4 2020 reflected lower service and product revenues of 2.8% and 2.7%, respectively. The service revenue decline in Q4 2020 has improved sequentially since Q2 2020 due to the moderating impacts of the COVID-19 pandemic.

BCE net earnings increased by 28.9% in Q4 2020, compared to Q4 2019, mainly due to higher net earnings from discontinued operations as a result of a gain on sale, net of taxes, of $211 million in Q4 2020 from the completion of the sale of substantially all of our data centre operations, lower in-quarter impairmen charges at our Bell Media segment and lower income taxes. This was partly offset by lower adjusted EBITDA, higher depreciation and amortization, higher severance, acquisition and other costs and higher other expense.

BCE adjusted EBITDA decreased by 3.2% in Q4 2020, compared to Q4 2019. The year-over-year decline has improved sequentially since Q2 2020 due to moderating impacts of the COVID-19 pandemic. The decrease in Q4 2020 adjusted EBITDA was driven by declines across all three of our segments mainly due to lower revenues, mitigated in part by reduced operating expenses, as a result of the continued impact of the COVID-19 pandemic. This resulted in an adjusted EBITDA margin of 39.4% in Q4 2020, representing a 0.2 pts decline over the same period last year, primarily from reduced service revenue flow-through, partly offset by lower operating expenses.

Bell Wireless operating revenues decreased by 1.9% in Q4 2020, compared to the same period last year, driven by lower service and product revenues. The service revenue decline of 2.5% year over year, has improved sequentially since Q2 2020. The decrease in Q4 2020 service revenues was mainly due to lower outbound roaming revenues driven by reduced customer travel due to the COVID-19 pandemic, decreased data overages driven by greater customer adoption of monthly plans with higher data thresholds and the impact of delayed price increases due to accommodations provided to customers as a result of the COVID-19 pandemic. This was moderated by the continued growth in both our postpaid and prepaid subscriber bases. Product revenues decreased by 0.7% year over year driven by lower gross activations and device upgrades from reduced traffic in our retail distribution channels as a result of COVID-19 restrictions, particularly during the Black Friday and Boxing Day peak periods, partially offset by an increased sales mix of premium-value devices, higher handset prices and lower discounting.

Bell Wireless adjusted EBITDA decreased by 3.0% in Q4 2020, compared to last year, reflecting continued quarterly year-over-year improvement since Q2 2020. The decrease in adjusted EBITDA in Q4 2020 was mainly driven by the revenue decline, partly offset by lower operating expenses of 1.2% year over year. The decrease in operating expenses was mainly due to lower commissions driven by reduced subscriber activations, lower payments to other carriers related to the decline in roaming revenues as a result of the COVID-19 pandemic and lower labour costs driven by reduced store hours due to COVID-19 restrictions, partly offset by higher network operating costs to support the rollout of our 5G network. Adjusted EBITDA margin, based on wireless operating revenues, of 37.5% decreased by 0.4 pts, compared to the same period in 2019, driven by the lower service revenue flow-through, moderated by lower operating expenses.

Bell Wireline operating revenues declined by 1.3% in Q4 2020, compared to last year, driven by both lower service and product revenues. Service revenue decreased by 0.6% year over year from the ongoing erosion in voice, satellite TV, and legacy data volumes, lower business solution services sales due to reduced customer spending and delays in accessing customer sites as a result of the COVID-19 pandemic, delayed price increases also attributable to the COVID-19 pandemic and the contribution in 2019 from the federal election. This was offset in part by the continued expansion of our retail Internet and IPTV subscriber base along with the flow-through of pricing changes. Product revenues declined by 11.5% in Q4 2020, compared to Q4 2019, mainly due to strong sales in the government sector in Q4 2019, combined with reduced customer spending attributable to the COVID-19 pandemic.

Bell Wireline adjusted EBITDA declined by 2.7% in Q4 2020, compared to Q4 2019, driven by lower revenues, offset in part by reduced operating costs. The decrease in operating costs was mainly due to lower product cost of goods sold and programming and content costs relating to the revenue decline, along with labour savings mainly attributable to vendor contract savings, as well as lower employee travel due to the COVID-19 pandemic. This was offset in part by higher costs related to the COVID-19 pandemic, mainly from employee redeployment, purchase of PPE, and incremental building cleaning and supplies, along with higher advertising spend to drive greater activations in the quarter. Adjusted EBITDA margin of 42.4% in Q4 2020 decreased by 0.6 pts compared to last year, reflecting lower service revenue flow-through.

Bell Media operating revenue decline of 10.0% in Q4 2020, compared to the same period last year, improved sequentially since Q2 2020, mainly due to higher demand by TV advertisers. The Q4 2020 year-over-year decline was driven by lower advertising revenues mainly due to the continuing but moderating impact of the COVID-19 pandemic resulting in reduced spending by advertisers across all platforms from the economic uncertainty and delayed and/or cancelled sporting events (delayed start of the NHL and NBA 2020/2021 season and cancellation of the CFL season). This decline was mitigated in part by the contribution from the V acquisition to conventional TV advertising revenue. Subscriber revenues also declined year over year primarily due to the renewal in Q4 2019 of certain BDU contracts, partly offset by continued growth in subscribers from DTC Crave and sports streaming services.

Bell Media adjusted EBITDA decreased by 7.8% in Q4 2020, compared to the same period last year, which continued to improve on a sequential quarterly basis. The year-over-year decline was due to lower revenues, moderated by reduced operating costs. The year-over-year decrease in operating costs was mainly driven by lower programming and production costs attributable to the COVID-19 pandemic from reduced sports rights and broadcasting costs due to delays and/or cancellations of sporting events along with lower foreign and Canadian programming costs from production shutdowns and delays. This decline in operating expenses was offset in part by higher costs related to the V and Noovo.ca acquisition.

BCE capital expenditures of $1,494 million grew by 29.9%, or $344 million in Q4 2020, compared to the same period last year. This resulted in a corresponding capital intensity ratio of 24.5% in the quarter, up 6.2 pts compared to 18.3% achieved in Q4 2019. Capital spending ramped up in Q4 2020 due to greater construction activity following the slower pace of spending earlier in the year as a result of the COVID-19 pandemic. The year-over-year increase was driven by greater spending across all three of our segments. Wireless capital spending increased by $189 million year over year, primarily due to the ongoing deployment of our mobile 5G network. Wireline capital investments grew by $143 million year over year, mainly due to the timing of our spending, as we continued to roll out our FTTP and WTTP networks to more locations. Bell Media capital spending was $12 million higher year over year, due to the integration of Noovo combined with network and digital platform enhancements.

BCE severance, acquisition and other costs of $52 million in Q4 2020 increased by $24 million, compared to Q4 2019, mainly due to higher acquisition and other costs, partly offset by lower severance costs.

BCE depreciation of $872 million in Q4 2020 increased by $18 million, year over year, mainly due to a higher asset base as we continued to invest in our broadband and wireless networks as well as our IPTV services.

BCE amortization of $233 million in Q4 2020 increased by $9 million, year over year, mainly due to a higher asset base.

BCE interest expense of $274 million in Q4 2020 decreased by $11 million, compared to Q4 2019, mainly due to lower average interest rates, partly offset by higher average debt levels.

BCE impairment of assets of $12 million in Q4 2020 decreased by $84 million, year over year, mainly due to lower in-quarter impairment charges at our Bell Media segment.

BCE other expense of $38 million in Q4 2020 increased by $20 million, year over year, mainly due to lower gains on investments as a result of a gain in Q4 2019 on BCE's obligation to repurchase at fair value the minority interest in one of BCE's subsidiaries, higher losses on operations from our equity investments, higher losses on retirements and disposals of property, plant and equipment and intangible assets and higher early debt redemption costs. This was partly offset by lower net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans.

BCE income taxes of $191 million in Q4 2020 decreased by $54 million, compared to Q4 2019, mainly as a result of a higher value of previously unrecognized tax benefits and lower taxable income.

BCE net earnings attributable to common shareholders of $889 million in Q4 2020, or $0.98 per share, were higher than the $672 million, or $0.74 per share, reported in Q4 2019. The year-over-year increase was mainly due to higher net earnings from discontinued operations as a result of a gain on sale, net of taxes, of $211 million in Q4 2020 from the completion of the sale of substantially all of our data centre operations, lower in-quarter impairment charges at our Bell Media segment and lower income taxes. This was partly offset by lower adjusted EBITDA, higher depreciation and amortization, higher severance, acquisition and other costs and higher other expense. Adjusted net earnings decreased to $731 million in Q4 2020, compared to $784 million in Q4 2019, and adjusted EPS decreased to $0.81, from $0.86 in Q4 2019.

BCE cash flows from operating activities was $1,631 million in Q4 2020 compared to $2,091 million in Q4 2019. The decrease is mainly attributable to lower cash from working capital driven mainly by growth in accounts receivable from increased consumer activity, including a higher volume of wireless device financing plan sales, and the timing of supplier payments, higher income taxes paid due to timing of installments and lower adjusted EBITDA.

BCE free cash flow generated in Q4 2020 was $92 million, compared to $874 million in Q4 2019. The decrease was mainly attributable to lower cash flows from operating activities, excluding cash from discontinued operations and acquisition and other costs paid, and higher capital expenditures.

SEASONALITY CONSIDERATIONS

Some of our segments' revenues and expenses vary slightly by season, which may impact quarter-to-quarter financial results. The COVID-19 pandemic has had significant impacts on our business and financial results for the most part of 2020. Due to uncertainties relating to the severity and duration of the COVID-19 pandemic, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on our business and future financial results. Therefore, the typical seasonal variations described below may not fully reflect the trends experienced during the COVID-19 pandemic which affected and continue 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 impacts of the COVID-19 pandemic 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 ABPU, 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 ABPU 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 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, NHL and NBA playoffs and 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) 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. As a result of the COVID-19 pandemic, additional legislation or regulations, regulatory initiatives or proceedings, or government consultations or positions, may further be adopted or instituted, as the case may be, that impose additional constraints on our operations and may adversely impact our ability to compete in the marketplace.

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. Additional mandated services, as well as lower mandated wholesale rates, 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 mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, 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.

REVIEW OF KEY LEGISLATION

On June 5, 2018, the Minister of Innovation, Science and Industry and the Minister of Canadian Heritage announced the launch of a review of the *Broadcasting Act*, the *Radiocommunication Act* and the *Telecommunications Act* (the Acts). The legislative review is intended to modernize the Acts to better address new realities impacting the broadcasting and telecommunications industries. The review was led by a panel of external experts tasked with consulting industry members and Canadian consumers. On January 29, 2020, the review panel issued a report that included 97 recommendations. Reforms of these key pieces of legislation could have material impacts for our broadcasting, telecommunications and wireless businesses.

On November 3, 2020, the Government of Canada tabled Bill C-10, *An Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*. Key among the proposed amendments is that both foreign and domestic 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 will be determined through the CRTC's public consultation processes and enforced by way of conditions imposed by the CRTC. It is anticipated that additional reform to fully modernize the *Broadcasting Act* will be forthcoming at a later date.

It is unclear which of the panel's remaining recommendations, if any, may be adopted by the government, whether Bill C-10 will receive royal assent and when any adopted reforms would come into force. Therefore, the impact, if any, of these recommendations and the draft amendments to the *Broadcasting Act* on our business and financial results is unclear at this time.

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 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. The CRTC may exempt an entire class of carriers from regulation under the *Telecommunications Act* if the exemption meets the objectives of Canada's telecommunications policy. In addition, a few large TCCs, including those in the BCE group, must also meet certain Canadian ownership requirements. BCE monitors and periodically reports on the level of non-Canadian ownership of its common shares.

REVIEW OF MOBILE WIRELESS SERVICES

On February 28, 2019, the CRTC launched its planned review of the regulatory framework for mobile wireless services. The purpose of the proceeding is to consider changes to the wireless regulatory framework developed in 2015. The main issues in the CRTC's consultation include (i) competition in the retail market; (ii) the current wholesale mobile wireless service regulatory framework, with a focus on

wholesale mobile virtual network operator (MVNO) access; and (iii) the future of mobile wireless services in Canada, with a focus on reducing barriers to infrastructure deployment. With respect to MVNOs, the CRTC expressed the preliminary view that it would be appropriate for the national wireless carriers to provide wholesale MVNO access. The CRTC held a public hearing in February 2020 and a decision is expected in 2021. It is unclear what impact, if any, the results of this consultation could have on our business and financial results. However, a decision by the CRTC mandating MVNO access would negatively impact our capacity to make investments at the same levels as we have in the past and, accordingly, it would put at risk our ability to invest in next-generation networks.

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 Internet service providers (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 back to March 2016 (the Decision). The estimated cost impact to Bell Canada of the Decision could be in excess of $100 million, if not overturned or otherwise modified. In response to this Decision, Bell Canada reduced the scope of its broadband wireless Internet build-out plan for smaller towns and rural communities by approximately 200,000 households.

Bell Canada and five major cable carriers (Cogeco Communications Inc., Eastlink, Rogers, Shaw and Vidéotron) (together, the Applicants) obtained leave to appeal the Decision from the Federal Court of Appeal, and the Federal Court of Appeal granted a stay of the Decision until making a final ruling. The Federal Court of Appeal issued a decision on September 10, 2020 in which it rejected the appeal and lifted the stay. The Applicants' request for leave to appeal the decision of the Federal Court of Appeal to the Supreme Court of Canada was denied on February 25, 2021.

The Applicants and TELUS Communications Inc. also filed review and vary applications of the Decision with the CRTC. On September 28, 2020, the CRTC issued a stay of the Decision pending its final decision on the review and vary applications. The Applicants and TELUS Communications Inc. also appealed the Decision to the Federal Cabinet. On August 19, 2020, the Federal Cabinet issued an Order in Council noting that a further decision from the CRTC regarding the review and vary applications is pending. While it did not overturn the Decision, the Order in Council also stated that: "the final rates set by the decision do not, in all instances, appropriately balance the objectives of the wholesale services framework". The implementation of final wholesale rates that are significantly below those in the market today and/or the requirement to refund monies to third-party resellers could improve the business position of our competitors, further impact our investment strategy and adversely impact our financial results.

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.

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.

CRTC REVIEW OF ACCESS TO POLES

On October 30, 2020, the CRTC launched a proceeding to request comments on potential regulatory measures to make access to poles owned by TCCs, such as Bell Canada, more efficient. As part of this proceeding, the CRTC specifically requested comments on whether there should be maximum time limits for the completion of make ready work; whether all occupants of a pole should be responsible for the costs associated with pole maintenance and make ready work; whether there should be a limit on the amount of time for which a pole owner can reserve spare capacity on a pole; and whether the CRTC can and should take steps to improve access to electric utility pole, having regard to the limit of its jurisdiction. We have implemented improvements to our pole access procedures and requested CRTC approval for the implementation of a one touch make ready process, starting with a trial in Québec. This proceeding may result in other modifications to the current regulatory process for access to poles. At this time, it is unclear what impact, if any, the results of the proceeding 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 broadcasting 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 broadcasting or broadcasting 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.

8.4 Radiocommunication Act

ISED regulates the use of radio spectrum under the *Radiocommunication Act* to ensure that radiocommunication in Canada is developed and operated efficiently. All companies wishing to operate a wireless system in Canada must hold a spectrum licence to do so. Under the *Radiocommunication Regulations*, companies that are eligible for radio licences, such as Bell Canada and Bell Mobility, must meet the same ownership requirements that apply to companies under the *Telecommunications Act*.

ISED DECISION AND CONSULTATION ON 3500 MHZ AND OTHER SPECTRUM

On June 5, 2019, ISED released its *Decision on Revisions to the 3500 MHz Band to Accommodate Flexible Use and Preliminary Decisions on Changes to the 3800 MHz Band*. ISED decided that it will allow flexible use (which allows spectrum to be used for both fixed and mobile services) in the 3450–3650 MHz band. This allows ISED to issue flexible use licences in this frequency range. ISED will require existing licensees to return a portion of their existing licences in return for a flexible use licence following the auction. Existing licensees that currently hold 75 MHz of spectrum or more of fixed use licences in a given area will be eligible to apply for a new flexible use licence of 60 MHz in the related area; those with 50 MHz of spectrum will be eligible to apply for 50 MHz; and all other licensees will be eligible to apply for 20 MHz. Existing licensees will be allowed to continue operating where they do not prevent the deployment of new licences. If they are required to transition, they will be subject to a protection period of six months to three years, depending on the size of the population centre in the area in which they operate. As discussed under *ISED consultation on 3800 MHz spectrum* below, ISED launched a consultation to determine the amount of spectrum that would be assigned for flexible use in the 3700–4200 MHz band. It is unclear what impact the results of this decision and future related processes could have on our business and financial results.

3500 MHZ SPECTRUM AUCTION

On March 5, 2020, ISED released its *Policy and Licensing Framework for Spectrum in the 3500 MHz Band*, which will govern the auction of spectrum licences in the 3500 MHz band. ISED will set aside 50 MHz of spectrum for regional service providers in all areas where at least 50 MHz will be available for auction or all available spectrum in areas with a large population centre where less than 50 MHz is available. The auctioned licences will have a 20-year term and set-aside licences will not be transferable to set-aside ineligible entities for the first 5 to 7 years of the licence term. In addition, licensees will need to meet general network coverage targets in each licence area at 5, 10 and 20 years

following licence issuance. Licensees with existing LTE networks will be subject to additional deployment requirements based on their existing LTE coverage. While the adoption of set-aside provisions limits the amount of spectrum that Bell Mobility can bid on, ISED will not apply a spectrum cap on licensees. Initially scheduled to begin on December 15, 2020, bidding in the auction has been rescheduled to begin on June 15, 2021.

