## Corporate governance

### Chairman's report on corporate governance and internal control procedures

**Introduction**

SES is listed on the Luxembourg Stock Exchange and on Euronext Paris. The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market) and the governance rules applied by companies listed in Paris, where most of the trading in SES FDRs takes place. Where those rules conflict, e.g. with regard to the publication of the individual remuneration of the members of its Executive Committee and its Board members, SES follows the rules of its home market by reporting the aggregate amount of the direct and indirect remuneration of the members of the Executive Committee, with the fixed and the variable components of the benefits being separately identified.

SES meets all the recommendations made by the 'Ten Principles' except two. With regard to Recommendation 3.9, stating that any of the committees created by the Board should only have advisory powers, the SES Board has delegated some decision-making powers to the Remuneration Committee. For the full details of these powers, see the charter of the Remuneration Committee on the SES website (www.ses.com). Also, SES does not follow Recommendation 10.6. Under this recommendation any shareholder who holds at least 5% of the company's shares should be allowed to put topics on the agenda of the annual general meeting and propose draft resolutions to be voted upon. However, SES will convene an extraordinary meeting of its shareholders for April 5, 2012 in order to amend its articles of incorporation on this point.

The company has also continued its policy to increase the flow of information to its shareholders via the corporate governance section of its website.

In this context, the website contains a regularly updated stream of information, such as the latest version of the company's main governance documents, be it the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) or the separate sections on the composition and the mission of the Board, the Board's committees and the Executive Committee. This section also contains the SES Code of Conduct and Ethics, the financial calendar and any other information which may be of interest to the company's shareholders.

**Organisation principles**

Created on March 16, 2001 under the name of SES GLOBAL, SES is incorporated in Luxembourg. Following the completion of the acquisition of GE Americom on November 9, 2001, SES became the parent company of SES ASTRA, originally created in 1985. A copy of SES' articles of incorporation, in its latest version, is available in the corporate governance section of the company's website.

**The annual general meeting of shareholders**

Under Luxembourg company law, the company's annual and/or extraordinary general meetings represent the entire body of shareholders of the company. They have the widest powers, and resolutions passed by such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided by the Chairman of the Board or, in case of his absence, by one of the Vice Chairmen of the Board or, in their absence, by any other person hereto appointed by the meeting. Any shareholder who is recorded in the company's shareholder register at least fourteen business days before the meeting is authorised to attend and to vote at the meeting. A shareholder may act at any meeting by appointing a proxy who does not need to be a shareholder.

The company has issued two classes of shares: Class A and Class B shares.

Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that the shares of Class B, held by the State of Luxembourg and by two entities wholly-owned by the State of Luxembourg, entitle their holders to only 40% of the dividend, or in case the company is dissolved, to 40% of the net liquidation proceeds paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or B, is entitled to one vote. In accordance with the company's articles of incorporation, no shareholder of Class A may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless it has obtained prior approval from the meeting of the shareholders. Such limit is calculated by taking into account the shares of all classes held by a shareholder of Class A.

A shareholder or a potential shareholder that plans to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of such intention. The Chairman will then inform the Government of Luxembourg of the planned acquisition which may only be opposed by the Government within three months from receiving such information, should the Government determine that such acquisition is against the general public interest.

In case of no opposition from the government, the Board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of August 10, 1915, as amended, regarding commercial companies, to authorise the demanding party to acquire more than 20%, 33% or 50% of the shares.

The annual general meeting is held on the first Thursday in April. Each registered shareholder will receive written notice of the annual general meeting, including the time of the meeting and the agenda, at least 30 days prior to the meeting. Holders of the company's FDRs will be represented at the meeting by Banque et Caisse d'Epargne de l'Etat acting as Fiduciary. Each FDR will represent one Class A share. If a holder of FDRs wants to attend the annual general meeting of shareholders in person, that shareholder needs to convert at least one FDR into an A share. In order to facilitate the attendance of the meeting by FDR holders, the company will pay the applicable charge for a conversion of up to 10,000 FDRs for a short period prior to the annual general meeting.

Notice of the meeting and of the proposed agenda will also be published in the press and in the "Memorial C". The Fiduciary will circulate the draft resolutions to both international clearing systems, Clearstream and Euroclear, allowing FDR holders to give their voting instructions to the Fiduciary in time for the meeting. At the same time, the draft resolutions will be made available on the company's website. Unless the Fiduciary has received specific instructions from the FDR holder, the Fiduciary will vote in favour of the proposals submitted by the Board.

The meeting may deliberate validly only if at least half of the shares of Class A and at least half of the shares of Class B are represented. In the event that the required quorum is not reached, the meeting will be reconvened in accordance with the form prescribed by the articles of incorporation. It may then validly deliberate without consideration of the number of represented shares.

The proceedings are held in French, but an English translation is provided by the company. A French version of the AGM minutes and the results of the shareholders' votes will be published on the SES website within 15 days of the annual general meeting.

With the exception of the procedure described above whenever a shareholder intends to hold more than 20%, 33% or 50%, all the resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by Luxembourg company law. The annual general meeting held on April 7, 2011 was attended by 98.1389 % of the company's shareholders. As the 4,804,496 FDRs held by the company did not participate in the vote, the participation in the vote was reduced to 97.176% of the company's shares.

During the 2011 annual general meeting, the shareholders further approved the 2010 financial results and the allocation of the 2010 profits, granted discharge to the external auditor and the Directors, elected Ernst & Young as the company's external auditor for another year and granted an authorisation to SES to buy back its own shares. The shareholders also approved the Directors' fees which remained unchanged in comparison to 2010. Finally shareholders elected a new Board of Directors composed of 18 Directors. A third of those Directors were elected for one year, another third were elected for two years and the final third were elected for three years. Two new Directors were elected to the Board, Marc Beuls and Karim Sabbagh, both elected for a three-year term..

All of the Board's proposals were carried by a majority of at least 96.12% of the votes expressed. In accordance with article 67-1 of the Luxembourg company law, abstentions are not considered when determining whether a resolution has been passed or not. The detailed results of the shareholders' votes are available in the corporate governance section of the company's website.

During 2011, no extraordinary meeting of shareholders was held.

## The Board of Directors and its committees

### Mission

The Board of Directors is responsible for defining the company's strategic objectives as well as its overall corporate plan. The Board approves, upon proposal from the Executive Committee, the annual consolidated accounts of the company and the appropriation of results, the group's medium-term business plan, the consolidated annual budget of the company and the management report to be submitted to the meeting of shareholders. It also approves major investments and is responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Executive Committee.

### Composition

Following its election by the shareholders in April 2011, the Board of SES was composed throughout the year of 18 Directors, all of them non-executive Directors. In accordance with the company's articles of association, 12 Board members represent holders of Class A shares and six Board members represent holders of Class B shares. In line with the decision taken by the shareholders at their annual general meeting in 2011, the mandates of the current Directors will expire at the annual general meeting of shareholders in April 2012, 2013 and 2014 respectively.

Mr René Steichen is the Chairman of the Board of Directors. He was elected by the members of the Board in the meeting which followed the annual general meeting on April 7, 2011. René Steichen is currently assisted by two Vice Chairmen, Messrs François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by Directors representing shareholders of Class A and of Class B shares, respectively.

In the event of a vacancy in the Board, the remaining Directors may, upon a proposal from the Nomination Committee and on a temporary basis, fill such a vacancy by a majority vote. In this case, the next annual general meeting of shareholders will definitively elect the new director who will complete the term of the director whose seat became vacant.

In accordance with internal regulations, at least one third of the Board members must be independent Directors. A Board member is considered independent if he has no relationship of any kind with the company or management which may impact his judgment. This is defined as:

- not having been a director for more than 12 years;
- not having been an employee or officer of the company over the last five years;
- not having had a material business relationship with the company in the last three years; and
- not representing a significant shareholder owning directly or indirectly more than 5% of the company's shares.

Ten of the current Board members are considered independent:
Ms Bridget Cosgrave and Messrs Marc Beuls, Marcus Bicknell, Hadelin de Liedekerke Beaufort, Jacques Espinasse, Robert W. Ross, Karim Sabbagh, Christian Schaack, Terry Seddon,and Marc Speeckaert.

Pierre Margue, Vice President Legal and Corporate Affairs acts as secretary of the Board of Directors.

**Rules of functioning**

The Board of Directors meets when required by the company's business, and at least once in a quarter. It can only validly deliberate if a majority of the Directors are present or represented. The resolutions of the Board are passed by a simple majority of votes of the voting Directors present or represented, not considering abstentions. Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning, directly or indirectly, at least 5% of the shares of the company is subject to a prior authorisation by the Board.

**Activities of the Board of Directors in 2011**

The Board of Directors held six meetings in 2011, with an average attendance rate of more than 97%. After endorsement by the Audit Committee, the Board approved the 2010 audited accounts, including the proposed dividend as well as the results for the first half of 2011. During the year, the Board approved the new strategic plan as well as a business plan for the period 2011–2018, which served as the basis for the 2012 budget discussed by the Board in December.