ISED CONSULTATION ON 3800 MHZ SPECTRUM

On August 27, 2020, ISED released a *Consultation on the Technical and Policy Framework for the 3650–4200 MHz Band and Changes to the Frequency Allocation of the 3500–3650 MHz Band*. In this consultation, ISED is seeking input on how to introduce flexible use services (i.e., fixed and mobile) in the 3650–4200 MHz band (referred to as the 3800 MHz band) and the amount of spectrum to be made available. ISED is proposing to clear fixed satellite services from the 3700–4000 MHz frequency range (with some exceptions) by December 2023 to allow flexible use service. ISED is also proposing to move wireless broadband services from 3650–3700 MHz to 3900–3980 MHz. In addition, ISED is seeking comments on a proposal by Telesat Canada (Telesat) to allocate flexible use spectrum in 3700–3900 MHz via a private sale in the secondary market and to clear the 3900–4100 MHz portion of the band for flexible use services through a future ISED auction licensing process. It is unclear what impact the results of this consultation and future related processes could have on our business and financial results.

DECISION ON RELEASING MILLIMETRE WAVE SPECTRUM TO SUPPORT 5G

On June 5, 2019, ISED issued its *Decision on Releasing Millimetre Wave Spectrum to Support 5G*. In this decision, ISED announced that spectrum in the 26 GHz, 28 GHz, and 37-40 GHz bands will transition from satellite use to flexible use (i.e., mobile or fixed use). ISED will designate the 64-71 GHz band for licence-exempt operations on a no-interference, no-protection basis. ISED indicated that it will establish the details and specific rules through one or more future consultations. It is unclear what impact the results of this decision 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

COPYRIGHT ACT REVIEW

On December 13, 2017, the federal government passed a motion in Parliament to formally launch a review of the *Copyright Act*. This review is mandated by the *Copyright Act* itself, which requires that the legislation be examined every five years. The Standing Committee on Industry, Science and Technology, working in collaboration with the Standing Committee on Canadian Heritage, led the process, which began in February 2018. The Standing Committee on Canadian Heritage released its report on May 15, 2019 and the Standing Committee on Industry, Science and Technology released its report on June 3, 2019. Each Committee made a series of recommendations in respect of the rights of Canadian copyright holders and users and the effectiveness of Canadian copyright law. At this time, it is not known whether these reports will lead to amendments to the *Copyright Act* and the impact of any potential amendments on our business and financial results is unknown.

REVIEW OF THE CRTC'S REGULATORY FRAMEWORK FOR NORTHWESTEL

On November 2, 2020, the CRTC launched 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 it 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.

BILL C-11: THE DIGITAL CHARTER IMPLEMENTATION ACT, 2020

On November 17, 2020, the Minister of Innovation, Science and Industry tabled Bill C-11, entitled the *Digital Charter Implementation Act, 2020*. If passed, the Bill will establish a new private sector privacy law in Canada, the *Consumer Privacy Protection Act* (CPPA), and a new Personal Information and Data Protection Tribunal. The proposed changes to Canada's privacy regime include new consumer rights to data mobility and a new private right of action for individuals. The CPPA includes strong new enforcement tools that give the newly constituted Personal Information and Data Protection Tribunal the power to impose, upon recommendation by the Office of the Privacy Commissioner of Canada, administrative monetary penalties amounting to the greater of $10 million or 3 per cent of global revenue and in some cases, for serious offences, the greater of $25 million or 5 per cent of global revenue. No coming into force date has yet been released but public statements by the Minister indicate that it is likely to come into effect in 2022.

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 the COVID-19 pandemic and general economic conditions set out in Section 3.2, *Principal business risks*, are incorporated by reference in this section 9.

RISKS DISCUSSED IN OTHER SECTIONS OF THIS MD&A	SECTION REFERENCES
Competitive environment	Section 3.2, *Principal business risks* Section 5, *Business segment analysis* (*Competitive landscape and industry trends* section for each segment)
Regulatory environment	Section 3.2, *Principal business risks* Section 8, *Regulatory environment*
Security management	Section 3.2, *Principal business risks*
Risks specifically relating to our Bell Wireless, Bell Wireline and Bell Media segments	Section 5, *Business segment analysis* (*Principal business risks* section for each segment)

The other principal business risks that could also have a material adverse effect on our business, financial condition, liquidity, financial results or reputation are discussed below.

TECHNOLOGY/INFRASTRUCTURE TRANSFORMATION

The failure to transform our operations, enabling a truly customer-centric service experience across a constantly evolving profile of world-class products and services at all points of interaction, while lowering our cost structure, could have an adverse impact on our business and financial results

Globalization, increased competition and ongoing technological advances are driving customer expectations of faster market responses, enhanced user experiences and cost-effective delivery. Meeting these expectations requires the deployment of new service and product technologies 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, open source software, artificial intelligence and machine learning. They also seek to transform our network 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, ensuring best quality and customer experience, and developing a new network infrastructure that enables a competitive cost structure and rapidly growing capacity. These evolution activities require an operational and cultural shift. Alignment across technology, product development and operations is increasingly critical to ensure appropriate trade-offs and optimization of capital allocation. Failure to transform our operations fast enough, enabling a truly customer-centric service experience across a constantly evolving profile of world-class products and services at all points of interaction, while lowering our cost structure, could hinder our ability to compete on footprint, service experience and cost structure, and have an adverse impact on our business and financial results.

If this cannot be achieved in accordance with our deployment schedules while maintaining network availability and performance through the migration process, we may lose customers as a result of poor service performance, which could adversely affect our ability to achieve our operational and financial objectives. Failure to maximize adaptable infrastructures, processes and technologies to quickly and efficiently respond to evolving customer patterns and behaviours and leverage IP across all facets of our network and product and service portfolio could inhibit a fully customer-centric approach, limiting or preventing comprehensive self-serve convenience, real-time provisioning, cost savings and flexibility in delivery and consumption, leading to negative business and financial outcomes.

Parallel to our focus on next-generation investment, adverse regulatory 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 FTTN or FTTP, the potential for additional mandated access to our networks or the imposition of wholesale obligations on wireless networks will 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 and strategic manner could limit our ability to compete effectively and achieve desired business and financial results.

Other examples of risks affecting the achievement of our desired technology/infrastructure transformation include the following:

- The COVID-19 pandemic may bring about further incremental costs, delays, unavailability of equipment and materials or inability to access customer premises, as well as unavailability of our employees or those of our suppliers or contractors, due to government actions, illness, quarantines, absenteeism, workforce reduction initiatives or other restrictions, all of which may impact our ability to expand our networks or to start, advance or complete both currently planned network deployment projects and other projects
- We, and other telecommunications carriers we rely on to provide services, must be able to purchase high-quality network equipment and services from third-party suppliers on a timely basis and at a reasonable cost (refer to *Dependence on third-party suppliers* below for more details)
- 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, FTTP, WTTP and wireless rollouts
- Suboptimal capital deployment in network build, infrastructure and process upgrade, and customer service improvements, could hinder our ability to compete effectively
- The successful deployment of WTTP and 5G mobile services could be impacted by various factors, including environmental factors, affecting coverage and costs
- Higher demand for faster Internet speed and capacity, coupled with governmental policies and initiatives, creates tensions around FTTP and WTTP deployment in terms of geographic preference and pace of rollout
- The increasing dependence on apps for content delivery, sales, customer engagement and service experience drives the need for new and scarce capabilities (sourced internally or externally), which may not be available, as well as the need for associated operating processes integrated into ongoing operations
- New products, services or apps could reduce demand for our existing, more profitable service offerings or cause prices for those services to decline, and could result in shorter estimated useful lives for existing technologies, which could increase depreciation and amortization expense
- As content consumption habits evolve and viewing options increase, our ability to develop alternative delivery vehicles in order to seek 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
- We must be able to take advantage of new opportunities, in order to meet our business objectives, such as those introduced by “big data” which is subject to many challenges including evolving customer perceptions as well as legal and regulatory developments. If we cannot build market-leading competencies in this field across sales, service and operational platforms that respect societal values and meet legal and regulatory requirements, we may miss important opportunities to grow our business through enhanced market intelligence and a more proactive customer service model.

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 based on 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 stems from our 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, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions 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.

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, 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. The shift to online transactions during the COVID-19 pandemic amid store closures and reduced store traffic adversely impacted our ability to leverage our extensive retail network to increase the number of subscribers and sell our products and services. This could continue during the COVID-19 pandemic and thereafter, and potentially worsen if temporary closures of our retail outlets are maintained. Failure to develop true omni-channel capabilities and improve self-serve tools could adversely affect our business, financial results, reputation and brand value.

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. Failure to 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 artificial intelligence and machine learning, in parallel to our network evolution, could also adversely affect our business, financial results, reputation and brand value.

OPERATIONAL PERFORMANCE

Our networks and IT systems are the foundation of high-quality consistent services, which are critical to meeting service expectations

Our ability to provide consistent wireless, wireline and media services to customers in a complex and constantly changing operating environment is crucial for sustained success. In particular, network capacity demands for TV and other 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. Issues relating to network availability, speed, consistency and traffic management on our more current as well as our aging networks could have an adverse impact on our business and financial performance. Furthermore, as we transition towards newer technologies, including software-defined networks and cloud services, we will need to manage the possibility of some instability during the transition.

Stay-at-home and work-from-home measures implemented by governments and businesses during the COVID-19 pandemic have impacted the nature of our customers' use of our networks, products and services. This has created unprecedented capacity pressure on certain areas of our wireless, wireline and broadcast media networks. Although, as a result of various steps we have taken aimed at maintaining the continuity of essential services, our networks have, in general, adequately sustained such increased usage, there can be no assurance that this will continue to be the case. Home offices can be anywhere in the country and network performance and/or reliability may vary depending on the location. Network failures and slowdowns could have an adverse effect on our brand and reputation and adversely affect subscriber acquisition and retention as well as our financial results. We may also need to incur significant capital expenditures in order to provide additional capacity and reduce network congestion during the COVID-19 pandemic and beyond.

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, 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 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 government actions, illness, quarantines, absenteeism, workforce reduction initiatives or other restrictions, which may impact our ability to maintain or upgrade our networks in order to accommodate substantially increased network usage due to stay-at-home and work-at-home measures and to provide the desired levels of customer service
- Corporate restructurings, system replacements and upgrades, process redesigns, staff reductions and the integration of business acquisitions may not deliver the benefits contemplated and could adversely impact our ongoing operations
- If we fail to streamline our significant IT legacy system portfolio and proactively improve operating performance, this could adversely affect our business and financial results
- We may experience more service interruptions or outages due to aging legacy infrastructure. In some cases, vendor support is no longer available or legacy vendor operations have ceased.
- There may be a lack of competent and cost-effective resources to perform the lifecycle management and upgrades necessary to maintain the operational status of legacy networks and IT systems

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 and business continuity 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 (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis), power loss, building cooling loss, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. As discussed in more detail below in *Environmental and health concerns – Climate change and other environmental concerns could have an adverse effect on our business*, climate change, especially in areas of greater environmental sensitivity, could heighten the occurrence of the above-mentioned environmental risks. 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 complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which is, among others, 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 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 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, all 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, 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.

PEOPLE

Our employees and contractors are key resources and there is a broad and complex range of risks that must be managed effectively to drive a winning corporate 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 the tasks they are completing and the environment in which they are functioning. Failure to achieve these basic expectations could adversely affect our organizational culture, reputation, business and financial results, as well as our ability to attract high-performing team members. Competition for highly skilled team members is intense, which makes essential the development of a comprehensive human resources strategy to adequately compete for talent and to identify and secure high-performing candidates for a broad range of job functions, roles and responsibilities. Failure to appropriately train, motivate, remunerate or deploy employees on initiatives that further our strategic imperatives, or to efficiently replace retiring employees, could have an adverse impact on our ability to attract and retain talent and drive performance across the organization. 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. In addition, if the skill sets, diversity and size of the workforce do not match the operational requirements of the business and foster a winning culture, we will likely not be able to sustain our performance.

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 by implementing strict sanitation and safety procedures and equipping our teams with required personal protective equipment and additional tools, accelerated remote work arrangements, reallocated impacted employees to different functions where possible, ensured wage support for employees impacted by temporary closures or workload reduction, and provided enhanced access to workplace mental health services. However, we must nonetheless manage health and safety concerns related to the COVID-19 pandemic in relation to our regular daily activities, in addition to the challenges brought about by remote work arrangements. A further extended period of remote work arrangements could strain our business continuity plans, impair our ability to engage and motivate employees, impact our ability to develop and launch new products and services and introduce additional operational risks or exacerbate our exposure to existing ones, which could impair our ability to manage our business. Potential social or mental fatigue from adjusting to prolonged remote work arrangements could further impact productivity and work-life balance. In addition, labour disruptions and shortages would also negatively affect our ability to sell our products and services, install new services or make repairs on customer premises. Any prolonged illness of our senior executives could have an adverse effect on the management of our business and on our financial results.

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 key roles, could impair our business until qualified replacements are found
- 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. During the bargaining process there may be project delays and work disruptions, including work stoppages or work slowdowns, which could adversely affect service to our customers and, in turn, our customer relationships and financial performance.
- 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
- Deterioration in employee morale and engagement resulting from staff reductions, ongoing cost reductions or reorganizations could adversely affect our business and financial results

DEPENDENCE ON THIRD-PARTY SUPPLIERS

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 to operate our business, deploy new network and other technologies, and offer new products and services, 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 and 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. 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 of equipment and other products and services, as well as 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 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 outsourcing of services generally involves transfer of risk, and we must take appropriate steps to ensure that the outsourcers' approach to risk management is aligned with our own standards in order to maintain continuity of supply and brand strength. Further, as cloud-based supplier models continue to evolve, our procurement and vendor management practices must also continue to evolve to fully address associated risk exposures.

In addition, certain company initiatives rely heavily on professional consulting services provided by third parties, and a failure of such third parties may not be reasonably evident until their work is delivered or delayed. Difficulties in implementing remedial strategies in respect of professional consulting services provided by third parties that are not performed in a proper or timely fashion could result in an adverse effect on our ability to comply with various obligations, including applicable legal and accounting requirements.

Other examples of risks associated with our dependence on third-party suppliers 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 COVID-19 pandemic and our suppliers or vendors experience operational failures, such failures could result in supply chain disruptions that could adversely affect our business. Such risk of supply chain disruptions would be increased in the event of further economic downturn and/or liquidity issues affecting our suppliers. Incremental costs, delays or unavailability of equipment, materials and products, as well as unavailability of our suppliers and contractors' employees, due to government actions, illness, quarantines, absenteeism, workforce reduction initiatives or other restrictions, could further adversely affect our business.
- 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
- The consequences of the COVID-19 pandemic could adversely impact the operations of our call centres and, consequently, our customer service. Although we have trained certain of our employees to perform customer service functions, there can be no assurance that a sufficient number of employees have been trained or that they are acquiring the same level of knowledge or efficiency as those in our call centres. Also, as a result of COVID-19 restrictions, many of our call centre operators have had to move their resources to work from home. We rely upon our suppliers to ensure that such employees comply with security requirements while working from a remote location.
- 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.
- Cloud-based solutions may increase the risk of security and data leakage exposure if security control protocols affecting our suppliers are bypassed
- 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 operations 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, financial results and reputation.
- 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, financial results and reputation.
- 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, and our ability to address technical issues.

FINANCIAL MANAGEMENT

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, debt capital and money markets, 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, 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 could also adversely affect our outlook and credit ratings and have similar adverse consequences. 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.

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 the COVID-19 pandemic. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions and financial markets. However, the efficacy of the governments' and central banks' interventions is uncertain. In addition, it is uncertain whether and for how long such interventions will continue. Economic uncertainty could negatively impact equity and debt capital markets, could cause interest rate and currency volatility and movements, and could 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 COVID-19 pandemic on our customers' financial condition could further 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 trade receivables programs.

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 28 to BCE's 2020 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, 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 economic environment, pension rules or ineffective governance could have an adverse effect on our pension obligations, liquidity and financial performance, and we may be required to increase contributions to our post-employment benefit plans in the future

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 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. In addition, the return on our pension plan assets and/or the discount rate used for valuing our post-employment benefit obligations may both be negatively impacted in the near to medium term by the COVID-19 pandemic. This could have an adverse effect on our post-employment benefit plan obligations and pension contributions in future years.

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 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.

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.

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, especially since incremental cost savings are more difficult to achieve on an ongoing basis. Examples of risks to our ability to reduce costs or limit potential cost increases include the following:

- Increased costs related to the COVID-19 pandemic could continue for a certain period of time
- 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
- 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, footprint expansion, spectrum licences and content and equipment acquisition could have a negative effect on our financial performance
- Fluctuations in energy prices are 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. Fraud events can 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 potentially 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 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

Economic conditions and changing customer behaviour could lead to further impairment charges and changes to estimates

As a result of the COVID-19 pandemic, in the second quarter of 2020, we recorded an impairment charge in our Bell Media segment relating to certain assets for our English TV, French TV and radio services. It is possible that the estimates currently recorded in our financial results for the year ended December 31, 2020 could change again in the future. This may include valuations and estimates related to allowance for doubtful accounts and impairment of contract assets, both of which take into account current economic conditions, as well as historical and forward-looking information, inventory valuation reserves, impairment of non-financial assets, derivative financial instruments, post-employment benefit plans and other provisions.

LITIGATION AND LEGAL OBLIGATIONS

Legal proceedings, changes in applicable laws and the failure to proactively address our legal and regulatory obligations could have an adverse effect on our business and financial performance

We become involved in various claims and legal proceedings as part of our business. Plaintiffs are able to launch and obtain certification of class actions on behalf of a large group of people with increasing ease, and securities laws facilitate the introduction of class action lawsuits by secondary market investors against public companies for alleged misrepresentations in public disclosure documents and oral statements. 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, including an increase in certified class actions which, by their nature, could result in sizeable damage awards and costs relating to litigation, could have an adverse effect on our business, financial performance and reputation. In addition, the increase in laws and regulations around customer interactions and the technological evolution of our business create an environment of complex compliance requirements which must be adequately managed.

Examples of legal and regulatory obligations that we must comply with include those resulting from:

- As discussed in more detail in section 8, *Regulatory environment*, policies and other initiatives of the CRTC, ISED, the Competition Bureau and other governmental agencies, as well as laws of a regulatory nature
- Consumer protection legislation
- Privacy legislation, such as Canada's anti-spam legislation (CASL) and the *Personal Information Protection and Electronic Documents Act*, as well as other privacy legislation we may become subject to via mandatory flow-through of privacy-related obligations by our customers, including the General Data Protection Regulation (EU)
- Tax legislation
- Corporate and securities legislation
- IFRS requirements
- Environmental protection and health and safety laws
- Payment card industry standards for protection against customer credit card infractions

The failure to comply with any of the above or other legal or regulatory obligations could expose us to litigation, including pursuant to class actions, and significant fines and penalties, as well as result in reputational harm.

For a description of important legal proceedings involving us, please see the section entitled *Legal proceedings* contained in the BCE 2020 AIF.

Finally, the failure of our employees, suppliers or other business partners to comply with applicable legal and ethical standards including, without limitation, anti-bribery laws, as well as our policies and contractual obligations, could also expose us to litigation and significant fines and penalties, and result in reputational harm or being disqualified from bidding on contracts.

ENVIRONMENTAL AND HEALTH CONCERNS

Climate change and other environmental concerns could have an adverse effect on our business

Global climate change could exacerbate certain of the threats facing our business, including the frequency and severity of weather-related events referred to in *Operational performance – Our operations and business continuity depend on how well we protect, test, maintain, replace and upgrade our networks, IT systems, equipment and other facilities* in this section 9. 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, rising mean temperatures and extended heat waves could increase the need for cooling capacity in our network infrastructure, thus increasing our energy consumption and associated costs. Several areas of our operations also raise environmental considerations, such as fuel storage, GHG emissions, disposal of hazardous residual materials, and recovery and recycling of end-of-life electronic products we sell or lease. In addition, our team members, customers and investors 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 changing expectations as well as those of governments on environmental matters, and to take action to reduce our negative impacts on the environment, could result in fines, missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors, and harm our brand and reputation.

Health concerns about radiofrequency emissions from wireless communication devices and equipment could have an adverse effect on our business

Many studies have been performed or are ongoing to assess whether wireless phones, 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. In 2011, 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 phones, Wi-Fi technologies and base station antennas. ISED has made compliance to Safety Code 6 mandatory for all proponents and operators of radio installations.

Our business is heavily dependent on radiofrequency technologies, which could present significant challenges to our business and financial performance, such as the following:

- 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 would be 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.

10 Financial measures, accounting policies and controls

10.1 Our 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*, and Note 3, *Discontinued operations*, in BCE's 2020 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 historical experience, current events, including but not limited to the COVID-19 pandemic, and actions that the company may undertake in the future, as well as other assumptions that we believe are reasonable under the circumstances. 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, 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, 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 2020 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2020 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5%	(76)	64	(1,897)	2,127
Life expectancy at age 65	1 year	38	(38)	1,092	(1,092)

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 second quarter of 2020, we identified indicators of impairment for certain of our Bell Media TV services and radio markets, notably declines in advertising revenues, lower subscriber revenues and overall increases in discount rates resulting from the economic impact of the COVID-19 pandemic. Accordingly, impairment testing was required for certain groups of CGUs as well as for goodwill.

During Q2 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. 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, 2020 to December 31, 2025, using discount rates of 8.0% to 9.5% and a perpetuity growth rate of (1.0%) to nil as well as market multiple data from public companies and market transactions. After impairments, the carrying value of these CGUs was $942 million.

Impairment charges in 2019 included $85 million allocated to indefinite-life intangible assets, and $8 million allocated primarily to property, plant and equipment. These impairment charges related to broadcast licences and certain assets for various radio markets within our Bell Media segment. The impairment charges were a result of continued advertising demand and ratings pressures in the industry resulting from audience declines, as well as competitive pressure from streaming services. The charges 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 January 1, 2020 to December 31, 2024, using a discount rate of 7.5% and a perpetuity growth rate of nil as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $464 million at December 31, 2019.

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. When the recoverable amount of a CGU or group of CGUs is less than its carrying

value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is recognized in *Impairment of assets* in the income statements for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, our CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 4, *Segmented information*, in BCE's 2020 consolidated financial statements.

Any significant change in each of the estimates used could have a material impact on the calculation of the recoverable amount and resulting impairment charge. As a result, we are unable to reasonably quantify the changes in our overall financial performance if we had used different assumptions.

We cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values we have reported.

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amounts of the Bell Wireless or Bell Wireline groups of CGUs is based would not cause their carrying amounts to exceed their recoverable amounts.

During the second quarter of 2020, we identified indicators that goodwill for our Bell Media group of CGUs may be impaired as a result of the economic impact of the COVID-19 pandemic, notably declines in advertising revenues, lower subscriber revenues and increases in discount rates. The impairment testing did not result in an impairment of goodwill.

For the Bell Media group of CGUs, the recoverable amount determined in the second quarter of 2020 has been carried forward and used in the annual impairment test. A decrease of (0.6%) in the perpetuity growth rate or an increase of 0.4% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

There were no goodwill impairment charges in 2020 or 2019.

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 NEW OR AMENDED ACCOUNTING STANDARDS

As required, effective January 1, 2020, we adopted the following new or amended accounting standards.

STANDARD	DESCRIPTION	IMPACT
IFRIC Agenda Decision on IFRS 16 – Leases	International Financial Reporting Interpretations Committee (IFRIC) agenda decision clarifying the determination of the lease term for cancellable or renewable leases under IFRS 16.	This agenda decision did not have a significant impact on our financial statements.
Definition of a Business, Amendments to IFRS 3 – Business Combinations	These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	These amendments did not have any impact on our financial statements. They may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.

FUTURE CHANGES TO ACCOUNTING STANDARDS

The following amended accounting standards issued by the IASB have an effective date after December 31, 2020 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
COVID-19-Related Rent Concessions, Amendment to IFRS 16 – Leases	This amendment provides an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.	We did not adopt the optional relief.	Effective for annual reporting periods beginning on or after June 1, 2020. Early application is permitted.
Onerous Contracts – Cost of Fulfilling a Contract, Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets	These amendments clarify which costs should be included in determining the cost of fulfilling a contract when assessing whether a contract is onerous.	We are currently assessing the impact of these amendments.	Effective for annual reporting periods beginning on or after January 1, 2022. Early application is permitted.

10.2 Non-GAAP financial measures and key performance indicators (KPIs)

This section describes the non-GAAP financial measures and KPIs we use in this MD&A to explain our financial results. It also provides reconciliations of the non-GAAP financial measures to the most comparable IFRS financial measures.

In 2020, we updated our definitions of adjusted net earnings, adjusted EPS and free cash flow to exclude the impacts of discontinued operations as they may affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. As a result of this change, prior periods have been restated for comparative purposes.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

The terms adjusted EBITDA and adjusted EBITDA margin do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define adjusted EBITDA as operating revenues less operating costs as shown in BCE's consolidated income statements. Adjusted EBITDA for BCE's segments is the same as segment profit as reported in Note 4, *Segmented information,* in BCE's 2020 consolidated financial statements. We define adjusted EBITDA margin as adjusted EBITDA divided by operating revenues.

We use adjusted EBITDA and adjusted EBITDA margin to evaluate the performance of our businesses as they reflect their ongoing profitability. We believe that certain investors and analysts use adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. We believe that certain investors and analysts also use adjusted EBITDA and adjusted EBITDA margin to evaluate the performance of our businesses. Adjusted EBITDA is also one component in the determination of short-term incentive compensation for all management employees.

Adjusted EBITDA and adjusted EBITDA margin have no directly comparable IFRS financial measure. Alternatively, the following table provides a reconciliation of net earnings to adjusted EBITDA.

	2020	2019
Net earnings	**2,699**	3,253
Severance, acquisition and other costs	**116**	114
Depreciation	**3,475**	3,458
Amortization	**929**	886
Finance costs		
Interest expense	**1,110**	1,125
Interest on post-employment benefit obligations	**46**	63
Impairment of assets	**472**	102
Other expense (income)	**194**	(95)
Income taxes	**792**	1,129
Net earnings from discontinued operations	**(226)**	(29)
Adjusted EBITDA	**9,607**	10,006
BCE operating revenues	***22,883***	*23,793*
Adjusted EBITDA margin	**42.0%**	42.1%

ADJUSTED NET EARNINGS AND ADJUSTED EPS

The terms adjusted net earnings and adjusted EPS do not have any standardized meaning under IFRS. Therefore, they are 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 losses (gains) on investments, early debt redemption costs, impairment of assets and discontinued operations, net of tax and NCI. We define adjusted EPS as adjusted net earnings per BCE common share.

We use adjusted net earnings and adjusted EPS, and we believe that certain investors and analysts use these measures, 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 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 comparable IFRS financial measures are net earnings attributable to common shareholders and EPS.

The following table is a reconciliation of net earnings attributable to common shareholders and EPS to adjusted net earnings on a consolidated basis and per BCE common share (adjusted EPS), respectively.

	2020		2019	
	TOTAL	PER SHARE	TOTAL	PER SHARE
Net earnings attributable to common shareholders	**2,498**	**2.76**	3,040	3.37
Severance, acquisition and other costs	**85**	**0.10**	83	0.10
Net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans	**37**	**0.04**	(101)	(0.11)
Net (gains) losses on investments	**(46)**	**(0.05)**	39	0.04
Early debt redemption costs	**37**	**0.04**	13	0.01
Impairment of assets	**345**	**0.38**	74	0.08
Net earnings from discontinued operations	**(226)**	**(0.25)**	(29)	(0.03)
Adjusted net earnings	**2,730**	**3.02**	3,119	3.46

FREE CASH FLOW AND DIVIDEND PAYOUT RATIO

The terms free cash flow and dividend payout ratio 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 consider free cash flow to be an important indicator of the financial strength and performance of our businesses because it shows how much cash is available to pay dividends on common shares, repay debt and reinvest in our company. We believe that certain investors and analysts use free cash flow to value a business and its underlying assets and to evaluate the financial strength and performance of our businesses. The most comparable IFRS financial measure is cash flows from operating activities.

We define dividend payout ratio as dividends paid on common shares divided by free cash flow. 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.

The following table is a reconciliation of cash flows from operating activities to free cash flow on a consolidated basis.

	2020	2019
Cash flows from operating activities	**7,754**	7,958
Capital expenditures	**(4,202)**	(3,974)
Cash dividends paid on preferred shares	**(132)**	(147)
Cash dividends paid by subsidiaries to NCI	**(53)**	(65)
Acquisition and other costs paid	**35**	60
Cash from discontinued operations (included in cash flows from operating activities)	**(54)**	(94)
Free cash flow	**3,348**	3,738

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 has no directly comparable IFRS financial measure, but rather is calculated using several asset and liability categories from the statements of financial position, as shown in the following table.

	2020	2019
Debt due within one year	**2,417**	3,881
Long-term debt	**23,906**	22,415
50% of outstanding preferred shares	**2,002**	2,002
Cash and cash equivalents	**(224)**	(145)
Net debt	**28,101**	28,153

NET DEBT LEVERAGE RATIO

The net debt leverage ratio does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the net debt leverage ratio as a measure of financial leverage.

The net debt leverage ratio represents net debt divided by adjusted EBITDA. For the purposes of calculating our net debt leverage ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA.

ADJUSTED EBITDA TO NET INTEREST EXPENSE RATIO

The ratio of adjusted EBITDA to net interest expense does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the adjusted EBITDA to net interest expense ratio as a measure of financial health of the company.

The adjusted EBITDA to net interest expense ratio represents adjusted EBITDA divided by net interest expense. For the purposes of calculating our adjusted EBITDA to net interest expense ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA. Net interest expense is twelve-month trailing net interest expense as shown in our statements of cash flows, plus 50% of declared preferred share dividends as shown in our income statements.

KPIs

In addition to the non-GAAP financial measures described previously, we use a number of 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
ABPU	Average billing per user (ABPU) or subscriber approximates the average amount billed to customers on a monthly basis, including monthly billings related to device financing receivables owing from customers on contract, which is used to track our recurring billing streams. Wireless blended ABPU is calculated by dividing certain customer billings by the average subscriber base for the specified period and is expressed as a dollar unit per month.
Capital intensity	Capital expenditures divided by operating revenues.
Churn	Churn is the rate at which existing subscribers cancel their services. It is a measure of our ability to retain our customers. Wireless churn is calculated by dividing the number of deactivations during a given period by the average number of subscribers in the base for the specified period and is expressed as a percentage per month.
Subscriber unit	Wireless subscriber unit is comprised of an active revenue-generating unit (e.g. mobile device, tablet or wireless Internet products), with a unique identifier (typically International Mobile Equipment Identity (IMEI) number), that has access to our wireless networks. We report wireless subscriber units in two categories: postpaid and prepaid. Prepaid subscriber units are considered active for a period of 90 days following the expiry of the subscriber's prepaid balance. Wireline subscriber unit consists of an active revenue-generating unit with access to our services, including retail Internet, satellite TV, IPTV, and/or 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. • Retail Internet, IPTV and satellite TV subscribers have access to stand-alone services, and are primarily represented by a dwelling unit • Retail NAS subscribers are based on a line count and are represented by a unique telephone number

10.3 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, 2020, 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, 2020.

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, 2020, 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, 2020.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made in our internal control over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Consolidated financial statements

Management's responsibility for financial reporting

These financial statements form the basis for all of the financial information that appears in this annual report.

The financial statements and all of the information in this annual 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 annual report, and recommending them to the board of directors for approval. You will find a description of the Audit Committee's other responsibilities on page 170 of this annual 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 4, 2021

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020, in conformity 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, 2020, 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 4, 2021, 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 8, 18 and 21 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. During the second quarter of 2020, Bell Media identified declines in advertising revenue, lower subscriber revenues and overall increases in discount rates as indicators that certain assets may be impaired. As a result of the second quarter and annual assessments of impairment of goodwill and intangible assets for Bell Media, management has determined that there was no impairment of goodwill and there was an impairment for intangible assets.

When testing goodwill 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, determination of EBITDA multiples, discount rates and perpetuity growth rates. When testing

intangible assets, the judgments with the highest degree of subjectivity and impact are forecasts of future operating performance, discount rates and perpetuity growth rates. Changes in these assumptions could have a significant impact on the recoverable amount of Bell Media, resulting in an impairment charge to goodwill or intangible assets as required. Given the significant judgments made by management, regarding the forecasts of future operating performance, determination of EBITDA multiples, discount rates and perpetuity growth rates, a high degree of auditor judgment was required and resulted in an increased extent of audit effort, which included the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to forecasts of future operating performance, determination of EBITDA multiples, discount rates, and perpetuity growth rates used by management to determine the recoverable amounts 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 forecasts of future operating performance, and the determination of the EBITDA multiples, discount rates and perpetuity growth rates.
- 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 the impact of the COVID-19 pandemic, 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 4, 2021

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)	NOTE	2020	2019
Operating revenues	4	**22,883**	23,793
Operating costs	4, 5	**(13,276)**	(13,787)
Severance, acquisition and other costs	6	**(116)**	(114)
Depreciation	16	**(3,475)**	(3,458)
Amortization	18	**(929)**	(886)
Finance costs			
Interest expense	7	**(1,110)**	(1,125)
Interest on post-employment benefit obligations	26	**(46)**	(63)
Impairment of assets	8, 16, 18	**(472)**	(102)
Other (expense) income	9	**(194)**	95
Income taxes	10	**(792)**	(1,129)
Net earnings from continuing operations		**2,473**	3,224
Net earnings from discontinued operations	3	**226**	29
Net earnings		**2,699**	3,253
Net earnings from continuing operations attributable to:			
Common shareholders		**2,272**	3,011
Preferred shareholders		**136**	151
Non-controlling interest		**65**	62
Net earnings from continuing operations		**2,473**	3,224
Net earnings attributable to:			
Common shareholders		**2,498**	3,040
Preferred shareholders		**136**	151
Non-controlling interest	35	**65**	62
Net earnings		**2,699**	3,253
Net earnings per common share - basic and diluted	11		
Continuing operations		**2.51**	3.34
Discontinued operations	3	**0.25**	0.03
Net earnings per common share - basic and diluted		**2.76**	3.37
Weighted average number of common shares outstanding - basic (millions)		**904.3**	900.8

Consolidated statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2020	2019
Net earnings from continuing operations		**2,473**	3,224
Other comprehensive income from continuing operations, net of income taxes			
Items that will be subsequently reclassified to net earnings			
Net change in value of publicly-traded and privately-held investments, net of income taxes of nil for 2020 and 2019		**(15)**	6
Net change in value of derivatives designated as cash flow hedges, net of income taxes of $12 million and ($45) million for 2020 and 2019, respectively		**(33)**	112
Items that will not be reclassified to net earnings			
Actuarial gains on post-employment benefit plans, net of income taxes of ($184) million and ($51) million for 2020 and 2019, respectively	26	**503**	140
Net change in value of derivatives designated as cash flow hedges, net of income taxes of nil and $9 million for 2020 and 2019, respectively		**(1)**	(25)
Other comprehensive income from continuing operations		**454**	233
Net earnings from discontinued operations attributable to common shareholders		**226**	29
Total comprehensive income		**3,153**	3,486
Total comprehensive income attributable to:			
Common shareholders		**2,953**	3,277
Preferred shareholders		**136**	151
Non-controlling interest	35	**64**	58
Total comprehensive income		**3,153**	3,486