During the year 2011, the Board approved a restructuring of the company's organization with the objective to simplify internal processes and to increase the internal efficiency. As a consequence of the reorganization, the Board approved changes to the membership of the Executive Committee effective May 1,and modified the internal governing documents.

The Board approved the investment in a new companywide information system that will go live on January 1, 2013. It also decided to increase the company's share in Ob Networks Limited, a Jersey-based company which intends to provide 'fiber-like' connectivity to telecommunication customers in emerging markets by using a Medium Earth Orbit (MEO) satellite constellation.

The Board approved the investment in a modified antenna facility in Betzdorf and it decided to invest in an additional payload on Astra 2G.

During 2011, the Board decided to launch a new share buyback programme, which was implemented on Euronext Paris through the filing of a 'notice d'information' on May 25. The 2011 programme was limited to the following two objectives:

– to meet the company's obligations under its executive share ownership and stock option plans; as well as
– to operate under the framework of a liquidity contract signed with BNP Exane.

Finally, the Board approved the company's risk management report and proceeded with a self-evaluation of its workings and its organization. This exercise resulted in some minor modifications which should further streamline the internal corporate governance processes.

The Board is regularly informed by the Executive Committee on the group's activities and financial situation. Within that context, the Board received several presentations on regional development plans that became part of the basis for the strategic plan that was approved by the Board in June 2011. At each meeting, the Executive Committee briefs the Board further on ongoing matters as well as on possible upcoming investment or divestment decisions. At each Board meeting, the chairmen of the three committees set up by the Board present a report on the latest developments discussed in these respective committees. In addition, a business report is distributed to the members of the Board on a monthly basis.

The current members of the Board of Directors are:

**Mr René Steichen**
Born November 27, 1942. Mr Steichen became a director on June 1, 1995. He was elected Chairman on April 15, 1996. Prior to that time, he was a member of the Luxembourg government (1984–1993) and member of the European Commission (1993–1995). He is currently an attorney at law in Luxembourg. He is also a member of the Board of Directors of SES ASTRA Mr Steichen is Chairman of the Board of Luxconnect s.a and Vice-Chairman of Dexia-Banque Internationale à Luxembourg. Mr Steichen studied law and political science in Aix-en-Provence and Paris. He holds a doctorate in law and also earned the final degree in economics and finance from the Institut d'Etudes Politiques of Paris. Mr Steichen is the Chairman of the Board as well as of the company's Nomination and Remuneration Committees.

Mr Steichen is not an independent director because he represents an important shareholder.

**Mr François Tesch**
Born on January 16, 1951. Mr Tesch became director on April 15, 1999. He is Chief Executive Officer of Foyer S.A. and Luxempart S.A. He graduated in economics from the Faculté d'Aix-en-Provence and holds an MBA from INSEAD (Institut Européen d'Administration des Affaires). Mr Tesch is also Board member of Atenor Group S.A. Pescanova S.A. and Vice Chairman of the Board of SES and a member of its Nomination Committee.

Mr Tesch is not considered an independent director, because he has been a member of the Board of Directors for more than 12 years.

**Mr Jean-Paul Zens**

Born January 8, 1953. Mr Zens became a director on May 7, 2002, and was elected Vice Chairman on the same date. Mr Zens is also a member of the Board of Directors of SES ASTRAand Entreprise des Postes et Télécommunications, Luxembourg. He is currently Director of the Media and Communications department of the Ministry of State in Luxembourg. He holds a law degree as well as a degree in psychology and communications sciences from the University of Strasbourg. Mr Zens is a member of the  Nomination Committee of SES.

Mr Zens is not an independent director because he represents an important shareholder.

**Mr Serge Allegrezza**

Born October 25, 1959. Mr Allegrezza became a director on February 11, 2010. He is currently the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies, a post he has held since April 2003. He was Conseiller de Gouvernement 1ère classe at the Ministry of Economics, responsible for internal market policy and is the Chairman of the Observatory for Competitiveness. He is also the Chairman of the Board of LuxTrust S.A. and a Vice Chairman of the Conseil Economique et Social as well as of the Board of Directors of Entreprise des Postes et Télécommunications. Mr Allegrezza, a part-time lecturer at the IAE/University of Nancy 2 , has a Master's in Economics and a PhD in Applied Economics.

Mr Allegrezza is not an independent director, because he represents an important shareholder.

**Mr Marc Beuls**

Born September 15, 1956, Mr Beuls is the former President and CEO of Millicom International Cellular S.A., a position he held from 1998 to 2009. Prior to joining Millicom in 1992 as Senior Vice President in charge of finance and treasury, Mr Beuls worked for Generale Bank in Belgium, specialising in project and trade financing in emerging markets. Mr Beuls graduated from the Limburg Business School, currently UHasselt, holding a degree in economics with a major in finance. Mr Beuls is a member of the Audit and Risk Committee of SES.

Mr Beuls is an independent director.

**Mr Marcus Bicknell**

Born February 28, 1948. Mr Bicknell was appointed to the Board of Directors of SES on May 6, 2005. Mr Bicknell is a director of New Media Foundry Ltd, a non-listed company in the United Kingdom and is a Patron and Member of the Development Board of the Royal Academy of Dramatic Art. From 1986 to 1990 he was Commercial Director of Société Européenne des Satellites. Mr Bicknell holds an MA Honours Degree in Physical Anthropology from Cambridge University. Mr Bicknell is a member of both the Remuneration and the Nomination Committees.

Mr Bicknell is an independent director.

**Ms Bridget Cosgrave**

Born July 1, 1961. Ms Cosgrave became a director on April 3, 2008. She is President and Founder of EVERY EUROPEAN DIGITAL, a project to exploit broadband infrastructure opportunities, currently focused on Poland Eastern Europe. From 2009 until 2011, Ms Cosgrave served as Director General of DIGITALEUROPE. . Ms Cosgrave was with Belgacom S.A. from 2001-2007 as a member of the Executive Committee. Her roles there included Executive Vice

President of the Enterprise division, Chairman of the International Carrier Services division, and Board Member of Belgacom Mobile (Proximus) and Telindus Group. Ms Cosgrave holds an MBA from London Business School and a BA (Hons) in Economics & History from Queen's University in Canada.

Ms Cosgrave is an independent director.

**Mr Hadelin de Liedekerke Beaufort**
Born April 29, 1955. Mr de Liedekerke Beaufort became a director on April 17, 2000. He is currently a director of Santander Telecommunications, a privately held company, as well as a director of other private companies with interests in various fields such as financial, communication and real estate developments. Mr de Liedekerke Beaufort graduated from the Ecole Hôtelière de Lausanne. Mr de Liedekerke Beaufort is a member of both the Remuneration and the Nomination Committees of SES.

Mr de Liedekerke Beaufort is an independent director.

**Mr Jacques Espinasse**
Born May 12, 1943. Mr Espinasse was appointed a director of SES by the annual general meeting of May 6, 2005. In May 2007, after five years of duty, he retired as a member of the Management Board and Chief Financial Officer of Vivendi. Mr Espinasse is the former Chief Operations Officer of TPS. He is a member of the Supervisory Boards of , LBPAM, Axa Belgium, Axa Holdings Belgium Axa Banque Europe and Hammerson Plc and holds a BBA and an MBA from the University of Michigan. Mr Espinasse is a member of the Audit and Risk Committee and the Remuneration Committee.
Mr Espinasse is an independent director.

**Mr Jean-Claude Finck**
Born January 22, 1956. Mr Finck became a director on May 31, 2001. Mr Finck is Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, a member of the Boards of Directors of Bourse de Luxembourg, Luxair, Cargolux, insurance companies La Luxembourgeoise, La Luxembourgeoise Vie, and Paul Wurth. Mr Finck graduated with a degree in economics from the University of Aix/Marseille. Mr Finck is a member of the Audit and Risk Committee and of the Remuneration Committee of SES.

Mr Finck is not an independent director because he represents an important shareholder.

**Mr Gaston Reinesch**
Born May 17, 1958. Mr Reinesch became a director on July 1, 1998. Mr Reinesch is invited Professor at the University of Luxembourg. He is Chairman of the Société Nationale de Crédit et d'Investissement, and of the Board of Directors of Entreprise des Postes et Télécommunications and of BGL BNP Paribas. He is also, among others, a member of the Board of Directors of Enovos and the European Investment Bank. Mr Reinesch is General Administrator of the Ministry of Finance, Luxembourg, and graduated with a Master of Science in economics from the London School of Economics. Mr Reinesch is a member of the Audit and Risk Committee of SES.

Mr Reinesch is not an independent director because he represents an important shareholder.

**Mr Victor Rod**
Born April 26, 1950. Mr Rod became a director on November 23, 1995. He is President of Commissariat aux Assurances and Chairman of the Board of Directors of Banque et Caisse d'Epargne de l'Etat, Luxembourg. Mr Rod graduated with a degree in law from the University of Nancy.