Consolidated statements of financial position

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		**224**	141
Cash equivalents		**—**	4
Trade and other receivables	12	**3,528**	3,038
Inventory	13	**439**	427
Contract assets	14	**687**	1,111
Contract costs	15	**402**	415
Prepaid expenses		**209**	194
Other current assets		**199**	190
Total current assets		**5,688**	5,520
Non-current assets			
Contract assets	14	**256**	533
Contract costs	15	**362**	368
Property, plant and equipment	16	**27,513**	27,636
Intangible assets	18	**13,102**	13,352
Deferred tax assets	10	**106**	98
Investments in associates and joint ventures	19	**756**	698
Post-employment benefit assets	26	**1,277**	558
Other non-current assets	20	**1,001**	716
Goodwill	21	**10,604**	10,667
Total non-current assets		**54,977**	54,626
Total assets		**60,665**	60,146
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	22	**3,935**	3,954
Contract liabilities	14	**717**	683
Interest payable		**222**	227
Dividends payable		**766**	729
Current tax liabilities		**214**	303
Debt due within one year	23	**2,417**	3,881
Total current liabilities		**8,271**	9,777
Non-current liabilities			
Contract liabilities	14	**242**	207
Long-term debt	24	**23,906**	22,415
Deferred tax liabilities	10	**3,810**	3,561
Post-employment benefit obligations	26	**1,962**	1,907
Other non-current liabilities	27	**1,145**	871
Total non-current liabilities		**31,065**	28,961
Total liabilities		**39,336**	38,738
Commitments and contingencies	33		
EQUITY			
Equity attributable to BCE shareholders			
Preferred shares	29	**4,003**	4,004
Common shares	29	**20,390**	20,363
Contributed surplus	29	**1,174**	1,178
Accumulated other comprehensive income		**103**	161
Deficit		**(4,681)**	(4,632)
Total equity attributable to BCE shareholders		**20,989**	21,074
Non-controlling interest	35	**340**	334
Total equity		**21,329**	21,408
Total liabilities and equity		**60,665**	60,146

Consolidated statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2020 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTR-OLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRI-BUTED SURPLUS	ACCUM-ULATED OTHER COMPRE-HENSIVE INCOME	DEFICIT	TOTAL		
Balance at December 31, 2019		4,004	20,363	1,178	161	(4,632)	21,074	334	21,408
Net earnings		—	—	—	—	2,634	2,634	65	2,699
Other comprehensive (loss) income from continuing operations		—	—	—	(48)	503	455	(1)	454
Total comprehensive (loss) income		—	—	—	(48)	3,137	3,089	64	3,153
Common shares issued under employee stock option plan	29	—	27	(1)	—	—	26	—	26
Other share-based compensation	29	—	—	(3)	—	(35)	(38)	—	(38)
Repurchase of preferred shares	29	(1)	—	—	—	—	(1)	—	(1)
Dividends declared on BCE common and preferred shares		—	—	—	—	(3,147)	(3,147)	—	(3,147)
Dividends declared by subsidiaries to non-controlling interest		—	—	—	—	—	—	(53)	(53)
Settlement of cash flow hedges transferred to the cost basis of hedged items		—	—	—	(10)	—	(10)	—	(10)
Other		—	—	—	—	(4)	(4)	(5)	(9)
Balance at December 31, 2020		4,003	20,390	1,174	103	(4,681)	20,989	340	21,329

FOR THE YEAR ENDED DECEMBER 31, 2019 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTR-OLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRI-BUTED SURPLUS	ACCUMU-LATED OTHER COMPRE-HENSIVE INCOME	DEFICIT	TOTAL		
Balance at December 31, 2018		4,004	20,036	1,170	90	(4,937)	20,363	326	20,689
Adoption of IFRS 16	2	—	—	—	—	(19)	(19)	(1)	(20)
Balance at January 1, 2019		4,004	20,036	1,170	90	(4,956)	20,344	325	20,669
Net earnings		—	—	—	—	3,191	3,191	62	3,253
Other comprehensive income (loss) from continuing operations		—	—	—	97	140	237	(4)	233
Total comprehensive income		—	—	—	97	3,331	3,428	58	3,486
Common shares issued under employee stock option plan	29	—	251	(11)	—	—	240	—	240
Common shares issued under employee savings plan (ESP)	29	—	75	—	—	—	75	—	75
Other share-based compensation	29	—	1	19	—	1	21	—	21
Dividends declared on BCE common and preferred shares		—	—	—	—	(3,008)	(3,008)	—	(3,008)
Dividends declared by subsidiaries to non-controlling interest		—	—	—	—	—	—	(64)	(64)
Settlement of cash flow hedges transferred to the cost basis of hedged items		—	—	—	(26)	—	(26)	—	(26)
Other		—	—	—	—	—	—	15	15
Balance at December 31, 2019		4,004	20,363	1,178	161	(4,632)	21,074	334	21,408

Consolidated statements of cash flows

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2020	2019
Cash flows from operating activities			
Net earnings from continuing operations		**2,473**	3,224
Adjustments to reconcile net earnings from continuing operations to cash flows from operating activities			
Severance, acquisition and other costs	6	**116**	114
Depreciation and amortization	16, 18	**4,404**	4,344
Post-employment benefit plans cost	26	**315**	309
Net interest expense		**1,087**	1,101
Impairment of assets	8	**472**	102
Gains on investments	9	**(3)**	(18)
Income taxes	10	**792**	1,129
Contributions to post-employment benefit plans	26	**(297)**	(290)
Payments under other post-employment benefit plans	26	**(61)**	(72)
Severance and other costs paid		**(78)**	(167)
Interest paid		**(1,112)**	(1,079)
Income taxes paid (net of refunds)		**(846)**	(725)
Acquisition and other costs paid		**(35)**	(60)
Net change in operating assets and liabilities		**473**	(48)
Cash from discontinued operations	3	**54**	94
Cash flows from operating activities		**7,754**	7,958
Cash flows used in investing activities			
Capital expenditures	4	**(4,202)**	(3,974)
Business acquisitions		**(65)**	(51)
Acquisition of spectrum licences		**(86)**	—
Other investing activities		**(79)**	7
Cash from (used in) discontinued operations	3	**892**	(18)
Cash flows used in investing activities		**(3,540)**	(4,036)
Cash flows used in financing activities			
Decrease in notes payable		**(1,641)**	(1,073)
Increase in securitized trade receivables		**—**	131
Issue of long-term debt	24	**6,006**	1,954
Repayment of long-term debt	24	**(5,003)**	(2,221)
Issue of common shares	29	**26**	240
Purchase of shares for settlement of share-based payments	30	**(263)**	(142)
Cash dividends paid on common shares		**(2,975)**	(2,819)
Cash dividends paid on preferred shares		**(132)**	(147)
Cash dividends paid by subsidiaries to non-controlling interest		**(53)**	(65)
Other financing activities		**(93)**	(54)
Cash used in discontinued operations	3	**(7)**	(6)
Cash flows used in financing activities		**(4,135)**	(4,202)
Net increase (decrease) in cash		**83**	(284)
Cash at beginning of year		**141**	425
Cash at end of year		**224**	141
Net (decrease) increase in cash equivalents		**(4)**	4
Cash equivalents at beginning of year		**4**	—
Cash equivalents at end of year		**—**	4

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 telecommunications and media 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 4, 2021.

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 from continuing operations. 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 stock options, restricted share units and performance share units (RSUs/PSUs), deferred share units (DSUs), an employee savings plan (ESP) and a deferred share plan (DSP).

STOCK OPTIONS

We use a fair value-based method to measure the cost of our employee stock options, based on the number of stock options that are expected to vest. We recognize compensation expense in *Operating costs* in the consolidated income statements (income statements). 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.

RSUs/PSUs

For each RSU/PSU granted, we recognize compensation expense in *Operating costs* in the income statements, equal to the market value of a BCE common share at the date of grant and based on the number of RSUs/PSUs expected to vest, recognized over the term of the vesting period, with a corresponding credit to contributed surplus. 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.

ESP

We recognize our ESP contributions as compensation expense in *Operating costs* in the income statements. We credit contributed surplus for the ESP expense recognized over the two-year vesting period, based on management's estimate of the accrued 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.

DSP

For each deferred share granted under the DSP, we recognize compensation expense in *Operating costs* in the income statements equal to the market value of a BCE common share. Deferred shares are no longer granted, except those issued to reflect dividends declared on common shares.

Compensation expense is adjusted for subsequent changes in the market value of BCE common shares. The cumulative effect of any change in value is recognized in the period of the change. Participants have the option to receive either BCE common shares or a cash equivalent for each vested deferred share upon qualifying for payout under the terms of the grant.

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 from continuing operations 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* 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 trade receivables

Proceeds on the securitization of trade 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 our 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 January 1, 2019 were initially measured under IAS 17 - Leases, as permitted by the specific 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 broadcasting. 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 our outstanding long-term debt.

Currently, there are no legal, regulatory, competitive or other factors that limit the useful lives of our brands or spectrum licences.

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. 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 4, *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 from continuing operations* in the consolidated statements of comprehensive income (statements of comprehensive income) and are reclassified from *Accumulated other comprehensive income* to *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. 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.

CASH FLOW HEDGES

We enter into cash flow hedges to mitigate foreign currency risk on certain debt instruments and anticipated purchases and sales, as well as interest rate risk related to anticipated debt issuances.

We use foreign currency forward contracts and options to manage the foreign currency exposure relating to anticipated purchases and sales denominated in foreign currencies. Changes in the fair value of these foreign currency forward contracts and options are recognized in our statements of comprehensive income, except for any ineffective portion, which is recognized immediately in *Other (expense) income* in the income statements. Realized gains and losses in *Accumulated other comprehensive 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 and cross currency interest rate swaps to manage our U.S. dollar debt under our committed credit facilities and commercial paper program and our U.S. 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, unless a portion of the hedging relationship is ineffective.

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, equity price risk related to a cash-settled share-based payment plan, interest rate risk related to preferred share dividend rate resets 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 *Operating costs* for derivatives used to hedge cash-settled share-based payments and in *Other (expense) income* for other derivatives.

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:

- healthcare and life insurance benefits during retirement, which were 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 from continuing operations* 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, 2019.

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.

Generally, 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 historical experience, current events, including but not limited to the COVID-19 pandemic, and actions that the company may undertake in the future, as well as other assumptions that we believe are reasonable under the circumstances. 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, 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, 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 new or amended accounting standards

As required, effective January 1, 2020, we adopted the following new or amended accounting standards.

STANDARD	DESCRIPTION	IMPACT
IFRIC Agenda Decision on IFRS 16 - Leases	International Financial Reporting Interpretations Committee (IFRIC) agenda decision clarifying the determination of the lease term for cancellable or renewable leases under IFRS 16.	This agenda decision did not have a significant impact on our financial statements.
Definition of a Business, Amendments to IFRS 3 - Business Combinations	These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	These amendments did not have any impact on our financial statements. They may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.

U) Future changes to accounting standards

The following amended accounting standards issued by the IASB have an effective date after December 31, 2020 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
COVID-19-Related Rent Concessions, Amendment to IFRS 16 – Leases	This amendment provides an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.	We did not adopt the optional relief.	Effective for annual reporting periods beginning on or after June 1, 2020. Early application is permitted.
Onerous Contracts – Cost of Fulfilling a Contract, Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets	These amendments clarify which costs should be included in determining the cost of fulfilling a contract when assessing whether a contract is onerous.	We are currently assessing the impact of these amendments.	Effective for annual reporting periods beginning on or after January 1, 2022. Early application is permitted.

Note 3 Discontinued operations

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 have reclassified amounts related to the sale for the previous year to discontinued operations in our consolidated income statements and consolidated statements of cash flows to make them consistent with the presentation for the current year. 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 is mainly offset by the recognition of previously unrecognized capital loss carry forwards.

The following table summarizes the carrying value of the assets and liabilities sold:

	2020
Contract assets	1
Contract costs	2
Property, plant and equipment	484
Intangible assets	227
Goodwill	115
Total assets sold	829
Long-term debt	113
Deferred tax liability	37
Other non-current liabilities	9
Total liabilities sold	159
Net assets sold	670

The following tables summarize the income statements and statements of cash flows of our discontinued operations up to the point of sale.

FOR THE YEAR ENDED DECEMBER 31	**2020**	2019
Operating revenues	**118**	171
Operating costs	**(57)**	(71)
Depreciation	**(18)**	(38)
Amortization	**(7)**	(16)
Interest expense	**(6)**	(7)
Other expense	**(8)**	(6)
Income taxes	**(7)**	(4)
Net earnings attributable to common shareholders before gain on sale	**15**	29
Gain on sale (net of taxes of $3 million)	**211**	—
Net earnings attributable to common shareholders	**226**	29

FOR THE YEAR ENDED DECEMBER 31	**2020**	2019
Cash flows from operating activities	**54**	94
Cash flows from (used in) investing activities	**892**	(18)
Cash flows used in financing activities	**(7)**	(6)
Net increase in cash	**939**	70

Note 4 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant accounting policies*. Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. 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.

To align with changes in how we manage our business and assess performance, the operating results of our public safety land radio network business are now included within our Bell Wireline segment effective January 1, 2020, with prior periods restated for comparative purposes. Previously, these results were included within our Bell Wireless segment. Our public safety land radio network business, which builds and manages land mobile radio networks primarily for the government sector, is now managed by our Bell Business Markets team in order to better serve our customers with end-to-end communications solutions.

As a result of the sale of substantially all of our data centre operations, the financial results of these data centre operations, which were previously included in our Bell Wireline segment, are now presented as a discontinued operation. See Note 3, *Discontinued operations,* for additional details.

We measure the performance of each segment based on segment profit, 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 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 Bell Wireless segment provides wireless voice and data communication products and services to our residential, small and medium-sized business and large enterprise customers as well as consumer electronic products across Canada.

Our Bell Wireline segment provides data, including Internet access and IPTV, local telephone, long distance, as well as other communication services and products 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.

Our Bell Media segment provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and OOH advertising services to customers nationally across Canada.

Segmented information

FOR THE YEAR ENDED DECEMBER 31, 2020	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINA-TIONS	BCE
Operating revenues						
External customers		**8,630**	**11,884**	**2,369**	**—**	**22,883**
Inter-segment		**53**	**322**	**381**	**(756)**	**—**
Total operating revenues		**8,683**	**12,206**	**2,750**	**(756)**	**22,883**
Operating costs	5	**(5,017)**	**(6,960)**	**(2,055)**	**756**	**(13,276)**
Segment profit [1]		**3,666**	**5,246**	**695**	**—**	**9,607**
Severance, acquisition and other costs	6					**(116)**
Depreciation and amortization	16, 18					**(4,404)**
Finance costs						
Interest expense	7					**(1,110)**
Interest on post-employment benefit obligations	26					**(46)**
Impairment of assets	8					**(472)**
Other expense	9					**(194)**
Income taxes	10					**(792)**
Net earnings from continuing operations						**2,473**
Net earnings from discontinued operations	3					**226**
Net earnings						**2,699**
Goodwill	21	**3,046**	**4,612**	**2,946**	**—**	**10,604**
Indefinite-life intangible assets	18	**4,063**	**1,692**	**2,085**	**—**	**7,840**
Capital expenditures		**916**	**3,161**	**125**	**—**	**4,202**

(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, 2019	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINA-TIONS	BCE
Operating revenues						
External customers		8,946	12,036	2,811	—	23,793
Inter-segment		55	281	406	(742)	—
Total operating revenues		9,001	12,317	3,217	(742)	23,793
Operating costs	5	(5,210)	(6,952)	(2,367)	742	(13,787)
Segment profit [1]		3,791	5,365	850	—	10,006
Severance, acquisition and other costs	6					(114)
Depreciation and amortization	16, 18					(4,344)
Finance costs						
Interest expense	7					(1,125)
Interest on post-employment benefit obligations	26					(63)
Impairment of assets	8					(102)
Other income	9					95
Income taxes	10					(1,129)
Net earnings from continuing operations						3,224
Net earnings from discontinued operations	3					29
Net earnings						3,253
Goodwill	21	3,046	4,675	2,946	—	10,667
Indefinite-life intangible assets	18	3,948	1,692	2,381	—	8,021
Capital expenditures		671	3,195	108	—	3,974

(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	2020	2019
Services[1]		
Wireless	**6,122**	6,323
Wireline data	**7,691**	7,617
Wireline voice	**3,402**	3,564
Media	**2,369**	2,811
Other wireline services	**248**	251
Total services	**19,832**	20,566
Products[2]		
Wireless	**2,508**	2,623
Wireline data	**494**	556
Wireline equipment and other	**49**	48
Total products	**3,051**	3,227
Total operating revenues	**22,883**	23,793

(1) *Our service revenues are generally recognized over time.*
(2) *Our product revenues are generally recognized at a point in time.*

Note 5 Operating costs

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Labour costs			
Wages, salaries and related taxes and benefits [1]		**(4,108)**	(4,281)
Post-employment benefit plans service cost (net of capitalized amounts)	26	**(269)**	(246)
Other labour costs [2]		**(975)**	(1,004)
Less:			
Capitalized labour		**1,007**	1,028
Total labour costs		**(4,345)**	(4,503)
Cost of revenues [3]		**(6,967)**	(7,356)
Other operating costs [4]		**(1,964)**	(1,928)
Total operating costs		**(13,276)**	(13,787)

(1) Costs reported in 2020 are net of amounts from the Canada Emergency Wage Subsidy, a wage subsidy program offered by the federal government to eligible employers as a result of the COVID-19 pandemic.
(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 $ 47 million and $ 109 million are included in operating costs for 2020 and 2019, respectively.

Note 6 Severance, acquisition and other costs

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Severance	**(35)**	(63)
Acquisition and other	**(81)**	(51)
Total severance, acquisition and other costs	**(116)**	(114)

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	**2020**	2019
Interest expense on long-term debt	**(1,072)**	(1,017)
Interest expense on other debt	**(87)**	(153)
Capitalized interest	**49**	45
Total interest expense	**(1,110)**	(1,125)

Included in interest expense on long-term debt is interest on lease liabilities of $ 199 million and $213 million for 2020 and 2019, respectively.

Capitalized interest was calculated using an average rate of 3.95% and 3.96% for 2020 and 2019, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

Note 8 Impairment of assets

2020

During the second quarter of 2020, we identified indicators of impairment for certain of our Bell Media TV services and radio markets, notably declines in advertising revenues, lower subscriber revenues and overall increases in discount rates resulting from the economic impact of the COVID-19 pandemic. Accordingly, impairment testing was required for certain groups of CGUs as well as for goodwill.