Mr Rod is not an independent director because he represents an important shareholder.

**Mr Robert W. Ross**
Born January 8, 1941. Mr Ross became a director of SES on June 28, 2007. He has had a long career in the field of media and telecommunications in which he has held senior executive and director positions. He retired as CEO of New Skies in January 2002 but continued to serve as adviser to the company until July 2004. He is a member of the Special Shareholder Committee of SES WORLD SKIES. Mr Ross graduated from Brown University and holds MA and JD degrees from Boston University in the United States.

Mr Ross is an independent director.

**Dr Karim Michel Sabbagh**
Born September 26, 1963. Dr Sabbagh is a Senior Partner and Global Practice Leader for Communications Media & Technology at Booz & Company. He also served as the Regional Director for Operation and Strategy at Leo Burnet in the Middle East. Dr Sabbagh is a member of the Global Advisory Council for the Arab World at the World Economic Forum and chairman of the Ideation Center for the Middle East based think tank at Booz & Company. He holds a BBA with Distinction from the American University of Beirut, an MBA from the American University of Beirut and a PhD with Honors in strategic management from the Century New Mexico University. Dr Sabbagh is a member of the Audit and Risk Committee of SES.

Dr Sabbagh is an independent director.

**Dr Christian Schaack**
Born March 21, 1958. Dr Schaack became a director on December 7, 2000. Dr Schaack spent twenty years in senior management positions at BGL BNP PARIBAS and its parent, in both Luxembourg and Brussels. He is now an independent management consultant and director. He is a member, among others of the Board of Directors of internaxx Bank, a Luxembourg subsidiary of TD Bank, and of Intesa San Paolo Holding International. Christian Schaack graduated from the Massachusetts Institute of Technology, in Cambridge, MA, with a PhD in Operations Research and from MIT's Sloan School of Management with a Master of Science in Management. He holds an Engineering degree from Ecole Polytechnique in Paris.

Mr Schaack is an independent director.

**Mr Terry Seddon**
Born February 14, 1941. Mr Seddon joined the Board of Directors of SES in 2005. He has had a long international career in the field of telecommunications, in which he held several senior executive and director positions. He was Chairman of New Skies Satellites Ltd and was the founding CEO of AsiaSat. He has also held several non-executive Directorships of U.K. manufacturing and operating companies. Mr Seddon graduated from Blackburn Polytechnic and Leeds University of the U.K. Mr Seddon is a member of the Remuneration Committee and the Nomination Committee of SES.

Mr Seddon is an independent director.

**Mr Marc Speeckaert**
Born May 23, 1951. Mr Speeckaert joined the Board of Directors of SES in 2005. He is the Managing Director of Sofina S.A. and a Director of several non-listed corporations as well as of Rapala which is listed on the Helsinki Stock Exchange and of Mersen, listed on Euronext Paris. Mr Speeckaert graduated with a degree in Applied Economics and holds a Master's in Business and Administration from the Université Catholique de Louvain (UCL) in Belgium. He also participated in an Advanced Management Program from Wharton, University of Pennsylvania (USA). Mr Speeckaert is the Chairman of the Audit and Risk Committee.

Mr Speeckaert is an independent Director.

**Mr Gerd Tenzer**
Born August 4, 1943. Mr Tenzer became a director on March 11, 1999, and was Vice Chairman from May 2002 until April 2006. From January 1990 to November 2002, Mr Tenzer was a member of the Board of Management of Deutsche Telekom AG where he was responsible for networks, purchasing, environmental protection, wholesale services for carriers, broadband cable and broadcasting services. He was special adviser to the CEO of Deutsche Telekom AG from December 2002 until December 2004. He also sits on the Board of SES ASTRA and of SES ASTRA Services Europe in Luxembourg. He is Chairman of the Advisory Board of Sutter Verzeichnisverlag GmbH&Co.KG in Essen and of the Advisory Board of Cryptsec GmbH in Cologne. He is member of the Board of Transmode Holding AB in Stockholm, of VascoDe Technologies Ltd. in Tel Aviv and of Combiphone GmbH in Cologne. Mr Tenzer graduated with a degree in Communications Engineering (Dipl. Ing.) from the Technical University in Aachen.

Mr Tenzer is not considered an independent director, because he has been a member of the Board of Directors for more than 12 years.

**Committees of the Board of Directors**

**The Chairman's Office**
The Chairman and the two Vice Chairmen are members of the Chairman's Office. The Chairman's Office prepares the agenda for the Board meetings, allowing the Vice Chairmen to coordinate the preparation of the Board meetings with the Directors of their share class.
Current members are:
Mr René Steichen Mr François Tesch Mr Jean-Paul Zens.

The Chairman's Office met six times during 2011 with a members' attendance rate of 100%.

**The Remuneration Committee**
In accordance with general corporate governance standards, the company's Board established a Remuneration Committee which determines the remuneration of the members of the Executive Committee, and which advises on the overall remuneration policies applied throughout the company. It reports to the Board at each meeting through its Chairman. The Remuneration Committee is composed of six members, at least half of which are independent Board members in line with the SES internal regulations. After the annual general meeting, Mr Jean-Claude Finck replaced Mr Jean-Paul Zens as a member of the Remuneration Committee, which is now composed of the following six non-executive Directors:

Mr René Steichen, Mr Marcus Bicknell (independent), Mr Jacques Espinasse (independent), Mr Jean-Claude Finck, Mr Hadelin de Liedekerke Beaufort (independent), Mr Terry Seddon (independent).

The Remuneration Committee was chaired in 2011 by the Chairman of the Board.

The Remuneration Committee held four meetings with an attendance rate of 100%. Matters addressed related to the determination of the 2011 stock option grant and the 2010 bonus for members of the Executive Committee. The Remuneration Committee further determined the number of performance shares allocated to the members of the Executive Committee for their performance in 2010 and it adopted the 2011 business objectives which are used as one element in the determination of their bonus for 2011. The Remuneration Committee reviewed the new uniform sales compensation plan for the sales force in the infrastructure business. The Remuneration Committee also oversees the implementation of the decision under which the members of the Executive Committee must within five years hold the equivalent of an annual salary's worth of registered shares in the company (with the President and CEO of SES having to hold shares worth two years of his salary).

**The Audit and Risk Committee**

As part of its overall corporate governance, the Board established an Audit and Risk Committee, which assists the Board in carrying out its oversight responsibilities in relation to corporate policies,risk management, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function and provides a link between the internal and external auditors and the Board. The Audit Committee is composed of six members, four of whom are independent Board members.

The current members of the Audit Committee are:
Mr Marc Speeckaert, Chairman of the Audit Committee (independent), Mr Marc Beuls (independent), Mr Jacques Espinasse (independent) Mr Jean-Claude Finck, Mr Gaston Reinesch, Mr Karim Sabbagh (independent).

The Audit and Risk Committee held four meetings with a members' attendance rate of more than 94%.

The meetings were dedicated in particular to the review of the 2010 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting, and to the results of the first half of 2011. Members of the Board also had the opportunity to channel any comments they had on the company's quarterly results through the Chairman of the Audit and Risk Committee prior to the publication of these results.
The Audit and Risk Committee reviewed the company's statement on internal control systems prior to its inclusion in the annual report, and endorsed the proposal to reappoint Ernst & Young for another year.

It approved the Internal Audit plan, and received bi-annual updates on the Internal Audit activities and on the follow-up of the major recommendations. It also reviewed the Ernst & Young Management letter.

The Audit and Risk Committee also continued to encourage management in its efforts to eliminate as many as possible non-operating legal entities. The Audit and Risk Committee had a discussion on best practice with regard to the rotation of the external auditor and discussed the internal audit function at SES Government Solutions, a 100% affiliate managed with the help of

a proxy Board..BoardBoardThe Audit and Risk Committee, in line with its new functions on risk management, received bi-annual updates on risk management from the SES risk management committee. A more thorough discussion was held on IT security.
In the context of the current economic crisis, the Committee discussed the Treasury roadmap and the counterparty, market and political risks faced by SES.

**The Nomination Committee**

In line with best practice in corporate governance, the Board established a Nomination Committee whose role is to identify and nominate suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. Such proposals are based on submissions from shareholders for a number of candidates at least equal to the number of posts to be filled for each class of shareholders. The Nomination Committee also proposes candidates for Executive Committee membership for election by the Board.

The Nomination Committee is composed of six members, at least half of which are independent Board members in line with the SES internal regulations:
Mr René Steichen, Mr Marcus Bicknell (independent), Mr Hadelin de Liedekerke Beaufort (independent), Mr Terry Seddon (independent), Mr François Tesch, Mr Jean-Paul Zens.

The Nomination Committee was chaired in 2011 by the Chairman of the Board. The Nomination Committee met four times with an attendance rate of 100%. The main topics discussed related to the Management Succession Plan 2011 as well as to the preparation of the Board renewal. It also proposed the appointment of Gerson Souto as member of the Executive Committee to the Board.