During Q2 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. 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, 2020 to December 31, 2025, using discount rates of 8.0% to 9.5% and a perpetuity growth rate of (1.0%) to nil as well as market multiple data from public companies and market transactions. After impairments, the carrying value of these CGUs was $942 million.

There was no impairment of Bell Media goodwill. See Note 21, *Goodwill,* for further details.

2019

Impairment charges in 2019 included $85 million allocated to indefinite-life intangible assets, and $ 8 million allocated primarily to property, plant and equipment. These impairment charges related to broadcast licences and certain assets for various radio markets within our Bell Media segment. The impairment charges were a result of continued advertising demand and ratings pressures in the industry resulting from audience declines, as well as competitive pressure from streaming services. The charges 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 January 1, 2020 to December 31, 2024, using a discount rate of 7.5% and a perpetuity growth rate of nil as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $464 million at December 31, 2019.

Note 9 Other (expense) income

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Losses on retirements and disposals of property, plant and equipment and intangible assets		**(83)**	(9)
Net mark-to-market (losses) gains on derivatives used to economically hedge equity settled share-based compensation plans		**(51)**	138
Early debt redemption costs	24	**(50)**	(18)
Equity gains (losses) from investments in associates and joint ventures	19		
Gain (loss) on investment		**43**	(53)
Operations		**(38)**	(19)
Gains on investments		**3**	18
Other		**(18)**	38
Total other (expense) income		**(194)**	95

Losses on retirements and disposals of property, plant and equipment and intangible assets

In 2020, we recorded a loss of $ 45 million due to a change in strategic direction related to the ongoing development of some of our TV platform assets under construction.

Equity gains (losses) from investments in associates and joint ventures

We recorded a gain (loss) on investment of $ 43 million and ($ 53) million in 2020 and 2019, respectively, related to equity gains (losses) on our share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures. The obligation is marked to market each reporting period and the gain or loss on investment is recorded as equity gains or losses from investments in associates and joint ventures.

Gains on investments

In 2019, we recorded gains of $ 18 million, which included a gain on 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 from continuing operations.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Current taxes		
Current taxes	**(776)**	(761)
Uncertain tax positions	**26**	6
Change in estimate relating to prior periods	**32**	22
Previously unrecognized tax benefits	**40**	—
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	**(107)**	(316)
Change in estimate relating to prior periods	**(26)**	(8)
Recognition and utilization of loss carryforwards	**15**	(106)
Effect of change in provincial corporate tax rate	**9**	25
Uncertain tax positions	**(5)**	9
Total income taxes	**(792)**	(1,129)

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 26.9% for 2020 and 27.0% for 2019.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Net earnings from continuing operations	**2,473**	3,224
Add back income taxes	**792**	1,129
Earnings from continuing operations before income taxes	**3,265**	4,353
Applicable statutory tax rate	**26.9 %**	27.0 %
Income taxes computed at applicable statutory rates	**(878)**	(1,175)
Non-taxable portion of gains on investments	**1**	5
Uncertain tax positions	**21**	15
Effect of change in provincial corporate tax rate	**9**	25
Change in estimate relating to prior periods	**6**	14
Non-taxable portion of equity gains (losses)	**2**	(20)
Previously unrecognized tax benefits	**47**	5
Other	**—**	2
Total income taxes from continuing operations	**(792)**	(1,129)
Average effective tax rate	**24.3 %**	25.9 %

The following table shows aggregate current and deferred taxes relating to items recognized outside the income statements.

FOR THE YEAR ENDED DECEMBER 31	2020		2019	
	OTHER COMPREHENSIVE INCOME	**DEFICIT**	OTHER COMPREHENSIVE INCOME	DEFICIT
Current taxes	**—**	14	3	4
Deferred taxes	**(172)**	(20)	(90)	13
Total income taxes (expense) recovery	**(172)**	**(6)**	(87)	17

The following table shows deferred taxes resulting from temporary differences between the carrying amounts of assets and liabilities recognized in the statements of financial position and their corresponding tax basis, as well as tax loss carryforwards.

NET DEFERRED TAX LIABILITY	NON-CAPITAL LOSS CARRY-FORWARDS	POST-EMPLOYMENT BENEFIT PLANS	INDEFINITE-LIFE INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS	CRTC TANGIBLE BENEFITS	OTHER	TOTAL
January 1, 2019	129	415	(1,763)	(1,642)	16	(199)	(3,044)
Income statement	(105)	3	—	(173)	(9)	(112)	(396)
Business acquisitions	5	—	—	(6)	—	(1)	(2)
Other comprehensive income	—	(54)	—	—	—	(36)	(90)
Deficit	—	—	—	—	—	13	13
Discontinued operations	—	—	—	(4)	—	—	(4)
Other	2	—	—	46	—	12	60
December 31, 2019	31	364	(1,763)	(1,779)	7	(323)	(3,463)
Income statement	**13**	**5**	**46**	**(426)**	**(7)**	**255**	**(114)**
Business acquisitions	**25**	**—**	**—**	**—**	**—**	**1**	**26**
Other comprehensive income	**—**	**(184)**	**—**	**—**	**—**	**12**	**(172)**
Deficit	**—**	**—**	**—**	**—**	**—**	**(20)**	**(20)**
Discontinued operations	**—**	**—**	**—**	**30**	**—**	**—**	**30**
Other	**—**	**—**	**—**	**—**	**—**	**9**	**9**
December 31,2020	**69**	**185**	**(1,717)**	**(2,175)**	**—**	**(66)**	**(3,704)**

At December 31, 2020, BCE had $357 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $69 million for $263 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2025 to 2040.
- did not recognize a deferred tax asset for $94 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2024 to 2038.

At December 31, 2020, BCE had $64 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

At December 31, 2019, BCE had $215 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $31 million for $122 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2024 to 2039.
- did not recognize a deferred tax asset for $93 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2037.

At December 31, 2019, BCE had $734 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	2020	2019
Net earnings from continuing operations attributable to common shareholders - basic	**2,272**	3,011
Net earnings from discontinued operations attributable to common shareholders - basic	**226**	29
Net earnings attributable to common shareholders - basic	**2,498**	3,040
Dividends declared per common share (in dollars)	**3.33**	3.17
Weighted average number of common shares outstanding (in millions)		
Weighted average number of common shares outstanding - basic	**904.3**	900.8
Assumed exercise of stock options[1]	**0.1**	0.6
Weighted average number of common shares outstanding - diluted (in millions)	**904.4**	901.4

(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 10,783,936 in 2020 and 61,170 in 2019.*

Note 12 Trade and other receivables

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Trade receivables [1]		**3,414**	2,981
Allowance for revenue adjustments		**(185)**	(104)
Allowance for doubtful accounts	28	**(149)**	(62)
Commodity taxes receivable		**122**	12
Current tax receivable		**92**	23
Other accounts receivable		**234**	188
Total trade and other receivables		**3,528**	3,038

(1) The details of securitized trade receivables are set out in Note 23, 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 at December 31, 2020.

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Current		**649**	85
Non-current	20	**399**	65
Total wireless device financing plan receivables[1]		**1,048**	150

(1) Excludes allowance for doubtful accounts and allowance for revenue adjustments on the current portion of $28 million and $9 million at December 31, 2020 and December 31, 2019, respectively, and allowance for doubtful accounts and allowance for revenue adjustments on the non-current portion of $17 million and $5 million at December 31, 2020 and December 31, 2019, respectively.

Note 13 Inventory

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Wireless devices and accessories	**189**	199
Merchandise and other	**250**	228
Total inventory	**439**	427

The total amount of inventory subsequently recognized as an expense in cost of revenues was $ 2,927 million and $3,141 million for 2020 and 2019, respectively.

Note 14 Contract assets and liabilities

The table below provides a reconciliation of the significant changes in the contract assets and the contract liabilities balances .

		Contract assets [1]		Contract liabilities	
FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019	2020	2019
Opening balance, January 1		**1,644**	1,493	**890**	899
Revenue recognized included in contract liabilities at the beginning of the year		**—**	—	**(643)**	(666)
Revenue recognized from contract liabilities included in contract assets at the beginning of the year		**188**	131	**—**	—
Increase in contract liabilities during the year		**—**	—	**688**	644
Increase in contract liabilities included in contract assets during the year		**(186)**	(175)	**—**	—
Increase in contract assets from revenue recognized during the year		**834**	1,915	**—**	—
Contract assets transferred to trade receivables		**(1,376)**	(1,461)	**51**	47
Acquisitions		**—**	—	**—**	(4)
Contract terminations transferred to trade receivables		**(145)**	(205)	**19**	24
Discontinued operations	3	**(1)**	—	**—**	—
Other		**(15)**	(54)	**(46)**	(54)
Ending balance, December 31		**943**	**1,644**	**959**	**890**

(1) Net of allowance for doubtful accounts of $59 million and $68 million at December 31, 2020 and December 31, 2019, respectively. See Note 28, 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	2020	2019
Opening balance, January 1		**783**	707
Incremental costs of obtaining a contract and contract fulfillment costs		**535**	602
Amortization included in operating costs		**(552)**	(523)
Impairment charges included in operating costs		**—**	(3)
Discontinued operations	3	**(2)**	—
Ending balance, December 31		**764**	**783**

Contract costs are amortized over a period ranging from 12 to 84 months.

Note 16 Property, plant and equipment

FOR THE YEAR ENDED DECEMBER 31, 2020	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT [1]	LAND AND BUILDINGS [1]	ASSETS UNDER CONSTRUCTION	TOTAL
COST					
January 1, 2020		**67,597**	**8,079**	**1,687**	**77,363**
Additions		**2,414**	**247**	**2,071**	**4,732**
Acquired through business combinations		**2**	**5**	**—**	**7**
Transfers		**964**	**49**	**(1,825)**	**(812)**
Retirements and disposals		**(1,348)**	**(54)**	**(32)**	**(1,434)**
Impairment losses recognized in earnings	8	**(17)**	**(9)**	**(1)**	**(27)**
Discontinued operations	3	**(135)**	**(485)**	**(11)**	**(631)**
December 31, 2020		**69,477**	**7,832**	**1,889**	**79,198**
ACCUMULATED DEPRECIATION					
January 1, 2020		**45,914**	**3,813**	**—**	**49,727**
Depreciation		**3,035**	**440**	**—**	**3,475**
Retirements and disposals		**(1,268)**	**(54)**	**—**	**(1,322)**
Discontinued operations	3	**(70)**	**(77)**	**—**	**(147)**
Other		**(48)**	**—**	**—**	**(48)**
December 31, 2020		**47,563**	**4,122**	**—**	**51,685**
NET CARRYING AMOUNT					
January 1, 2020		**21,683**	**4,266**	**1,687**	**27,636**
December 31, 2020		**21,914**	**3,710**	**1,889**	**27,513**

(1) *Includes right-of-use assets. See Note 17,* Leases, *for additional details.*

FOR THE YEAR ENDED DECEMBER 31, 2019	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT [1]	LAND AND BUILDINGS [1]	ASSETS UNDER CONSTRUCTION	TOTAL
COST					
January 1, 2019		65,048	7,528	1,764	74,340
Additions		2,508	567	1,694	4,769
Acquired through business combinations		3	38	—	41
Transfers		1,130	(14)	(1,772)	(656)
Retirements and disposals		(1,085)	(42)	—	(1,127)
Impairment losses recognized in earnings	8	(11)	(4)	—	(15)
Discontinued operations	3	4	6	1	11
December 31, 2019		67,597	8,079	1,687	77,363
ACCUMULATED DEPRECIATION					
January 1, 2019		43,834	3,405	—	47,239
Depreciation		3,015	443	—	3,458
Retirements and disposals		(1,003)	(27)	—	(1,030)
Discontinued operations	3	14	23	—	37
Other		54	(31)	—	23
December 31, 2019		45,914	3,813	—	49,727
NET CARRYING AMOUNT					
January 1, 2019		21,214	4,123	1,764	27,101
December 31, 2019		21,683	4,266	1,687	27,636

(1) *Includes right-of-use assets. See Note 17,* Leases*, for additional details.*

Note 17 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, 2020		NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	TOTAL
COST				
January 1, 2020		**3,609**	**2,933**	**6,542**
Additions		**470**	**200**	**670**
Transfers		**(360)**	**(2)**	**(362)**
Acquired through business combinations		**—**	**4**	**4**
Lease terminations		**(20)**	**(10)**	**(30)**
Impairment losses recognized in earnings	8	**(1)**	**(9)**	**(10)**
Discontinued operations	3	**(8)**	**(121)**	**(129)**
December 31, 2020		**3,690**	**2,995**	**6,685**
ACCUMULATED DEPRECIATION				
January 1, 2020		**1,301**	**817**	**2,118**
Depreciation		**377**	**294**	**671**
Transfers		**(199)**	**—**	**(199)**
Lease terminations		**(2)**	**(6)**	**(8)**
Discontinued operations	3	**(4)**	**(19)**	**(23)**
December 31, 2020		**1,473**	**1,086**	**2,559**
NET CARRYING AMOUNT				
January 1, 2020		**2,308**	**2,116**	**4,424**
December 31, 2020		**2,217**	**1,909**	**4,126**

FOR THE YEAR ENDED DECEMBER 31, 2019		NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	TOTAL
COST				
January 1, 2019		**3,329**	**2,453**	**5,782**
Additions		**526**	**512**	**1,038**
Transfers		**(233)**	**—**	**(233)**
Acquired through business combinations		**—**	**8**	**8**
Lease terminations		**(12)**	**(38)**	**(50)**
Impairment losses recognized in earnings	8	**(2)**	**(3)**	**(5)**
Discontinued operations	3	**1**	**1**	**2**
December 31, 2019		**3,609**	**2,933**	**6,542**
ACCUMULATED DEPRECIATION				
January 1, 2019		**1,042**	**536**	**1,578**
Depreciation		**372**	**298**	**670**
Transfers		**(111)**	**—**	**(111)**
Lease terminations		**(3)**	**(22)**	**(25)**
Discontinued operations	3	**1**	**5**	**6**
December 31, 2019		**1,301**	**817**	**2,118**
NET CARRYING AMOUNT				
January 1, 2019		**2,287**	**1,917**	**4,204**
December 31, 2019		**2,308**	**2,116**	**4,424**

Leases in net earnings from continuing operations

The following table provides the expenses related to leases recognized in net earnings from continuing operations.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Interest expense on lease liabilities	**199**	**213**
Variable lease payment expenses not included in the measurement of lease liabilities	**150**	**148**
Expenses for leases of low value assets	**60**	**58**
Expenses for short-term leases	**31**	**30**

Leases in the statements of cash flows

Total cash outflow related to leases was $ 1,219 million and $1,214 million for the period ended December 31, 2020 and December 31, 2019, respectively.

Additional disclosures

See Note 23, *Debt due within one year,* and Note 24, *Long-term debt,* for lease liabilities balances included in the statements of financial position.

See Note 28, *Financial and capital management,* for a maturity analysis of lease liabilities.

See Note 33, *Commitments and contingencies,* for leases committed but not yet commenced as at December 31, 2020.

Note 18 Intangible assets

FOR THE YEAR ENDED DECEMBER 31, 2020	NOTE	FINITE-LIFE					INDEFINITE-LIFE				
		SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRANDS	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST											
January 1, 2020		**10,522**	**2,017**	**716**	**489**	**13,744**	**2,409**	**3,586**	**2,026**	**8,021**	**21,765**
Additions		**344**	**—**	**874**	**41**	**1,259**	**—**	**116**	**—**	**116**	**1,375**
Acquired through business combinations		**1**	**—**	**10**	**—**	**11**	**—**	**—**	**—**	**—**	**11**
Transfers		**810**	**—**	**—**	**—**	**810**	**—**	**—**	**—**	**—**	**810**
Retirements and disposals		**(2,479)**	**—**	**—**	**(36)**	**(2,515)**	**—**	**—**	**—**	**—**	**(2,515)**
Impairment losses recognized in earnings	8	**(13)**	**—**	**(110)**	**(25)**	**(148)**	**—**	**(1)**	**(296)**	**(297)**	**(445)**
Amortization included in operating costs		**—**	**—**	**(845)**	**—**	**(845)**	**—**	**—**	**—**	**—**	**(845)**
Discontinued operations	3	**(16)**	**(281)**	**—**	**—**	**(297)**	**—**	**—**	**—**	**—**	**(297)**
December 31, 2020		**9,169**	**1,736**	**645**	**469**	**12,019**	**2,409**	**3,701**	**1,730**	**7,840**	**19,859**
ACCUMULATED AMORTIZATION											
January 1, 2020		**7,345**	**839**	**—**	**229**	**8,413**	**—**	**—**	**—**	**—**	**8,413**
Amortization		**787**	**99**	**—**	**43**	**929**	**—**	**—**	**—**	**—**	**929**
Retirements and disposals		**(2,480)**	**—**	**—**	**(37)**	**(2,517)**	**—**	**—**	**—**	**—**	**(2,517)**
Discontinued operations	3	**(8)**	**(60)**	**—**	**—**	**(68)**	**—**	**—**	**—**	**—**	**(68)**
December 31, 2020		**5,644**	**878**	**—**	**235**	**6,757**	**—**	**—**	**—**	**—**	**6,757**
NET CARRYING AMOUNT											
January 1, 2020		**3,177**	**1,178**	**716**	**260**	**5,331**	**2,409**	**3,586**	**2,026**	**8,021**	**13,352**
December 31, 2020		**3,525**	**858**	**645**	**234**	**5,262**	**2,409**	**3,701**	**1,730**	**7,840**	**13,102**

FOR THE YEAR ENDED DECEMBER 31, 2019	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	
COST											
January 1, 2019		9,525	2,014	704	500	12,743	2,409	3,587	2,111	8,107	20,850
Additions		388	—	1,004	4	1,396	—	—	—	—	1,396
Acquired through business combinations		—	6	—	—	6	—	—	—	—	6
Transfers		657	—	—	—	657	—	—	—	—	657
Retirements and disposals		(52)	(3)	—	(14)	(69)	—	—	—	—	(69)
Impairment losses recognized in earnings	8	—	—	—	(1)	(1)	—	(1)	(85)	(86)	(87)
Amortization included in operating costs		—	—	(992)	—	(992)	—	—	—	—	(992)
Discontinued operations	3	4	—	—	—	4	—	—	—	—	4
December 31, 2019		10,522	2,017	716	489	13,744	2,409	3,586	2,026	8,021	21,765
ACCUMULATED AMORTIZATION											
January 1, 2019		6,720	727	—	198	7,645	—	—	—	—	7,645
Amortization		743	98	—	45	886	—	—	—	—	886
Retirements and disposals		(51)	—	—	(14)	(65)	—	—	—	—	(65)
Discontinued operations	3	2	14	—	—	16	—	—	—	—	16
Other		(69)	—	—	—	(69)	—	—	—	—	(69)
December 31, 2019		7,345	839	—	229	8,413	—	—	—	—	8,413
NET CARRYING AMOUNT											
January 1, 2019		2,805	1,287	704	302	5,098	2,409	3,587	2,111	8,107	13,205
December 31, 2019		3,177	1,178	716	260	5,331	2,409	3,586	2,026	8,021	13,352

Note 19 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 34, *Related party transactions*.

Statements of financial position

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Assets	**3,953**	4,045
Liabilities	**(2,448)**	(2,689)
Total net assets	**1,505**	1,356
BCE's share of net assets	**756**	698

Income statements

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Revenues		**1,359**	2,398
Expenses		**(1,351)**	(2,545)
Total net income (losses)		**8**	(147)
BCE's share of net income (losses)	9	**5**	(72)

Note 20 Other non-current assets

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Long-term wireless device financing plan receivables	12	**399**	65
Investments[1]	28	**167**	128
Publicly-traded and privately-held investments	28	**126**	129
Long-term receivables		**128**	83
Derivative assets	28	**92**	200
Other		**89**	111
Total other non-current assets		**1,001**	716

(1) *These amounts have been pledged as security related to obligations for certain employee benefits and are not available for general use.*

Note 21 Goodwill

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2020 and 2019. BCE's groups of CGUs correspond to our reporting segments.

	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	BCE
Balance at January 1, 2019		3,046	4,681	2,931	10,658
Acquisitions and other		—	(6)	15	9
Balance at December 31, 2019		3,046	4,675	2,946	10,667
Acquisitions and other		—	**52**	—	**52**
Discontinued operations	**3**	—	**(115)**	—	**(115)**
Balance at December 31, 2020		**3,046**	**4,612**	**2,946**	**10,604**

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.

During the second quarter of 2020, we identified indicators that goodwill for our Bell Media group of CGUs may be impaired as a result of the economic impact of the COVID-19 pandemic, notably declines in advertising revenues, lower subscriber revenues and increases in discount rates. Impairment testing of goodwill during 2020 for the Bell Media group of CGUs did not result in an impairment of goodwill.

RECOVERABLE AMOUNT

The recoverable amount for each of the Bell Wireless and Bell Wireline groups 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 a CGU or group 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, segment profit, capital expenditures, working capital and operating cash flows, based on past experience and future expectations of operating performance. 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 exceed 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.

The following table shows the key assumptions used to estimate the recoverable amounts of the groups of CGUs.

	ASSUMPTIONS USED	
GROUPS OF CGUs	PERPETUITY GROWTH RATE	DISCOUNT RATE
Bell Wireless	0.8 %	9.1 %
Bell Wireline	1.0 %	6.0 %
Bell Media	0.5 %	8.5 %

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 estimate of recoverable amounts of the Bell Wireless or Bell Wireline groups of CGUs is based would not cause their carrying amounts to exceed their recoverable amounts.

For the Bell Media group of CGUs, the recoverable amount determined in the second quarter of 2020 has been carried forward and used in the annual impairment test. A decrease of (0.6%) in the perpetuity growth rate or an increase of 0.4% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Note 22 Trade payables and other liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Trade payables and accruals		**2,595**	2,604
Compensation payable		**592**	589
Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability [1]	28	**149**	135
Derivative liabilities	28	**69**	49
Provisions	25	**53**	33
Commodity taxes payable		**33**	101
Severance and other costs payable		**23**	35
CRTC deferral account obligation	28	**13**	13
Other current liabilities		**408**	395
Total trade payables and other liabilities		**3,935**	3,954

(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.*

Note 23 Debt due within one year

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2020	2020	2019
Notes payable[1]	28	0.24 %	**392**	1,994
Loans secured by trade receivables	28	1.10 %	**1,050**	1,050
Long-term debt due within one year[2]	24	5.52 %	**975**	837
Total debt due within one year			**2,417**	3,881

(1) *Includes commercial paper of $274 million in U.S. dollars ($349 million in Canadian dollars) and $ 1,502 million in U.S. dollars ($1,951 million in Canadian dollars) as at December 31, 2020 and December 31, 2019, 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 28,* Financial and capital management, *for additional details.*

(2) *Included in long-term debt due within one year is the current portion of lease liabilities of $ 754 million and $775 million as at December 31, 2020 and December 31, 2019, respectively.*

Securitized trade receivables

Our securitized trade receivables programs are recorded as floating rate revolving loans secured by certain trade receivables and expire on December 31, 2021 and December 1, 2022.

The following table provides further details on our securitized trade receivables programs.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Average interest rate throughout the year	**1.58 %**	2.79 %
Securitized trade receivables	**2,007**	2,185

We continue to service these trade receivables. The buyers' interest in the collection of these trade 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 buyers will reinvest the amounts collected by buying additional interests in our trade receivables until the securitized trade receivables agreements expire or are terminated. The buyers and their investors have no further claim on our other assets if customers do not pay the amounts owed.

Credit facilities

Bell Canada may issue notes under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3 billion in either Canadian or U.S. currency provided that at no time shall such maximum amount of notes exceed $ 3.5 billion in Canadian currency which equals the aggregate amount available under Bell Canada's committed supporting revolving and expansion credit facilities as at December 31, 2020. 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, 2020.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving and expansion credit facilities [1][2]	**3,500**	**—**	**—**	**349**	**3,151**
Other	**106**	**—**	**106**	**—**	**—**
Total committed credit facilities	**3,606**	**—**	**106**	**349**	**3,151**
Total non-committed credit facilities	**1,939**	**—**	**1,082**	**—**	**857**
Total committed and non-committed credit facilities	**5,545**	**—**	**1,188**	**349**	**4,008**

(1) *Bell Canada's $2.5 billion committed revolving credit facility expires in November 2024 and its $ 1 billion committed expansion credit facility expires in November 2022.*
(2) *As of December 31, 2020, Bell Canada's outstanding commercial paper included $ 274 million in U.S. dollars ($349 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*

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 24 Long-term debt

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2020	MATURITY	2020	2019
Debt securities					
1997 trust indenture		3.68 %	2022-2050	**16,400**	14,500
1976 trust indenture		9.54 %	2021-2054	**1,100**	1,100
2011 trust indenture		4.00 %	2024	**225**	225
2016 U.S. trust indenture [(1)]		4.41 %	2048-2049	**2,228**	2,273
1996 trust indenture (subordinated)		8.21 %	2026-2031	**275**	275
Lease liabilities		4.91 %	2021-2065	**4,356**	4,599
Other				**386**	328
Total debt				**24,970**	23,300
Net unamortized (discount) premium				**(19)**	15
Unamortized debt issuance costs				**(70)**	(63)
Less:					
Amount due within one year	23			**(975)**	(837)
Total long-term debt				**23,906**	22,415

(1) At December 31, 2020 and 2019, notes issued under the 2016 U.S. trust indenture totaled $ 1,750 million in U.S. dollars, and have been hedged for foreign currency fluctuations through cross currency interest rate swaps. See Note 28, 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 bear a fixed interest rate.

Restrictions

Some of our debt agreements:

- impose covenants and new issue tests
- require us to make an offer to repurchase certain series of debt securities upon the occurrence of a change of control event as defined in the relevant debt agreements

We are in compliance with all conditions and restrictions under such debt agreements.

All outstanding debt securities have been issued under trust indentures and are unsecured. 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.

2020

On November 6, 2020, Bell Canada redeemed, prior to maturity, its 2.00% Series M-42 medium term note (MTN) debentures, having an outstanding principal amount of $850 million, which were due on October 1, 2021.

On September 14, 2020, Bell Canada redeemed, prior to maturity, its 3.15% Series M-30 MTN debentures, having an outstanding principal amount of $750 million, which were due on September 29, 2021.

On August 14, 2020, Bell Canada issued 1.65% Series M-53 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on August 16, 2027.

On May 14, 2020, Bell Canada issued 2.50% Series M-52 MTN debentures under its 1997 trust indenture, with a principal amount of $ 1 billion, which mature on May 14, 2030.

On May 14, 2020 and February 13, 2020, Bell Canada issued 3.50% Series M-51 MTN debentures under its 1997 trust indenture, with a principal amount of $500 million and $750 million, respectively, which mature on September 30, 2050.

On March 25, 2020, Bell Canada issued 3.35% Series M-47 MTN debentures under its 1997 trust indenture, with a principal amount of $ 1 billion, which mature on March 12, 2025.

On March 16, 2020, Bell Canada redeemed, prior to maturity, its 4.95% Series M-24 MTN debentures, having an outstanding principal amount of $500 million, which were due on May 19, 2021.

During the first half of 2020, Bell Canada drew $ 1,450 million in U.S. dollars ($2,035 million in Canadian dollars) under its committed credit facilities. In Q2 2020, Bell Canada repaid all of the U.S. dollar borrowings under such facilities. The borrowings, which were included in long-term debt, were hedged for foreign currency fluctuations through foreign exchange forward contracts. Accordingly, in Q2 2020, the forward contracts used to hedge these borrowings were settled. See Note 28, *Financial and capital management,* for additional details.

For the year ended December 31, 2020, we incurred early debt redemption charges of $ 50 million, which were recorded in *Other (expense) income* in the income statements.

2019

On September 10, 2019, Bell Canada issued 2.90% Series M-50 MTN debentures under its 1997 trust indenture, with a principal amount of $ 550 million, which mature on September 10, 2029.

On June 13, 2019, Bell Canada redeemed, prior to maturity, its 3.25% Series M-27 MTN debentures, having an outstanding principal amount of $1 billion, which were due on June 17, 2020.

On May 24, 2019, Bell Canada redeemed, prior to maturity, its 3.54% Series M-37 debentures, having an outstanding principal amount of $ 400 million, which were due on June 12, 2020.

On May 13, 2019, Bell Canada issued 2.75% Series M-49 MTN debentures under its 1997 trust indenture, with a principal amount of $ 600 million, which mature on January 29, 2025. In addition, on the same date, Bell Canada issued 4.30% Series US-2 Notes under its 2016 trust indenture, with a principal amount of $600 million in U.S. dollars ($ 808 million in Canadian dollars), which mature on July 29, 2049.

For the year ended December 31, 2019, we incurred early debt redemption charges of $ 18 million, which were recorded in *Other (expense) income* in the income statements.

Note 25 Provisions

FOR THE YEAR ENDED DECEMBER 31	NOTE	AROs	Other [1]	Total
January 1, 2020		**199**	**132**	**331**
Additions		**21**	**95**	**116**
Usage		**(8)**	**(20)**	**(28)**
Reversals		**(1)**	**(1)**	**(2)**
Discontinued operations	3	**(9)**	**—**	**(9)**
December 31, 2020		**202**	**206**	**408**
Current	22	**15**	**38**	**53**
Non-current	27	**187**	**168**	**355**
December 31, 2020		**202**	**206**	**408**

(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 26 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	**2020**	2019
DB pension	**(219)**	(193)
DC pension	**(113)**	(109)
OPEBs	**(2)**	(3)
Less:		
Capitalized benefit plans cost	**65**	59
Total post-employment benefit plans service cost	**(269)**	(246)

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING COST

FOR THE YEAR ENDED DECEMBER 31	2020	2019
DB pension	**(10)**	(19)
OPEBs	**(36)**	(44)
Total interest on post-employment benefit obligations	**(46)**	(63)

The statements of comprehensive income include the following amounts before income taxes.

	2020	2019
Cumulative losses recognized directly in equity, January 1	**(2,701)**	(2,892)
Actuarial gains in other comprehensive income from continuing operations[1]	**732**	191
Increase in the effect of the asset limit in other comprehensive income from continuing operations[2]	**(45)**	—
Cumulative losses recognized directly in equity, December 31	**(2,014)**	(2,701)

(1) *The cumulative actuarial losses recognized in the statements of comprehensive income are $ 2,215 million in 2020.*
(2) *The cumulative decrease in the effect of the asset limit recognized in the statements of comprehensive income is $ 201 million in 2020.*

COMPONENTS OF POST-EMPLOYMENT BENEFIT (OBLIGATIONS) ASSETS

The following table shows the change in post-employment benefit obligations and the fair value of plan assets.

	DB PENSION PLANS		OPEB PLANS		TOTAL	
	2020	2019	**2020**	2019	**2020**	2019
Post-employment benefit obligations, January 1	**(25,650)**	(23,404)	**(1,529)**	(1,469)	**(27,179)**	(24,873)
Current service cost	**(219)**	(193)	**(2)**	(3)	**(221)**	(196)
Interest on obligations	**(782)**	(872)	**(46)**	(55)	**(828)**	(927)
Actuarial losses[1]	**(1,830)**	(2,498)	**(90)**	(80)	**(1,920)**	(2,578)
Benefit payments	**1,342**	1,326	**67**	77	**1,409**	1,403
Employee contributions	**(10)**	(10)	**—**	—	**(10)**	(10)
Other	**—**	1	**—**	1	**—**	2
Post-employment benefit obligations, December 31	**(27,149)**	(25,650)	**(1,600)**	(1,529)	**(28,749)**	(27,179)
Fair value of plan assets, January 1	**25,530**	23,071	**320**	287	**25,850**	23,358
Expected return on plan assets[2]	**772**	853	**10**	11	**782**	864
Actuarial gains[1]	**2,632**	2,742	**20**	27	**2,652**	2,769
Benefit payments	**(1,342)**	(1,326)	**(67)**	(77)	**(1,409)**	(1,403)
Employer contributions	**183**	180	**61**	72	**244**	252
Employee contributions	**10**	10	**—**	—	**10**	10
Fair value of plan assets, December 31	**27,785**	25,530	**344**	320	**28,129**	25,850
Plan asset (deficit)	**636**	(120)	**(1,256)**	(1,209)	**(620)**	(1,329)
Effect of asset limit	**(65)**	(20)	**—**	—	**(65)**	(20)
Post-employment benefit asset (liability), December 31	**571**	(140)	**(1,256)**	(1,209)	**(685)**	(1,349)
Post-employment benefit assets	**1,277**	558	**—**	—	**1,277**	558
Post-employment benefit obligations	**(706)**	(698)	**(1,256)**	(1,209)	**(1,962)**	(1,907)

(1) *Actuarial gains (losses) include experience gains of $ 2,613 million in 2020 and $ 2,525 million in 2019.*
(2) *The actual return on plan assets was $ 3,434 million or 13.7% in 2020 and $ 3,633 million or 16.0% in 2019.*

FUNDED STATUS OF POST-EMPLOYMENT BENEFIT PLANS COST

The following table shows the funded status of our post-employment benefit obligations.

	FUNDED		PARTIALLY FUNDED[1]		UNFUNDED[2]		TOTAL	
FOR THE YEAR ENDED DECEMBER 31	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Present value of post-employment benefit obligations	**(26,421)**	(24,961)	**(2,011)**	(1,918)	**(317)**	(300)	**(28,749)**	(27,179)
Fair value of plan assets	**27,727**	25,474	**402**	376	**—**	—	**28,129**	25,850
Plan surplus (deficit)	**1,306**	513	**(1,609)**	(1,542)	**(317)**	(300)	**(620)**	(1,329)

(1) *The partially funded plans consist of supplementary executive retirement plans (SERPs) for eligible employees and certain OPEBs. The company partially funds the SERPs through letters of credit and a retirement compensation arrangement account with Canada Revenue Agency. Certain paid-up life insurance benefits are funded through life insurance contracts.*

(2) *Our unfunded plans consist of certain OPEBs, which are paid as claims are incurred.*

SIGNIFICANT ASSUMPTIONS

We used the following key assumptions to measure the post-employment benefit obligations and the net benefit plans cost for the DB pension plans and OPEB plans. These assumptions are long-term, which is consistent with the nature of post-employment benefit plans.

	DB PENSION PLANS AND OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	**2020**	2019
Post-employment benefit obligations		
Discount rate	**2.6 %**	3.1 %
Rate of compensation increase	**2.25 %**	2.25 %
Cost of living indexation rate[1]	**1.6 %**	1.6 %
Life expectancy at age 65 (years)	**23.2**	23.2

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

	DB PENSION PLANS AND OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	**2020**	2019
Net post-employment benefit plans cost		
Discount rate	**3.2 %**	4.0 %
Rate of compensation increase	**2.25 %**	2.25 %
Cost of living indexation rate[1]	**1.6 %**	1.6 %
Life expectancy at age 65 (years)	**23.2**	23.1

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

The weighted average duration of the post-employment benefit obligation is 15 years.

We assumed the following trend rates in healthcare costs:

- an annual increase in the cost of medication of 6.5% for 2020 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	110	(95)

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 2020 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2020 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5 %	(76)	64	(1,897)	2,127
Life expectancy at age 65	1 year	38	(38)	1,092	(1,092)

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 2020 and the allocation of our post-employment benefit plan assets at December 31, 2020 and 2019.

	WEIGHTED AVERAGE TARGET ALLOCATION	TOTAL PLAN ASSETS FAIR VALUE	
ASSET CATEGORY	**2020**	**December 31, 2020**	December 31, 2019
Equity securities	**0%-40%**	**23 %**	22 %
Debt securities	**60%-100%**	**60 %**	62 %
Alternative investments	**0%-50%**	**17 %**	16 %
Total		**100 %**	100 %

The following table shows the fair value of the DB pension plan assets for each category.