**The Executive Committee**

**Mission**

The Executive Committee is in charge of the daily management of the group. It functions as a collegial body. The Executive Committee is mandated to prepare and plan the overall policies and strategies of the company for approval by the Board. It may approve intra-group transactions, irrespective of the amount, provided that they are consistent with the consolidated annual budget of the company as well as specific transactions with third parties for an amount up to EUR 10 million per project. It informs the Board at its next meeting on each such transaction, it being understood that the aggregate amount for such projects can at no time be higher than EUR 30 million.

The Executive Committee may approve any external credit facilities or external guarantees, pledges, mortgages and any other encumbrances of the company, or any wholly-owned affiliate, for as long as the company will not lose its investment grade rating as a result of such facility or guarantee. It may approve increases of up to 5% in the capital expenditure budget for a satellite procurement already approved by the Board, it being understood that the Internal Rate of Return will need to comply with certain specific thresholds defined by the Board. The Executive Committee shall inform the Board at its next meeting of each such increase.

The Executive Committee submits to the Board those measures which it deems necessary to be taken in order to meet the purposes of the company. Prior to the beginning of each fiscal year, the Executive Committee submits to the Board a consolidated budget for approval.

The Executive Committee is in charge of implementing all decisions taken by the Board and by the committees specially mandated by the Board. The Executive Committee may, in the interests of the company, sub-delegate part of its powers and duties to its members acting individually or jointly.

The Chairman of the Executive Committee organises the work of the Executive Committee and coordinates the activities of its members, who report directly to him. In order to facilitate the implementation by the Board of its overall duty to supervise the affairs of the company, the Chairman of the Executive Committee informs the Chairman of the Board on a regular basis of the company's activities. The latter receives the agenda and the minutes of all meetings of the Executive Committee in due time. During 2011, the Executive Committee met 42 times with an attendance rate of more than 94%. Mr Pierre Margue, Vice President Legal and Corporate Affairs, the secretary of the Board of Directors, also acted as secretary to the Executive Committee.

**Composition**

The following persons are members of the Executive Committee:

the President and CEO who assumes the chairmanship of the Executive Committee, the Chief Financial Officer , the Chief Commercial Officer, the Chief Development Officer and the Chief Technology Officer. Members of the Executive Committee are nominated by the Board of Directors upon a proposal from the Nomination Committee. During 2011 Gerson Souto replaced Robert Bednarek as member of the Executive Committee.

On December 31, 2011, the members of the Executive Committee were:

**Mr Romain Bausch**

Born July 3, 1953, and appointed President and Chief Executive Officer in July 2001 Mr Bausch became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service (Ministry of Finance). Mr Bausch occupied key positions in the banking, media and telecommunications sectors and spent a five-year term as a Director and Vice Chairman of SES. Mr Bausch is also Vice Chairman of Fedil - Business Federation Luxembourg and a member of the Board of Directors of BIP Investment Partners, Aperam and Compagnie Financière La Luxembourgeoise. He graduated with a degree in economics (specialisation in business administration) from the University of Nancy. He holds an honorary doctorate from the Sacred Heart University in Luxembourg. Mr Bausch is also Chairman of the Board of Directors of SES ASTRA, Vice-Chairman of the Board of Directors of O3b Networks and member of the Board of Solaris Mobile Ltd.

**Mr Andrew Browne**

Born June 4, 1955, Mr Browne became Chief Financial Officer of SES effective April 1, 2010. Mr Browne previously held CFO and Board positions at a number of global companies and organisations, specialising in the telecommunications and high-technology sectors. Mr Browne was the CFO of Intelsat from 1995-1999, and subsequently at New Skies Satellites following the company's spin-off from Intelsat in which Mr Browne played a significant role. Mr Browne was CFO at SES NEW SKIES until 2008. He also served as acting CEO for the completion of the integration process into the SES group. Since then, Mr Browne has held a number of Board and advisory positions with a number of companies, most recently as Chairman of TomTom, the Dutch satellite navigation company. Mr Browne's earlier career has included senior financial positions at Advanced Micro Devices (AMD) in California and the Development Bank of Ireland. He holds an MBA, International Business and Finance, from Trinity College, Dublin, and is a member of the Institute of Certified Public Accountants of Ireland (CPA). Andrew Browne is a member of the Board of SES ASTRA, of O3b Networks and of Yahlive.

**Mr Martin Halliwell**
Born April 20, 1959, and appointed Chief Technology Officer on May1, 2011. Mr Halliwell was President of SES ENGINEERING from January 1, 2008 to April 2011. Prior to this assignment, Martin Halliwell held the position of SVP and Chief Technology Officer at SES ASTRA where he was responsible for all engineering and operational activities. In the course of his career at SES ASTRA, Mr Halliwell held a number of positions, including General Manager, Global Multimedia Networks, Technical Director of SES Multimedia and Deputy to the Technical Director of SES ASTRA. Prior to joining SES, Martin Halliwell worked for Cable & Wireless and for Mercury Communications. Mr Halliwell holds a BA in Mathematics and Mechanical Engineering and an MBA specialising in external environment and strategic management from the Open University. Martin Halliwell is a member of the Board of SES ASTRA and of O3b Networks.

**Mr Ferdinand Kayser**
Born July 4, 1958, and appointed Chief Commercial Officer of SES on May 1, 2011. Mr Kayser was previously President and Chief Executive Officer of SES ASTRA as of January 2002. Mr Kayser came to SES from Premiere World, the digital pay-TV bouquet of Germany's Kirch Group, where he was Managing Director between 1997 and 2001. Prior to joining the Kirch Group, Mr Kayser held a number of executive positions at CLT, Europe's largest commercial broadcaster, including Senior Vice President in charge of German TV and radio activities (1989–1992), Managing Director in charge of the launch of RTL2 (1993) and Executive Vice President and member of the Management Board responsible for all TV activities of CLT (1993–1996). Mr Kayser holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialised university studies in Media Law and Management of Electronic Media. Mr Kayser is a member of the Board of SES ASTRA, ODM and Yahlive

**Mr Gerson Souto**
Born [June 14, 1964, and appointed Chief Development Officer of SES on May 1, 2011. Mr Souto joined SES in 1998 for a career in the Business Development function and held various executive positions within SES. Since 2009, Mr Souto was a member of the executive management of SES' WORLD SKIES division with responsibility for commercial services ; prior to that and since 2007, he held similar responsibilities at SES' NEW SKIES division. Prior to joining SES, Mr Souto worked for Intelsat and at Embratel. Mr Souto holds an MBA from George Washington University in Washington, D.C., an MA in Telecommunication Systems from the Pontifical Catholic University in Brazil, and a bachelor's degree in Telecommunication Engineering from the Federal Fluminense University in Brazil. Mr Souto is a member of the Board of SES ASTRA of O3b Networks and of Solaris Mobile Ltd.

## Remuneration

### Remuneration of the members of the Board of Directors
The annual general meeting of shareholders determines the remuneration of the members of the Board of Directors for attending Board and committee meetings. In 2011, the shareholders unanimously decided to maintain the fees paid to the Directors at the previous year's level. Directors receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen and the Chairman of the Audit and Risk Committee receive an annual fixed fee of EUR 48,000 and the Chairman receives EUR 100,000 per year

The shareholders also maintained the fees per meeting at EUR 1,600 for each meeting of the Board or a committee of the Board attended. Half of that fee will be paid if the director participates via telephone or videoconference in the meeting.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2011 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 1,079,200 of which EUR 295,200 were paid as variable fees, with the remaining EUR 784,000 representing the fixed part of the Board fees. The gross overall figure for the year 2011 was EUR 1,349,000.

**Company stock owned by members of the Board of Directors**

On December 31, 2011, the members of the Board of Directors owned a combined total of 641,205 shares and FDRs (representing 0.13% of the company's share capital).

**Remuneration of the members of the Executive Committee**

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee. It is composed of a fixed and a variable part. The total gross remuneration paid to the members of the Executive Committee relative to the year 2011 amounted to EUR 7,709,085.79 of which EUR 2,977,389.66 represented the fixed part and EUR 4,731,696.13 the variable part. The direct remuneration paid to the members of the Executive Committee amounted to EUR 4,211,424.20 whereas the indirect remuneration was EUR 3,497,661.59 . The indirect remuneration also contains the benefits derived by the members of the Executive Committee from the company's executive stock option plan and the long-term incentive plan, as adopted by the Board of Directors. During 2011, the members of the Executive Committee were awarded a combined total of 263,136 options to acquire company FDRs at an exercise price of EUR 17.84, the price being based on the average of the closing price on Euronext Paris of the first 15 trading days following the Remuneration Committee meeting at which the options were authorised. A quarter of those options vested on January 1, 2012, the remaining quarters vesting on January 1, 2013, 2014 and 2015, respectively. In 2011, members of the Executive Committee were granted 80,833 restricted shares as part of the company's long-term incentive plan as well as 33,704 performance shares. These shares will vest on June 1, 2014.