FOR THE YEAR ENDED DECEMBER 31	**2020**	2019
Observable markets data		
Equity securities		
Canadian	**1,027**	1,017
Foreign	**5,242**	4,534
Debt securities		
Canadian	**13,361**	13,216
Foreign	**2,913**	2,385
Money market	**369**	219
Non-observable markets inputs		
Alternative investments		
Private equities	**2,564**	2,119
Hedge funds	**1,200**	1,001
Real estate	**1,033**	948
Other	**76**	91
Total	**27,785**	25,530

Equity securities included approximately $3 million of BCE common shares, or 0.01% of total plan assets, at December 31, 2020 and approximately $15 million of BCE common shares, or 0.06% of total plan assets, at December 31, 2019.

Debt securities included approximately $141 million of Bell Canada debentures, or 0.51% of total plan assets, at December 31, 2020 and approximately $53 million of Bell Canada debentures, or 0.21% of total plan assets, at December 31, 2019.

Alternative investments included an investment in MLSE of $149 million, or 0.54% of total plan assets, at December 31, 2020 and $ 135 million, or 0.53% of total plan assets, at December 31, 2019.

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. As a hedging arrangement of the pension plan, the transaction requires no cash contributions from BCE.

CASH FLOWS

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods that are permitted by pension regulatory authorities. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service benefits. Changes in these factors could cause actual future contributions to differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future, which could have a negative effect on our liquidity and financial performance.

We contribute to the DC pension plans as employees provide service.

The following table shows the amounts we contributed to the DB and DC pension plans and the payments made to beneficiaries under OPEB plans.

	DB PLANS		DC PLANS		OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	**2020**	2019	**2020**	2019	**2020**	2019
Contributions/payments	**(183)**	(180)	**(114)**	(110)	**(61)**	(72)

We expect to contribute approximately $180 million to our DB pension plans in 2021, subject to actuarial valuations being completed. We expect to contribute approximately $120 million to the DC pension plans and to pay approximately $ 70 million to beneficiaries under OPEB plans in 2021.

Note 27 Other non-current liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2020	2019
Long-term disability benefits obligation		**361**	305
Provisions	25	**355**	298
Derivative liabilities	28	**98**	7
CRTC deferral account obligation	28	**69**	69
Other		**262**	192
Total other non-current liabilities		**1,145**	871

Note 28 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.

The following derivative instruments were outstanding during 2020 and/or 2019:

- foreign currency forward contracts and options that manage the foreign currency risk of certain anticipated purchases and sales and U.S. commercial paper
- foreign currency forward contracts and cross currency interest rate swaps that hedge foreign currency risk on a portion of our debt due within one year and long-term debt
- forward contracts on BCE common shares that mitigate the cash flow exposure and equity price risk related to common shares issued under our share-based payment plans
- interest rate swaps and options that hedge future dividend rate resets on preferred shares
- fuel swaps that mitigate the purchase cost of fuel

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, severance and other costs payable, interest payable, notes payable and loans secured by trade 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.

				December 31, 2020		December 31, 2019	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	NOTE	**CARRYING VALUE**	**FAIR VALUE**	CARRYING VALUE	FAIR VALUE
CRTC deferral account obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	22, 27	**82**	**86**	82	85
Debt securities and other debt	Debt due within one year and long-term debt	Quoted market price of debt	23, 24	**20,525**	**24,366**	18,653	20,905

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

				FAIR VALUE OF ASSET (LIABILITY)			
	CLASSIFICATION	NOTE	CARRYING VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2)[1]	NON-OBSERVABLE MARKET INPUTS (LEVEL 3)[2]
December 31, 2020						
Publicly-traded and privately-held investments	Other non-current assets	20	**126**	**3**	**—**	**123**
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities		**(51)**	**—**	**(51)**	**—**
MLSE financial liability[3]	Trade payables and other liabilities	22	**(149)**	**—**	**—**	**(149)**
Other	Other non-current assets and liabilities		**109**	**—**	**167**	**(58)**
December 31, 2019						
Publicly-traded and privately-held investments	Other non-current assets	20	129	2	—	127
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities		165	—	165	—
MLSE financial liability[3]	Trade payables and other liabilities	22	(135)	—	—	(135)
Other	Other non-current assets and liabilities		71	1	128	(58)

(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) *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 any gain or loss is recorded in* Other (expense) income *in the income statements.*

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 equipment 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, 2020 and 2019. 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.

The following table provides the change in allowance for doubtful accounts for trade receivables, including the current portion of wireless device financing plan receivables, which reflects an increase in 2020 mainly as a result of the impact of the COVID-19 pandemic.

	NOTE	**2020**	2019
Balance, January 1		**(62)**	(51)
Additions		**(134)**	(114)
Usage and reversals		**47**	103
Balance, December 31	12	**(149)**	(62)

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	**2020**	2019
Trade receivables not past due	**2,574**	2,082
Trade receivables past due		
Under 60 days	**432**	541
60 to 120 days	**214**	232
Over 120 days	**45**	64
Trade receivables, net of allowance for doubtful accounts	**3,265**	2,919

The following table provides the change in allowance for doubtful accounts for contract assets.

	NOTE	**2020**	2019
Balance, January 1		**(68)**	(73)
Additions		**(31)**	(28)
Usage and reversals		**40**	33
Balance, December 31		**(59)**	(68)
Current		**(29)**	(32)
Non-current		**(30)**	(36)
Balance, December 31	14	**(59)**	(68)

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, 2020 for each of the next five years and thereafter.

AT DECEMBER 31, 2020	NOTE	2021	2022	2023	2024	2025	THERE-AFTER	TOTAL
Long-term debt	24	221	1,785	1,665	1,278	2,125	13,540	**20,614**
Notes payable	23	392	—	—	—	—	—	**392**
Lease liabilities [1]		921	832	611	459	406	2,077	**5,306**
Loan secured by trade receivables	23	1,050	—	—	—	—	—	**1,050**
Interest payable on long-term debt, notes payable and loan secured by trade receivables		844	824	756	693	641	7,623	**11,381**
Net (receipts) payments on cross currency basis swaps		(1)	(1)	—	—	—	64	**62**
MLSE financial liability	22	149	—	—	—	—	—	**149**
Total		**3,576**	**3,440**	**3,032**	**2,430**	**3,172**	**23,304**	**38,954**

[1] *Includes imputed interest of $950 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 sales and certain foreign currency debt.

In the first half of 2020, we entered into foreign currency forward contracts with a notional amount of $ 1,453 million in U.S. dollars ($2,039 million in Canadian dollars) to hedge the foreign currency risk associated with amounts drawn under our committed credit facilities. These foreign currency forward contracts matured in Q2 2020 and a loss of $14 million relating to these foreign currency forward contracts was recognized in *Other (expense) income* in the consolidated income statements, which offsets the foreign currency gain on the repayment of drawdowns under the credit facilities.

At December 31, 2020, we had outstanding cross currency interest rate swaps with a notional amount of $ 1,750 million in U.S. dollars ($2,301 million in Canadian dollars), to hedge the U.S. currency exposure of our Series US-1 and Series US-2 Notes maturing in 2048 and 2049, respectively. See Note 24, *Long-term debt*, for additional details.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain (loss) of $ 7 million ($19 million) recognized in net earnings from continuing operations at December 31, 2020 and a gain (loss) of $ 245 million ($215 million) recognized in *Other comprehensive income from continuing operations* at December 31, 2020, 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 from continuing operations* at December 31, 2020, 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, 2020.

TYPE OF HEDGE	BUY CURRENCY	AMOUNT TO RECEIVE	SELL CURRENCY	AMOUNT TO PAY	MATURITY	HEDGED ITEM
Cash flow	USD	675	CAD	885	2021	Anticipated transactions
Cash flow	USD	274	CAD	349	2021	Commercial paper
Cash flow	PHP	2,174	CAD	59	2021	Anticipated transactions
Cash flow	USD	479	CAD	614	2022	Anticipated transactions
Cash flow - call options	USD	231	CAD	299	2022	Anticipated transactions
Cash flow - put options	USD	231	CAD	295	2022	Anticipated transactions
Economic	USD	130	CAD	180	2021	Anticipated transactions
Economic - call options	USD	12	CAD	17	2021	Anticipated transactions
Economic - call options	CAD	17	USD	12	2021	Anticipated transactions
Economic - put options	USD	120	CAD	154	2021	Anticipated transactions
Economic - put options	USD	99	CAD	123	2022	Anticipated transactions

INTEREST RATE EXPOSURES

In 2020, we entered into interest rate options to economically hedge the dividend rate resets on $ 582 million of our preferred shares having varying reset dates in 2021. The fair value of these interest rate options at December 31, 2020 was a net liability of $6 million, recognized in *Other current assets, Trade payables and other liabilities,* and *Other non-current liabilities* in the consolidated statements of financial position. A loss of $6 million for the year ended December 31, 2020 relating to these interest rate options is recognized in *Other (expense) income* in the consolidated income statements.

A 1% increase (decrease) in interest rates would result in an increase (decrease) of $ 20 million and ($26 million) in net earnings from continuing operations at December 31, 2020.

In 2019, we entered into interest rate swaps, maturing in 2020, with a notional amount of $ 275 million to hedge the dividend rate reset on BCE preferred shares in 2020. A (loss) gain of ($9 million) and $8 million for the year ended December 31, 2020 and 2019, respectively, relating to these interest rate swaps is recognized in *Other (expense) income* in the consolidated income statements.

EQUITY PRICE EXPOSURES

We use equity forward contracts on BCE's common shares to economically hedge the cash flow exposure related to the settlement of equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan. See Note 30, *Share-based payments,* for details on our share-based payment arrangements. The fair value of our equity forward contracts at December 31, 2020 was a net liability of $82 million recognized in *Other current assets, Trade payables and other liabilities, Other non-current assets* and *Other non-current liabilities* in the consolidated statements of financial position. The fair value of our equity forward contracts at December 31, 2019 was an asset of $40 million recognized in O*ther current assets* and *Other non-current assets* in the consolidated statements of financial position. A (loss) gain of ($51 million) and $138 million for the year ended December 31, 2020 and 2019, respectively, relating to these equity forward contracts is recognized in *Other (expense) income* in the consolidated income statements.

A 5% increase (decrease) in the market price of BCE's common shares at December 31, 2020 would result in a gain (loss) of $ 39 million recognized in net earnings from continuing operations for 2020, with all other variables held constant.

COMMODITY PRICE EXPOSURES

In 2020, we entered into fuel swaps to economically hedge the purchase cost of fuel in 2020 and 2021. The fair value of our fuel swaps at December 31, 2020 was an asset of $3 million included in O*ther current assets* in the consolidated statements of financial position. A gain of $3 million relating to these fuel swaps is recognized in *Other (expense) income* in the consolidated income statements.

A 25% increase (decrease) in the market price of fuel at December 31, 2020 would result in a gain (loss) of $ 3 million recognized in net earnings from continuing operations, 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 [1] and an adjusted EBITDA to net interest expense ratio[2]. In 2020 and 2019, our net debt leverage ratio target range was 2.0 to 2.50 times adjusted EBITDA and our adjusted EBITDA to net interest expense ratio target was greater than 7.5 times. At December 31, 2020, we had exceeded the limit of our internal net debt leverage ratio target range by 0.43.

These ratios do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, our net debt leverage ratio and adjusted EBITDA to 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	**2020**	2019
Net debt leverage ratio	**2.93**	2.81
Adjusted EBITDA to net interest expense ratio	**8.32**	8.50

On February 3, 2021, the board of directors of BCE approved an increase of 5.1% in the annual dividend on BCE's common shares, from $ 3.33 to $3.50 per common share. In addition, the board of directors of BCE declared a quarterly dividend of $ 0.875 per common share payable on April 15, 2021 to the shareholders of record at March 15, 2021.

On February 5, 2020, the board of directors of BCE approved an increase of 5.0% in the annual dividend on BCE's common shares, from $ 3.17 to $3.33 per common share.

In Q4 2020, BCE started a normal course issuer bid program (NCIB) with respect to its First Preferred Shares. See Note 29, *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. Adjusted EBITDA is defined as operating revenues less operating costs as shown in our income statements.

(2) Our adjusted EBITDA to net interest expense ratio represents adjusted EBITDA divided by net interest expense. Adjusted EBITDA is defined as operating revenues less operating costs as shown in our income statements. Net interest expense is net interest expense as shown in our statements of cash flows plus 50% of declared preferred share dividends as shown in our income statements.

Note 29 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, 2020. There were no Second Preferred Shares issued and outstanding at December 31, 2020. BCE's articles of amalgamation, as amended, describe the terms and conditions of these shares in detail.

						NUMBER OF SHARES		STATED CAPITAL	
SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMPTION PRICE	AUTHORIZED	ISSUED AND OUTSTANDING	**DECEMBER 31, 2020**	DECEMBER 31, 2019
Q	floating	Series R	December 1, 2030		$25.50	8,000,000	—	**—**	—
R[1]	3.018 %	Series Q	December 1, 2025	December 1, 2025	$25.00	8,000,000	7,998,900	**200**	200
S	floating	Series T	November 1, 2021	At any time	$25.50	8,000,000	3,511,848	**88**	88
T[1]	3.019 %	Series S	November 1, 2021	November 1, 2021	$25.00	8,000,000	4,486,552	**112**	112
Y	floating	Series Z	December 1, 2022	At any time	$25.50	10,000,000	8,079,291	**202**	202
Z[1]	3.904 %	Series Y	December 1, 2022	December 1, 2022	$25.00	10,000,000	1,918,509	**48**	48
AA[1]	3.61 %	Series AB	September 1, 2022	September 1, 2022	$25.00	20,000,000	11,397,196	**291**	291
AB	floating	Series AA	September 1, 2022	At any time	$25.50	20,000,000	8,599,204	**219**	219
AC[1]	4.38 %	Series AD	March 1, 2023	March 1, 2023	$25.00	20,000,000	10,027,991	**256**	256
AD	floating	Series AC	March 1, 2023	At any time	$25.50	20,000,000	9,963,209	**254**	254
AE	floating	Series AF	February 1, 2025	At any time	$25.50	24,000,000	6,512,913	**163**	232
AF[1]	3.865 %	Series AE	February 1, 2025	February 1, 2025	$25.00	24,000,000	9,481,487	**237**	168
AG[1]	2.80 %	Series AH	May 1, 2021	May 1, 2021	$25.00	22,000,000	4,984,851	**125**	125
AH	floating	Series AG	May 1, 2021	At any time	$25.50	22,000,000	9,012,249	**225**	225
AI[1]	2.75 %	Series AJ	August 1, 2021	August 1, 2021	$25.00	22,000,000	5,949,884	**149**	149
AJ	floating	Series AI	August 1, 2021	At any time	$25.50	22,000,000	8,050,116	**201**	201
AK[1]	2.954 %	Series AL	December 31, 2021	December 31, 2021	$25.00	25,000,000	22,735,621	**568**	569
AL[2]	floating	Series AK	December 31, 2021	At any time		25,000,000	2,254,079	**56**	56
AM[1]	2.764 %	Series AN	March 31, 2021	March 31, 2021	$25.00	30,000,000	9,542,615	**218**	218
AN[2]	floating	Series AM	March 31, 2021	At any time		30,000,000	1,952,085	**45**	45
AO[1]	4.26 %	Series AP	March 31, 2022	March 31, 2022	$25.00	30,000,000	4,600,000	**118**	118
AP[3]	floating	Series AO	March 31, 2027			30,000,000	—	**—**	—
AQ[1]	4.812 %	Series AR	September 30, 2023	September 30, 2023	$25.00	30,000,000	9,200,000	**228**	228
AR[3]	floating	Series AQ	September 30, 2028			30,000,000	—	**—**	—
								4,003	4,004

(1) BCE may redeem each of these series of First Preferred Shares on the applicable redemption date and every five years after that date.

(2) BCE may redeem Series AL and AN First Preferred Shares at $ 25.00 per share on December 31, 2021 and March 31, 2021, 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) If Series AP or AR First Preferred Shares are issued on March 31, 2022 and September 30, 2023, respectively, BCE may redeem such shares at $ 25.00 per share on March 31, 2027 and September 30, 2028, respectively, and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AP or AR 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.

NORMAL COURSE ISSUER BID FOR BCE FIRST PREFERRED SHARES

On November 4, 2020, BCE's Board of Directors authorized the company to commence a normal course issuer bid (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. In 2020, BCE repurchased and canceled 41,400 First Preferred Shares for a total cost of $ 1 million. The NCIB will extend up to November 8, 2021, or an earlier date should BCE complete its purchases under the NCIB.

VOTING RIGHTS

All of the issued and outstanding First Preferred Shares at December 31, 2020 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, AO 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, 2020 are convertible at the holder's option into another associated series of First Preferred Shares on a one-for-one basis according to the terms set out in BCE's articles of amalgamation, as amended.

Common shares and Class B shares

BCE's articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares, all without par value. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE is liquidated, dissolved or wound up, after payments due to the holders of preferred shares. No Class B shares were outstanding at December 31, 2020 and 2019.

The following table provides details about the outstanding common shares of BCE.

		2020		2019	
	NOTE	**NUMBER OF SHARES**	**STATED CAPITAL**	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		**903,908,182**	**20,363**	898,200,415	20,036
Shares issued under employee stock option plan	30	**506,828**	**27**	4,459,559	251
Shares issued under ESP		**—**	**—**	1,231,479	75
Shares issued under DSP		**—**	**—**	16,729	1
Outstanding, December 31		**904,415,010**	**20,390**	903,908,182	20,363

CONTRIBUTED SURPLUS

Contributed surplus in 2020 and 2019 includes premiums in excess of par value upon the issuance of BCE common shares and share-based compensation expense net of settlements.

Note 30 Share-based payments

The following share-based payment amounts are included in the income statements as operating costs.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
ESP	**(31)**	(29)
RSUs/PSUs	**(51)**	(54)
Other [1]	**(9)**	(10)
Total share-based payments	**(91)**	(93)

(1) *Includes DSP, 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. Each year, 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 will contribute 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, 2020, 4,360,087 common shares were authorized for issuance from treasury under the ESP.