During 2011, Messrs Romain Bausch and Ferdinand Kayser exercised some of their stock options, whereas Messrs Romain Bausch, Martin Halliwell, Ferdinand Kayser and Gerson Souto,sold some or all of the restricted shares which vested on June 1. SES publishes the details of all transactions made by its Board members and by the members of its Executive Committeeon its website: http://www.ses.com/3927241/management-disclosures

**Company stock owned by members of the Executive Committee**

On December 31, 2011, the five members of the Executive Committee then in place owned a combined total of 183,565 shares and FDRs, 322,214 unvested restricted shares and 1,190,389 options. Transactions made by members of the Executive Committee are published on the company's website under Management Disclosures.

**External auditor**

In accordance with the Luxembourg law on commercial companies, the company's annual and consolidated accounts are certified by an external auditor appointed by the annual general meeting of shareholders. On April 7, 2011, the shareholders retained Ernst & Young for another year and approved its remuneration, with a majority of 99.3861%. The mandate of Ernst & Young will expire at the annual general meeting on April 5, 2012.

**Risk factors and their Mitigation**

This section contains a summary of the main risks that SES may face during the normal course of its business. However:

- This section does not purport to contain an exhaustive list of the risks faced by SES. SES may be significantly affected by risks that it has not identified or considered not to be material;
- Some risks faced by SES, whether they are mentioned in this section or not, may arise from external factors beyond SES' control;
- Where mitigations are mentioned in this section, there is no guarantee that such mitigations will be effective (in whole or in part) to remove or reduce the effect of the risk.

**a) Risks Relating to Procurement**

- Risk of Launch Delays and/or Launch Failures

  SES is planning to launch seven satellites between 2012 and 2013. The launch of any of these satellites carries a risk of delay for a variety of reasons including the late availability of the satellite for shipment to the launch site, the late availability of the launch service or last-minute technical problems arising on the satellite or launcher.

  A launch delay or failure could have a material negative effect on revenue and also potentially cause the loss of frequency rights at certain orbital positions. Satellite launch and in orbit insurance policies do not compensate for lost revenues due to the loss of customers or for consequential losses resulting from any launch delay or failure.

  SES attempts to mitigate the risk of a launch delay interrupting existing services by leaving large time margins in procurement schedules for replacement satellites and using multi-launch agreements with launch service providers, ILS & Arianespace, which allows SES to switch satellites to a backup launch vehicle in case of late availability of the primary launcher.

  There is always an inherent risk of launch failure in the form of a reduced satellite lifetime (in case of incorrect orbit injection), reduced functionality of the satellite or the total loss of a mission.

  SES attempts to mitigate the risk of launch failure in several ways including by detailed technical risk management of each satellite and launch vehicle programme, asset insurance for each launch and a staggered fleet deployment scheme (allowing assets to be repurposed in the case of single satellite failure so as to ensure a minimum impact on customers and revenues).

- Risk of Dependency on Launch Service Providers.

  SES is largely dependent on Arianespace and ILS to launch its satellites into space. SES may incur significant delays in launching new satellites in the event of a prolonged unavailability of one of those two systems. This risk is partly mitigated by SES' multi-launch agreements with both providers; however the prolonged unavailability of either the Ariane or Proton launchers would cause a global shortage in launch service capacity.

SES attempts to mitigate this risk by fostering the development of alternative launch capacity such as the new Falcon-9 launch vehicle built by SpaceX.

- Risk of Dependency on Satellite Manufacturers and Secondary Suppliers.

  SES is dependent on six major satellite manufacturers for the construction of its satellites.

  Dependency on a small number of satellite manufacturers may reduce SES' negotiating power and access to advanced technologies (which may only be available to certain suppliers). It may also result in a higher concentration of risk - SES may incur significant delays in procuring new satellites in the event of prolonged problems at one of these satellite manufacturers. Further, the difficulties caused by any technical problems with the design of a particular model of satellite may be multiplied if several satellites of that design are purchased.

  In addition, there are a limited number of second tier suppliers of certain key components for communication satellites. SES may incur significant delays in launching new satellites in the event of prolonged problems at one of these secondary suppliers.

  SES attempts to mitigate this risk by a constant monitoring of its supplier base, maintaining multiple procurement sources and developing relationships with new suppliers to the extent possible.

**b) Risks Relating to Satellites**

- Risk of In-orbit Failure

  One or more of SES' satellites may suffer in-orbit failures ranging from a partial impairment of their commercial capabilities to a total loss of the asset. In the event of such a failure, SES may not be able to continue to provide service to its customers from the same orbital slot or at all.

  SES attempts to mitigate the risk of in-orbit failure by careful vendor selection and high quality in-orbit operations. The impacts of such failures on customer service and related revenues are mitigated by an in-orbit backup strategy where customers on an impaired satellite can be transferred to another satellite in the fleet. However, there is no guarantee that these mitigations will be entirely effective, especially in the event of the failure of several satellites.

  In-orbit insurance constitutes an additional financial mitigation against the risk of impairments, subject to the limitations of such insurance.

**c) Risks Relating to Insurance**

- Insurance Coverage Risk

  SES' satellites may be subject to damage or loss from events that might not be covered by insurance policies. SES maintains launch and initial in-orbit insurance, in-orbit insurance and third party liability insurance for its satellites. The insurance policies generally contain exclusions from losses resulting from:

  - military or similar action;

- any anti-satellite device;
- electromagnetic and radio interference (except for physical damage to a satellite directly resulting from this interference);
- confiscation by any governmental body;
- insurrection and similar acts or governmental action to prevent such acts;
- nuclear reaction or radiation contamination;
- wilful or intentional acts causing the loss or failure of satellites; and
- terrorism.

The insurance policies do not provide compensation for business interruption, loss of market share, reputational damage, loss of revenue, incidental and consequential damages and similar losses that might arise from the failure of a satellite launch, incorrect orbital placement or the failure of a satellite to perform according to specifications. In addition, SES' in-orbit insurance only covers losses in excess of the risk retention level selected by SES.

The insurance policies may in the future increasingly exclude from coverage failures arising from pre-existing defects, such as defects in solar array and battery anomalies of some existing satellites. In addition, SES will not be fully reimbursed if the cost of a replacement satellite exceeds the sum insured. As a consequence, the loss, damage or destruction of any satellites as a result of any of these events could result in material increases in costs or reductions in expected revenues, or both.

SES has reviewed its approach to in-orbit insurance of its satellites and, in recognition of the excellent procurement and operating record, has adopted a policy of limited self-insurance. Premiums are paid to a wholly owned subsidiary, thus reducing the amount of insurance premiums paid to external insurance companies.

If any event occurs that is covered by the in-orbit insurance, the payment of the sum insured could result in material increases in costs.

- Insurance Availability Risk

Satellite insurance is a cyclical market dominated by the law of supply and demand. The amount of capacity currently available in the market is adequate to cover SES satellite programmes. However, events outside SES' control - including large losses and shifts of insurance capacity from space to other lines of business - could change this situation. This could result in increases in the amount of insurance premiums paid by SES to cover its risks and affect its ability to obtain the desired level of coverage.

SES' self-insurance programme improves its flexibility to accommodate variations in market conditions.

**d) Risks Relating to Customers**

- Risk of Key Customer Loss

  SES depends on a number of key customers whose loss (or non-renewal) would reduce SES' revenues. SES' five largest customers, represented approximately 20 per cent of SES' total revenues in 2011.

  If key customers reduce their reliance on SES by developing or increasing relationships with other satellite operators (or moving to other telecommunications solutions) and such key customers cannot be replaced, SES' revenues may be impacted negatively.

  Many of SES' main existing satellite capacity agreements for "Direct To Home" in Europe have contract durations typically of 10 years, with some contracts for longer periods. If SES is unsuccessful in obtaining the renewal of its satellite capacity agreements when they come up for renewal on commercial terms similar to those currently reflected in its agreements, revenues could be adversely affected for some time.

  SES' customer base is subject to constant change. Bankruptcy of key customers or customer consolidation resulting from mergers & acquisitions can reduce demand for SES' satellites capacity affecting SES' revenues.

- Risks Inherent in International Business

  SES conducts business around the world. It is exposed to such issues as financial, regulatory, geopolitical, tax and trade risks in many jurisdictions. Political and financial stability in some jurisdictions may impact SES' business in that country. It may be difficult in practice for SES to enforce its legal rights in some jurisdictions.

  The inherent instability of doing business in certain jurisdictions may have a negative impact on SES' revenues.

- Risks Inherent in doing business with the US Government

  The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the U.S. Government, imposes various restrictions on the SES Board and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework.

**e) Risks Relating to The Satellite Communications Market**

- Competition Risk

SES has earmarked certain funds for investment, which includes the replacement of existing satellites (often with increased capacity) and the launching of new satellites. The successful marketing and sale of this new capacity is dependent on the underlying demand for satelitte capacity in the targeted regional markets. If that demand does not materialise as planned, SES' financial forecasts may not be met

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SES also invests in new and innovative projects such as O3b Networks, which often feature new technology or uncertain market demand. If the technology is not successful or demand does not materialize as planned, the value of SES' investment may be reduced.