The following table summarizes the status of unvested employer contributions at December 31, 2020 and 2019.

NUMBER OF ESP SHARES	2020	2019
Unvested contributions, January 1	**1,124,198**	1,120,426
Contributions[1]	**648,812**	623,705
Dividends credited	**62,171**	57,083
Vested	**(581,119)**	(523,359)
Forfeited	**(107,082)**	(153,657)
Unvested contributions, December 31	**1,146,980**	1,124,198

(1) *The weighted average fair value of the shares contributed was $ 57 in 2020 and $ 60 in 2019.*

RSUs/PSUs

RSUs/PSUs are granted to executives and other eligible employees. The value of an RSU/PSU at the grant date is equal to the value of one BCE common share. 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 dividend paid on BCE common shares. Executives and other eligible employees are granted a specific number of RSUs/PSUs for a given performance period based on their position and level of contribution. RSUs/PSUs vest fully after three years of continuous employment from the date of grant and, in certain cases, if performance objectives are met, as determined by the board of directors.

The following table summarizes outstanding RSUs/PSUs at December 31, 2020 and 2019.

NUMBER OF RSUs/PSUs	2020	2019
Outstanding, January 1	**2,915,118**	2,812,697
Granted[1]	**866,127**	975,348
Dividends credited	**165,435**	149,648
Settled	**(935,117)**	(932,133)
Forfeited	**(38,170)**	(90,442)
Outstanding, December 31	**2,973,393**	2,915,118
Vested, December 31[2]	**1,065,454**	904,266

(1) *The weighted average fair value of the RSUs/PSUs granted was $ 63 in 2020 and $ 58 in 2019.*
(2) *The RSUs/PSUs vested on December 31, 2020 were fully settled in February 2021 with BCE common shares and/or DSUs.*

DSP

The value of a deferred share is equal to the value of one BCE common share. Dividends in the form of additional deferred shares are credited to the participant's account on each dividend payment date and are equivalent in value to the dividend paid on BCE common shares. The liability related to the DSP is recorded in *Trade payables and other liabilities* in the statements of financial position and was $ 19 million and $22 million at December 31, 2020 and 2019, respectively.

DSUs

Eligible bonuses and RSUs/PSUs may be paid in the form of DSUs when executives or other eligible employees elect to 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.

The following table summarizes the status of outstanding DSUs at December 31, 2020 and 2019.

NUMBER OF DSUs	2020	2019
Outstanding, January 1	**4,623,099**	4,391,997
Issued[1]	**77,042**	84,588
Settlement of RSUs/PSUs	**90,435**	146,960
Dividends credited	**255,960**	236,079
Settled	**(815,864)**	(236,525)
Outstanding, December 31	**4,230,672**	4,623,099

(1) *The weighted average fair value of the DSUs issued was $ 61 in 2020 and $59 in 2019.*

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, 2020, in addition to the stock options outstanding, 4,193,370 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 in 2019 and 2020.

The following table summarizes BCE's outstanding stock options at December 31, 2020 and 2019.

	NOTE	2020 NUMBER OF OPTIONS	2020 WEIGHTED AVERAGE EXERCISE PRICE ($)	2019 NUMBER OF OPTIONS	2019 WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1		**12,825,541**	**57**	14,072,332	56
Granted		**3,420,407**	**65**	3,357,303	58
Exercised[1]	29	**(506,828)**	**52**	(4,459,559)	54
Forfeited or expired		**(88,886)**	**61**	(144,535)	58
Outstanding, December 31		**15,650,234**	**59**	12,825,541	57
Exercisable, December 31		**5,186,600**	**58**	2,786,043	56

(1) *The weighted average market share price for options exercised was $ 63 in 2020 and $ 62 in 2019.*

The following table provides additional information about BCE's stock option plans at December 31, 2020 and 2019.

	STOCK OPTIONS OUTSTANDING					
	2020			2019		
RANGE OF EXERCISE PRICES	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE ($)
$40-$49	**187,744**	**—** [1]	**48**	**449,216**	**1**	**47**
$50-$59	**11,998,200**	**5**	**58**	**12,271,003**	**6**	**58**
$60 & above	**3,464,290**	**9**	**65**	**105,322**	**4**	**61**
	15,650,234	**7**	**59**	**12,825,541**	**5**	**57**

(1) *Stock options outstanding expire in February 2021.*

ASSUMPTIONS USED IN STOCK OPTION PRICING MODEL

The fair value of options granted was determined using a variation of a binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following table shows the principal assumptions used in the valuation.

	2020	2019
Weighted average fair value per option granted	**$1.55**	**$2.34**
Weighted average share price	**$63**	**$58**
Weighted average exercise price	**$65**	**$58**
Expected dividend growth	**5 %**	**5 %**
Expected volatility	**12 %**	**14 %**
Risk-free interest rate	**1 %**	**2 %**
Expected life (years)	**4**	**4**

Expected dividend growth is commensurate with BCE's dividend growth strategy. Expected volatility is based on the historical volatility of BCE's share price. The risk-free rate used is equal to the yield available on Government of Canada bonds at the date of grant with a term equal to the expected life of the options.

Note 31 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 [1]	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
January 1, 2020		**26,296**	**56**	**729**	**—**	**27,081**
Cash flows (used in) from financing activities						
(Decrease) increase in notes payable		**(1,810)**	**169**	**—**	**—**	**(1,641)**
Issue of long-term debt		**6,006**	**—**	**—**	**—**	**6,006**
Repayment of long-term debt		**(5,003)**	**—**	**—**	**—**	**(5,003)**
Cash dividends paid on common and preferred shares		**—**	**—**	**(3,107)**	**—**	**(3,107)**
Cash dividends paid by subsidiaries to non-controlling interests	35	**—**	**—**	**(53)**	**—**	**(53)**
Discontinued operations	3	**(7)**	**—**	**—**	**—**	**(7)**
Other financing activities		**(31)**	**—**	**—**	**(52)**	**(83)**
Total cash flows (used in) from financing activities excluding equity		**(845)**	**169**	**(3,160)**	**(52)**	**(3,888)**
Non-cash changes arising from						
Increase in lease liabilities		**675**	**—**	**—**	**—**	**675**
Dividends declared on common and preferred shares		**—**	**—**	**3,147**	**—**	**3,147**
Dividends declared by subsidiaries to non-controlling interests		**—**	**—**	**53**	**—**	**53**
Effect of changes in foreign exchange rates		**159**	**(159)**	**—**	**—**	**—**
Business acquisitions		**7**	**—**	**—**	**—**	**7**
Discontinued operations	3	**(106)**	**—**	**—**	**—**	**(106)**
Other		**137**	**—**	**(3)**	**52**	**186**
Total non-cash changes		**872**	**(159)**	**3,197**	**52**	**3,962**
December 31, 2020		**26,323**	**66**	**766**	**—**	**27,155**

(1) *Included in* Other current assets, Other non-current assets *and* Trade payables and other liabilities *in the statements of financial position.*

	NOTE	DEBT DUE WITHIN ONE YEAR AND LONG-TERM DEBT	DERIVATIVE TO HEDGE FOREIGN CURRENCY ON DEBT [1]	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
December 31, 2018		24,405	(169)	691	—	24,927
Adoption of IFRS 16		2,304	—	—	—	2,304
January 1, 2019		26,709	(169)	691	—	27,231
Cash flows (used in) from financing activities						
Decrease in notes payable		(1,045)	(28)	—	—	(1,073)
Issue of long-term debt		1,954	—	—	—	1,954
Repayment of long-term debt		(2,221)	—	—	—	(2,221)
Increase in securitized trade receivables		131	—	—	—	131
Cash dividends paid on common and preferred shares		—	—	(2,966)	—	(2,966)
Cash dividends paid by subsidiaries to non-controlling interests	35	—	—	(65)	—	(65)
Discontinued operations	3	(6)	—	—	—	(6)
Other financing activities		(34)	—	—	(20)	(54)
Total cash flows used in financing activities excluding equity		(1,221)	(28)	(3,031)	(20)	(4,300)
Non-cash changes arising from						
Increase in lease liabilities		1,005	—	—	—	1,005
Dividends declared on common and preferred shares		—	—	3,008	—	3,008
Dividends declared by subsidiaries to non-controlling interests		—	—	64	—	64
Effect of changes in foreign exchange rates		(261)	261	—	—	—
Discontinued operations	3	1	—	—	—	1
Other		63	(8)	(3)	20	72
Total non-cash changes		808	253	3,069	20	4,150
December 31, 2019		26,296	56	729	—	27,081

(1) *Included in* Other current assets *and* Other non-current assets *in the statements of financial position.*

Note 32 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, 2020.

	2021	2022	2023	2024	2025	THEREAFTER	**TOTAL**
Wireline	1,411	1,098	593	371	180	530	4,183
Wireless	1,645	635	44	1	1	1	2,327
Total	**3,056**	**1,733**	**637**	**372**	**181**	**531**	**6,510**

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 33 Commitments and contingencies

Commitments

The following table is a summary of our contractual obligations at December 31, 2020 that are due in each of the next five years and thereafter.

	2021	2022	2023	2024	2025	THERE-AFTER	TOTAL
Commitments for property, plant and equipment and intangible assets	975	835	608	416	250	352	**3,436**
Purchase obligations	545	479	331	225	144	269	**1,993**
Leases committed not yet commenced	2	2	1	1	—	—	**6**
Total	**1,522**	**1,316**	**940**	**642**	**394**	**621**	**5,435**

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 OOH advertising spaces and real estate. These leases are non-cancellable.

Contingencies

As part of its ongoing review of wholesale Internet rates, on October 6, 2016, the Canadian Radio-television and Telecommunications Commission (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 Decision). The estimated cost impact to Bell Canada of the Decision could be in excess of $100 million, if not overturned or otherwise modified.

Bell Canada and five major cable carriers (the Applicants) obtained leave to appeal the Decision from the Federal Court of Appeal and the Federal Court of Appeal granted a stay of the Decision until making a final ruling. As a result of the stay, the impact of the Decision was not recorded in our 2019 financial statements.

The Federal Court of Appeal issued a decision on September 10, 2020 in which it rejected the appeal and lifted the stay. The Applicants' request for leave to appeal the decision of the Federal Court of Appeal to the Supreme Court of Canada was denied on February 25, 2021.

The Applicants and TELUS Communications Inc. (Telus) also filed review and vary applications of the Decision with the CRTC. On September 28, 2020, the CRTC issued a stay of the Decision pending its final decision on the review and vary applications.

The Applicants and Telus also appealed the Decision to the Federal Cabinet. On August 19, 2020, the Federal Cabinet issued an Order in Council which did not overturn the Decision, noting that a further decision from the CRTC regarding the review and vary applications is pending.

As a result of the stay issued by the CRTC, the impact of the Decision continues to not be recorded in our 2020 financial statements.

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 4, 2021, 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 34 Related party transactions

Subsidiaries

The following table shows BCE's significant subsidiaries at December 31, 2020. BCE has other subsidiaries which have not been included in the table as each represents less than 10% individually and less than 20% in aggregate of total consolidated revenues.

All of these significant subsidiaries are incorporated in Canada and provide services to each other in the normal course of operations. The value of these transactions is eliminated on consolidation.

	OWNERSHIP PERCENTAGE	
SUBSIDIARY	**2020**	2019
Bell Canada	**100 %**	100 %
Bell Mobility Inc.	**100 %**	100 %
Bell Media Inc.	**100 %**	100 %

Transactions with joint arrangements and associates

During 2020 and 2019, 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 2020, BCE recognized revenues and incurred expenses with our joint arrangements and associates of $ 14 million (2019 – $17 million) and $133 million (2019 – $200 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 2020 and $ 12 million for 2019. The details of BCE's post-employment benefit plans are set out in Note 26, *Post-employment benefit plans*.

Compensation of key management personnel and board of directors

The following table includes compensation of key management personnel and the board of directors for the years ended December 31, 2020 and 2019 included in our income statements. Key management personnel included the company's Chief Executive Officer, Chief Operating Officer, Group Presidents and the Presidents who reported directly to them.

FOR THE YEAR ENDED DECEMBER 31	2020	2019
Wages, salaries, fees and related taxes and benefits	**(30)**	(24)
Post-employment benefit plans and OPEBs cost	**(3)**	(3)
Share-based compensation	**(26)**	(29)
Key management personnel and board of directors compensation expense	**(59)**	(56)

Note 35 Significant partly-owned subsidiary

The following tables show summarized financial information for our subsidiary with significant non-controlling interest (NCI).

Summarized statements of financial position

	CTV SPECIALTY[1] [2]	
FOR THE YEAR ENDED DECEMBER 31	2020	2019
Current assets	**357**	314
Non-current assets	**1,032**	994
Total assets	**1,389**	1,308
Current liabilities	**159**	151
Non-current liabilities	**227**	192
Total liabilities	**386**	343
Total equity attributable to BCE shareholders	**699**	671
NCI	**304**	294

(1) *At December 31, 2020 and 2019, 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, 2020 and 2019 include $ 6 million and $8 million, respectively, directly attributable to NCI.*

Selected income and cash flow information

	CTV SPECIALTY[1]	
FOR THE YEAR ENDED DECEMBER 31	2020	2019
Operating revenues	**754**	878
Net earnings	**202**	193
Net earnings attributable to NCI	**64**	61
Total comprehensive income	**200**	181
Total comprehensive income attributable to NCI	**63**	58
Cash dividends paid to NCI	**53**	65

(1) *CTV Specialty's net earnings and total comprehensive income include $ 5 million directly attributable to NCI for 2020 and 2019.*

Note 36 COVID-19

Starting in the latter part of the first quarter of 2020, our business has been negatively impacted by the emergency measures adopted to combat the spread of COVID-19 and the resulting adverse economic conditions. All of our segments have been adversely affected with a more pronounced impact on media advertising revenues, wireless product volumes and outbound roaming revenues**.** Depending on the severity and duration of the COVID-19 pandemic disruptions, including the number and intensity of resurgences in COVID-19 cases and the scope and duration of measures adopted in response thereto, our operations and financial results could continue to be significantly and negatively impacted in future periods. It is difficult at this time to estimate the magnitude of such future impacts.

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, 2020, 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, 2020. There were no material weaknesses that have been identified by BCE's management in internal control over financial reporting as at December 31, 2020.

Our internal control over financial reporting as at December 31, 2020 has been audited by Deloitte LLP, independent registered public accounting firm, who also audited our consolidated financial statements for the year ended December 31, 2020. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2020.

(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 4, 2021

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, 2020, 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, 2020, 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, 2020, of the Company and our report dated March 4, 2021, 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 4, 2021

Exhibit 99.5

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 Statement No. 333-249962 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 4, 2021, 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, 2020.

/s/ Deloitte LLP

Montréal, Canada
March 11, 2021

Exhibit 99.6

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.

Attached to this notice and forming part thereof is the consolidating summary financial information for BCE Inc. as required by Section 13.4 of NI51-102.

Dated: March 11, 2021

BELL CANADA

By: *(signed) Thierry Chaumont*
Name: Thierry Chaumont
Title: Senior Vice-President, Controller and Tax

Bell

BELL CANADA

UNAUDITED SELECTED SUMMARY FINANCIAL INFORMATION (1)

For the periods ended December 31, 2020 and 2019

(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, 2020. On June 1, 2020, BCE announced that it had entered into an agreement to sell substantially all of its data centre operations. As a result, we have reclassified amounts related to the sale for the previous year to discontinued operations in the income statements to make them consistent with the presentation for the current year. The sale was completed in the fourth quarter of 2020.

For the periods ended December 31:

	BCE INC. ("CREDIT SUPPORTER")[2]		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA[3]		CONSOLIDATING ADJUSTMENTS[4]		BCE INC. CONSOLIDATED	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Operating revenues	**—**	—	**22,885**	23,795	**—**	—	**(2)**	(2)	**22,883**	23,793
Net earnings from continuing operations attributable to owners	**2,408**	3,162	**2,599**	3,357	**120**	137	**(2,719)**	(3,494)	**2,408**	3,162
Net earnings attributable to owners	**2,634**	3,191	**2,940**	3,386	**120**	137	**(3,060)**	(3,523)	**2,634**	3,191

As at December 31, 2020 and December 31, 2019, respectively:

	BCE INC. ("CREDIT SUPPORTER")[2]		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA[3]		CONSOLIDATING ADJUSTMENTS[4]		BCE INC. CONSOLIDATED	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Total Current Assets	**711**	651	**9,291**	7,687	**337**	420	**(4,651)**	(3,238)	**5,688**	5,520
Total Non-current Assets	**24,971**	23,745	**48,444**	48,030	**38**	39	**(18,476)**	(17,188)	**54,977**	54,626
Total Current Liabilities	**4,589**	3,219	**8,238**	9,721	**95**	75	**(4,651)**	(3,238)	**8,271**	9,777
Total Non-current Liabilities	**104**	103	**30,367**	28,254	**—**	29	**594**	575	**31,065**	28,961

(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.

Exhibit 99.7

BCE Inc.

EXHIBIT TO 2020 ANNUAL FINANCIAL STATEMENTS

EARNINGS COVERAGE

The following consolidated financial ratios are calculated for the twelve months ended December 31, 2020, give effect to the issuance and redemption of all long-term debt since January 1, 2020 as if these transactions occurred on January 1, 2020, and are based on unaudited financial information of BCE Inc.

	December 31, 2020
Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense and income tax:	3.9 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:	4.0 times

Exhibit 99.31

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 11, 2021

(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 11, 2021

(signed) Glen LeBlanc
Glen LeBlanc
Executive Vice-President and Chief Financial Officer
BCE Inc.

Exhibit 99.32

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, 2020 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 11, 2021

(signed) Mirko Bibic
Mirko Bibic
President and Chief Executive Officer
BCE Inc.

Date: March 11, 2021

(signed) Glen LeBlanc
Glen LeBlanc
Executive Vice-President and Chief Financial Officer
BCE Inc.