In addition, SES competes with operators of terrestrial and wireless networks. Any increase in the technical effectiveness or geographic spread of these terrestrial and wireless networks could result in a reduction in demand for SES' satellites. Some terrestrial and wireless operators may receive state aid and subsidies not available to SES.

Competition in the telecommunications market could result in a demand reduction for SES' satellite capacity and have a significant negative impact on SES' results.

- Technology Risk

The satellite telecommunications industry is vulnerable to technological change. SES' satellites could become obsolete due to unforeseen advances in telecommunications technology leading to a reduction in demand for its services and a negative impact on revenues.

The use of new technology to improve signal compression rate has already lead to a reduction in demand for SES' satellites, which if not offset by an increase in demand, could lead to a negative impact on the results.

**f) Risks relating to SES' strategic development**

- Emerging Market Risk

SES' development strategy involves targeting new geographical areas and emerging markets and potentially to develop joint ventures or partnerships with local telecommunications/media/financial businesses in order to improve market access for its services.

SES may be exposed to the inherent instability of doing business in those regions. Such inherent instability could have an adverse impact on SES' revenue.

In some emerging markets, customers may be less financially secure and run a higher risk of insolvency than in more developed markets. The failure of a customer could have an adverse impact on SES' revenue.

- Investment Risk

  SES has earmarked certain funds for investment, which includes the replacement of existing satellites (often with increased capacity) and the launching of new satellites. The successful marketing and sale of this new capacity is dependent on the underlying demand for satelitte capacity in the targeted regional markets. If that demand does not materialise as planned, SES' financial forecasts may not be met
  .
  SES also invests in new and innovative projects such as O3b Networks, which often feature new technology or uncertain market demand. If the technology is not successful or demand does not materialize as planned, the value of SES' investment may be reduced.

**g) Risks related to Regulatory and Corporate**

- Legal Risk

  SES cannot always predict the impact of laws and regulations on its operations. The operation of the business is and will continue to be subject to the laws and regulations of the governmental authorities of the countries where SES operates or uses radio spectrum, offers satellite services or capacity, as well as to the frequency coordination process of the International Telecommunication Union (ITU). Regulation and legislation is extensive and outside SES' direct control. New or modified rules, regulations, legislation or decisions by a relevant governmental entity or the ITU could materially and adversely affect operations.

- Spectrum Access Risk

  SES needs access to orbital slots and associated frequencies to permit it to maintain or grow its satellite system.

  The ITU establishes radio regulations and is responsible for the allocation of frequency spectrum for particular uses and the allocation of orbital locations and associated frequency spectrum. SES can only access spectrum through ITU filings made by national administrations.

  Orbital slots and associated frequencies are a limited resource. The ITU may reallocate spectrum from satellite to terrestrial uses. In addition, national administrations are increasingly charging for access to spectrum by the use of fees and auctions.

  Any reallocation of spectrum from satellite to terrestrial uses or charging by national administrations may have a significant adverse effect on SES' current results and future prospects.

- Spectrum Coordination Risk

  SES is required to coordinate the operation of its satellites with other satellites operators through the ITU so as to prevent interference between satellites.

  SES may also be required to coordinate any replacement satellite that has performance characteristics which differ from those of the satellite it replaces. As a result of such coordination, SES may be required to modify the proposed coverage areas of its satellites, or satellite design or transmission plans in order to eliminate or minimise interference with other satellites or ground-based facilities. Those modifications may mean that use of a particular orbital position is significantly restricted, possibly to the extent that it may not be economical to place a new satellite in that location. In addition, interference concerns of a country may affect the ability of SES' satellite network to generate revenues due to the operational restrictions that the country may impose.

- Spectrum Bringing into Use Risk

  If SES does not occupy unused orbital locations by specified deadlines, or does not maintain satellites in the orbital locations it currently uses, or does not operate in all the frequency bands for which a licence has been received, those orbital locations or frequency bands may become available for other satellite operators to use.

  SES has access to a large portfolio of orbital locations that have been filed at the ITU through various administrations. For each filing, the ITU and the national regulators impose various conditions that have to be met in order to secure the spectrum. Operational issues like satellite launch failure, launch delay or in-orbit failure might compromise the access to the spectrum at specific orbital locations. SES is committed to the highest quality in satellite procurement and launch, which helps to reduce this risk. In addition, SES' large fleet permits the relocation of in-orbit satellites in order to meet the regulatory conditions in most of the cases.

- Regulatory Risk

  SES may need to obtain and maintain approvals from authorities or other entities to operate or offer satellite capacity. For example, SES must obtain authorisation or landing rights in certain countries for satellites to be able to transmit signals to or receive signals from these countries. The failure to obtain landing rights or the authorisations necessary to operate satellites internationally to provide services could lead to loss of revenues.

  Customers are responsible for obtaining regulatory approval for their operations. As a result, there may be governmental regulations of which SES is not aware or which may adversely affect the operations of customers. SES could lose revenues if customers' current regulatory approvals do not remain sufficient in the view of the relevant regulatory authorities, or if additional necessary approvals are not granted on a timely basis, or at all, in all jurisdictions in which customers wish to operate or provide services or if applicable restrictions in those jurisdictions become unduly burdensome.

- Export Control

  U.S. companies and companies located in the United States must comply with U.S. export control laws in connection with any information, products or materials that they provide to foreign companies relating to communications satellites, associated equipment and data. SES' U.S. operations may not be able to maintain normal international business activities and SES' non-U.S. operations may not be able to source satellites, satellite-related hardware, technology and services in the United States if:

  - export licenses are not obtained in a timely fashion;
  - export licenses do not permit transfer of all items requested;
  - launches are not permitted in the locations that SES prefers; or

- the requisite licence, when approved, contains conditions or restrictions that pose significant commercial or technical problems.

Such occurrences could impede construction and delay the launch of any future satellites, adversely impacting current and/or future revenues.

- External Threat Risk

  SES is vulnerable to the risk of terrorist acts, sabotage, piracy, attack by anti-satellite devices and jamming. Such external threats may lead to a temporary or permanent interruption in service and/or the loss of customers. Any such act could have a potentially significant adverse effect on SES' results.

- Cyber Risk

  SES' operations may be subject to hacking, malware and other forms of cyber-attack. SES has put in place protections against these forms of cyber-attack and is continually updating its defences. However, the environment for cyber-attack is increasingly hostile and there remains a risk to SES.

- Risk of Loss of Key Employees

  SES has a number of key employees with highly specialised skills and extensive experience in their fields. If one of these employees were to leave, SES may have difficulty replacing him or her. SES attempts to mitigate the risk of losing key employees by operating retention programmes, succession planning and development plans.

  If SES is unable to retain key employees or attract new highly-qualified employees, it could have a negative impact on SES' business, financial situation and results.

- Unforeseen High Impact Risk

  SES' operations may be subject to unforeseen events which are both improbable and have a high impact. Due to the unforeseen nature of the event, it is difficult to manage the impact of such events or predict the nature or extent of the damage. Such unforeseen events may have a significant negative impact on SES' business, financial situation and results.

**h) Risks Relating to Finance**

- Cash Flow Risk

  SES operates a strong business model but if, for any reason, SES is not successful in implementing its business model, cash flow and capital resources may not be sufficient to repay indebtedness. If SES is unable to meet debt service obligations or comply with covenants, a default under debt agreements would occur. To avoid a possible default or upon a default, SES could be forced to reduce or delay the completion or expansion of the satellite fleet, sell assets, obtain additional equity capital or refinance or restructure its debt.

- Debt Rating Risk

A change in SES' debt rating could affect the cost and terms of its debt as well as its ability to raise finance. SES' policy is to attain, and retain, a stable BBB rating with Standard & Poor's and Fitch, and a Baa2 rating with Moody's. If SES' credit rating was downgraded, it may affect SES' ability to obtain financing and the terms associated with that financing. SES cannot guarantee that it will be able to maintain its credit ratings.

- Tax Risk

  SES' financial results may be materially adversely affected by unforeseen additional tax assessments or other tax liabilities.

  SES does business in many different countries and is potentially subject to tax liabilities in multiple tax jurisdictions. It has tax liabilities on its business operations in multiple jurisdictions. SES makes provisions in its accounts for current and deferred tax liabilities and tax assets based on a continuous assessment of tax laws relating to it.

  However, SES cannot be certain of a tax authority's application and interpretation of the tax law. SES may be subjected by tax authorities to unforeseen material tax claims including late payment interest and/or penalties. These unforeseen tax claims may arise through a large number of reasons including identification of a taxable presence of a non-indigenous group company in a taxing jurisdiction, transfer pricing adjustments, application of indirect taxes on certain business transactions after the event and disallowance of the benefits of a tax treaty. In addition, SES may be subject to tax law changes in a taxing jurisdiction leading to retroactive tax claims.

  SES has implemented a tax risks mitigation charter based (amongst others) on a framework of tax opinions for the financially material tax positions taken by SES, transfer pricing documentation for the important inter-company transactions of SES, a transfer pricing policy and procedures for accurate tax compliance in all taxing jurisdictions.

- Liquidity risk.

  SES requires liquidity to maintain its operations and meet its obligations. Any liquidity problems may have a significant impact on SES' operations and lead to the breach of contractual obligations. SES' objective is to efficiently use cash generated so as to maintain short-term debt and bank loans at a low level. In case of liquidity needs, SES can call on uncommitted loans and a committed syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, SES can access additional funds through a European Medium Term Note or commercial paper programme. SES' debt maturity profile is tailored to allow the company to cover repayment obligations as they fall due.

  SES operates a centralised treasury function which manages the liquidity of SES in order to optimise the funding costs. This is supported by a daily cash pooling mechanism.

  Further details are provided in Note 21 to the Consolidated Financial Statements.

- Foreign currency risk

SES' reported financial performance can be impacted by movements in the U.S. dollar / euro exchange rate as SES has significant operations whose functional currency is the U.S. dollar and liabilities denominated in U.S. dollar.

To mitigate this exposure, SES enters into forward foreign exchange or similar derivatives contracts to hedge the exposure on financial debt or on the net assets.

Further details are provided in Note 21 to the Consolidated Financial Statements.

- Interest-rate risk.

  SES' exposure to risk of changes in market interest rates relates primarily to SES' floating rate borrowings. SES carefully monitors and adjusts the mix between fixed and floating rate debt from time to time following market conditions. Interest rate swaps are used to manage the interest rate risk. The terms of the hedge derivatives are negotiated to match the terms of the hedged item to maximise hedge effectiveness.

  Further details are provided in Note 21 to the Consolidated Financial Statements.

- Counterparty risk

  SES exposure relates to the potential default of a counterparty holding financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments) with the maximum exposure being equal to the carrying amount of these instruments.

  The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

  To mitigate the counterparty risk, SES only deals with recognised financial institutions with an appropriate credit rating – generally 'A' and above. All counterparties are financial institutions which are regulated and controlled by the national financial supervisory authorities of the applicable countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover, to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relationship for all categories of products (derivatives as well as deposits).

  Further details are provided in Note 21 to the Consolidated Financial Statements.

**Internal control procedures**

**Objective**

The Board of Directors has overall responsibility for ensuring that SES maintains a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the company.

Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the company can be achieved.

The internal control procedures are defined and implemented by the company to ensure:

– the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;

– the efficiency and effectiveness of operations and the optimal use of the company's resources;

– the correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets;

– the integrity and reliability of financial and operational information, both for internal and external use;

– that management's instructions and directions are properly applied; and

– that material risks are properly identified, assessed, mitigated and reported.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated.

**Control Environment**

SES has adopted a robust internal control framework based on a set of guidelines prepared by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This framework provides reasonable assurance that the internal control objectives are being achieved; it is also consistent with the reference framework proposed by the French securities regulator, the 'Autorité des Marchés Financiers' (AMF).

The control environment is an essential element of the company's internal control framework as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.

The Board of Directors has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Executive Committee of SES, which in turn works closely with the other levels of management in establishing control policies and procedures.

In the context of SES' organisational realignment in 2011, management undertook several initiatives to increase the internal efficiency and effectiveness of its operations. The descriptions of the main SES functions and processes have been reviewed and electronically documented using a Business Process Management software with the support of the Operational Excellence Team. This has been supplemented by a review of all policies and procedures. The aim is to design and implement a common set of policies and procedures that best support the organisation and can be used company-wide.

As a result, SES applies only one level of internal control policies and procedures which are formalised by the management of a department or cross-functional teams to apply to the employees, officers and directors of the company, its subsidiaries and other controlled affiliates as the general framework for their own business process design.

These policies and procedures also take into account specificities of each legal entity and are adapted where necessary to their activity, size and organisation, legal and regulatory environment.

A ‘Code of Conduct and Ethics’ has been established to reinforce the corporate governance principles and control environment. This code is applicable to all employees, officers and directors of the company, its subsidiaries or other controlled affiliates.

The policies outlined in this code are designed to ensure that all employees, officers and directors act at all times in accordance with the applicable laws, regulations and norms of conduct, and with the highest standards of integrity. The code was submitted to the Audit and Risk Committee and has been approved by the Board of Directors.

Employees and officers in all entities of the company have been informed of the content of the Code of Conduct and its applicable principles. For new hires, training on the code is integrated in the induction training. An SES Compliance Committee composed of designated Compliance Officers in each main company location, is tasked with raising the staff’s awareness of the code and to ensure a consistent roll-out and training programme for the code.

Another key component of the control environment is the coordination of risk management with internal control. Risk management and internal control systems complement each other in controlling the company’s activities.

**Risk Management**

In 2010, SES adopted a risk management policy based on principles proposed by COSO and ISO31000. The coordination of the implementation of this policy and the development of a risk register is the responsibility of a Risk Management Committee which reports to the Executive Committee of SES. The Executive Committee in turn reports to the Board of Directors which has the ultimate responsibility for oversight of company’s risk and ensuring that an effective risk management system is in place.

Common definitions and measures of risk management have been defined and training has been provided to the various risk owners to ensure that the risk management policy is properly implemented.

A risk management coordinator has been appointed in order to ensure the adequate review of the risks facing SES.

Each reported risk is categorised, assessed by the risk owners and reviewed by the Risk Management Committee. As a result of such review, a risk can be flagged as ‘top risk’ which triggers additional analysis for that risk in order to determine the appropriateness and effectiveness of the risk response.

All top risks are periodically reported to the Executive Committee, the Audit and Risk Committee and the Board of Directors.

**Internal control activities**

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

– in the context of the organisational realignment implemented in 2011, a greater integration of the financial operations of the parent company and affiliates under a single management structure was established;
– staff involved in the company's accounting and financial reporting are appropriately qualified and are kept up-to-date with relevant changes in International Financial Reporting Standards (IFRS). Additionally, specific training and written guidance on particular matters is provided where needed. A reporting handbook, regularly updated for business developments and regulatory changes, is available to all relevant staff members and provides a summary of the company's accounting and financial reporting guidelines and policies;

– controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, effective segregation of duties, and the complete and accurate recording of financial information;

– activities with a significant potential risk, such as financial derivative transactions, take place within a clearly defined framework set by the board, or are brought to the board for specific approval. In accordance with the requirements of IFRS, SES discloses detailed information on the market, credit and foreign exchange risks to which it is exposed, as well as its strategy for managing those risks;

– the company relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the Board of Directors for approval. The Board of Directors also approves all significant investments. The Board of Directors receives monthly financial reports setting out the company's financial performance in comparison to the approved budget and prior year figures;

– any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed; and

– the external auditors perform a limited review of the company's half-year financial statements and a full audit of the annual consolidated financial statements.

Regarding the internal controls in the area of treasury management, the following should be noted:
– the treasury function uses a specific software that helps to ensure the efficiency and control of the implementation of the SES' hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of the SES affiliates;

– in order to ensure enhanced security and efficiency of the bank payments process, the existing banking payments system has been updated and upgraded to allow for secured authorisation and transition of payments from the existing accounting systems directly to the bank;

– a clear segregation of duties and assignment of bank mandates between members of SES management, treasury and accounting departments is implemented;

– SES predominately uses forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. The foreign currency risk might be in EUR or USD. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the company’s policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

- the activities of the Treasurer, and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board of Directors; and

- the Treasurer reports on a formal basis every quarter to the Board of Directors as part of the financial reporting.

Regarding the internal controls in the area of tax management, the following should be noted:
- the tax management department aims to seek upfront tax clearance with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the company. Where this is not possible, the tax treatment is analysed based on best authoritative interpretations and reported in internal tax technical memos or tax opinions from external tax consultancy firms;
- the tax department regularly meets in ’formal review platforms’ with representatives of Accounting, Treasury and Legal in order to ensure full coordination with regard to developments of important financing structures after implementation; and
- the transfer pricing team is responsible for continuously improving and fine-tuning the required contemporaneous transfer pricing documentation underpinning all inter-company transactions of the company. SES’ transfer pricing reports (including functional analyses and benchmarking studies), are embedded in a framework consisting of i) a master file, ii) a transfer pricing policy and iii) a policy for the control of intercompany contracts.

Regarding the internal controls in the area of satellite operations, the following should be noted:
- SES technology is responsible for the procurement of satellites, launch vehicles and the procurement and maintenance of satellite related ground infrastructure as well as the administration, control and operations of the global satellite ecosystem;
- the reporting of the satellite procurement and operations risk management process that is in place to monitor and assess sources of technical risks and to develop qualitative, quantitative and statistical methods which allow the mitigation of risk at the satellite fleet level has been integrated into the company’s Risk Management framework;
- There are operational procedures for satellite control and payload management. They cover manoeuvers and configuration changes required in nominal situations as well as in case of technical emergencies. The controllers are trained and certified in the execution of such procedures. These procedures are periodically reviewed to ensure that they are up to date. A major enhancement of the satellite control software was implemented in 2009 and the use of fully validated electronic station-keeping procedures is being extended to the whole SES fleet;
- SES has designed crisis management systems and supporting infrastructure and tools in order to address satellite in-orbit anomaly situations at an appropriate management level. A Trouble Tickets escalation process has been enhanced to provide better support to customers. The satellite Contingency and Emergency Response Process has been updated and aligned to reflect the company’s organisational changes; and
- SES has adequate satellite control backup capability utilising European and U.S. based Satellite Operations Centres.

Regarding the internal controls in the area of information and communication technology, the following should be noted:

- management is committed to ensure that its data, infrastructure and information technology systems are as secure as is reasonably practicable. Security controls, policies and procedures are in place to prevent unauthorised access to premises, computer systems, networks and data. Policies and procedures have been defined and implemented in order to address the more rigorous regulations governing handling of personally identifiable data.
- electronic information is regularly backed-up and copies are stored off-site; and
- SES has disaster recovery plans for its business applications, and a disaster recovery test has been performed in 2011.

**Information and communication**

The company's business information system is currently based on a variety of legacy applications. A project to align and harmonise all front- and back office business processes in SES is ongoing.

Once implemented, a single integrated and company wide application platform will enable consistency and transparency of all business data throughout SES, fast consolidation of financial data, accurate real time reporting on all levels and, thus will enhance the general and IT internal control systems of SES.

Internal communication ensures the effective circulation of information and supports the implementation of internal control and risk management by providing business and functional objectives, instructions and information to all levels of SES. The corporate intranet portal and collaboration tools are instrumental to share and disseminate information throughout the company.

**Monitoring activities**

The SES Internal Audit function was established in 2000. Internal Audit evaluates the relevance of, and compliance with, internal control procedures.

The mission of the Internal Audit function is to provide independent and objective assistance and assurance regarding the effectiveness and efficiency of business operations, the reliability of financial and operational reporting, and the company's compliance with legal and regulatory requirements. In this context, Internal Audit is also tasked to support management with identifying, preventing and minimising risks as well as safeguarding of the company's assets.

To ensure an appropriate level of independence and communication, the Internal Audit function has a direct reporting line into the Audit and Risk Committee and reports functionally to the President CEO of SES. The activities of the Internal Audit function are executed in accordance with an annual audit plan which is reviewed and approved by the Audit and Risk Committee. This annual plan is derived from an annual risk assessment based on a risk mapping exercise. The introduction of an annual risk assessment responds to the need to dynamically link the audit plan to risks and exposures that may affect the organisation and its operations. This exercise involves identifying the inherent risks relative to all business processes and then assessing the levels of residual risks after consideration of specific mitigating controls.

Internal Audit monitors the implementation of internal control recommendations and regularly reports on effective compliance to the President and CEO of SES and to the Audit and Risk Committee.

Internal Audit also regularly coordinates audit planning and exchanges relevant information with the company's external auditors.

The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the U.S. Government, imposes various restrictions on SES Board of Directors and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. The SES Internal Audit function did not perform any internal control review of this entity during 2011. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework which has been subject to an initial assessment in 2011 and which will be subject to further evaluation and testing from a third-party internal audit function going forward. It should be noted that in any event Ernst & Young, as external auditor, reviewed the stand-alone accounts of SES Government Solutions.

## Human resources

### Human resources strategy

SES strives to be the employer of choice in the industry. The company identifies, secures, engages, develops and retains the best talent to further expand its technological reach and business objectives.

SES respects and trusts its people, embraces diversity and lives by its values. SES senior managers have a responsibility as role models to all SES employees, and must therefore act in accordance with the guidelines laid down for SES senior management. SES employees are engaged, committed and proud to be associated with their company.

To leverage the employees' full potential, SES focuses on competency development, alignment of objectives and knowledge sharing. SES ensures that every employee has the necessary resources and support to be successful in his or her career within the context of its performance management system. Human Resources is the catalyst to drive organisational and cultural initiatives leading to sustainable stakeholders' value creation.

### SES employees

At year-end 2011, SES employed a total of 1,250 Full time equivalent employees (FTEs)

### SES values and culture

SES' employees observe a common set of core values, which provide guidance for their activities. These values inspire a unique organisational culture and reflect SES' aspirations which are geared towards achieving the highest performance at the service of customers, shareholders and society at large. SES' values are primarily focused on providing highest-quality customer service.

They are:

*Excellence*

Having the passion and commitment to be the best in the industry.

*Partnership*

Developing and maintaining co-operative relationships that build upon SES' strengths and skills to achieve common goals and benefits at the service of the customers.

*Leadership*

Articulating strategic vision, demonstrating values and creating an environment in which SES can meet the needs of the marketplace.

*Integrity*

Consistently applying the principles of honesty, accountability, responsibility, fairness and respect.

*Innovation*

Establishing a business culture that stimulates creativity across the organisation, develops employees' skills and improves processes, products and services.

### Remuneration

SES applies a performance-based compensation philosophy. Remuneration includes: base salaries, performance bonuses, stock options, stock appreciation rights, long-term incentives and fringe benefits that are continuously reviewed in line with best market practices.

*Stock-related compensation schemes*

SES applies an equity incentive compensation plan. The purpose of the plan is to attract and retain highly qualified leadership level staff. This policy applies to executive-level employees of SES. 1,419,529 options were granted in 2011 to 144 executive participants, including the members of the Executive Committee.

*Long-term incentive scheme for executives*

SES' long-term incentive scheme for executives is based on restricted shares (restricted for a vesting period of three years) and on performance shares (shares which are only granted in case the company and the executive meet or exceed a certain performance threshold over a three-year period). 222,527 restricted shares and 175,398 performance shares were granted in 2011. These figures include the members of the Executive Committee.

*Stock appreciation rights plan*

SES operates a stock appreciation rights (STAR) plan, which applies to the non-executive-level staff. Through the grant of stock appreciation rights, the company aims to encourage the long-term commitment of the staff towards the company, and to provide the possibility to share in the value-creation of the company. 729,401 STARs were granted in 2011.

A variety of awards are being used to acknowledge and reinforce the contributions of SES' employees. In 2011, these mechanisms included management awards, spot awards and deal attainment bonuses.

**The Human resources (HR) function**

SES was supported at year end by a team of HR professionals based at the company's major locations around the world. HR strategy and objectives are aligned with the business objectives, decisions and guidance of SES' Executive Committee. Employee satisfaction is being periodically monitored by an employee survey, internally called 'Voice of the Employee' (VoE). A strong focus of all HR activities was placed in 2011 on the successful implementation of the organisational realignment of SES.

Development of the company's intranet has been on-going, ensuring employees receive the most up-to-date and relevant information according to location and entity. The intranet continues to be the main vehicle for employee communications. Additionally, the company's vision and business strategy are conveyed successfully to all employees to strengthen awareness and engagement.

**A learning organisation**

Only highly motivated employees deliver the top-quality service which our customers demand. At SES we are convinced that investing in the training and development of our employees is essential, irrespective of general economic developments. Therefore, we continued to offer our employees a wide range of training courses that centred around the SES competency model. On average, the training budget per employee reached EUR 1,000 in 2011.

**Developing and Retaining Talent**

SES focuses on identifying and developing high-potential leadership talent by means of succession planning. This includes participation in executive assessments, executive development programmes, coaching and stretch assignments.

In order to support the company's organisational realignment, SES launched the 'MOMENTUM' employee development programme in 2011 which is offered to all employees in the organisation. The programme consists of four modules, each of which focuses on one topic (Change, Strategy, Empowerment, and Knowledge Sharing). In 2011, 250 employees participated in the first module 'Change Readiness' which will be continued in the first half of 2012.

SES has a 'Global Development Programme' (GDP) which is used for cross-functional and cross-continent talent and knowledge exchange. The global 'SES Associate Programme', targeted at graduates, was continued in 2011. Five associates participate in the two-year programme consisting of four six-month cross-functional assignments.

**Social dialogue within SES**

In its dealings with their employees and associates, SES and its legal entities rely upon best practices of social dialogue and openness. These principles are applied at all levels of the organisation and are rooted both in legal requirements and in management culture.

For some divisions in Luxembourg,  the legal framework provides for a personnel delegation and a mixed committee.

The personnel delegations consist of between two and five members. All delegates have been elected for a five-year term. Their mandate consists in protecting the interests of the workforce with regard to working conditions, job security and social matters. The personnel delegation is informed on the developments affecting the company and advises on amendments to work rules.

The mixed committee consists of three employer representatives and three employee representatives. The mixed committee has co-decision powers in matters covering performance assessment, health and safety and in the general criteria applied in the recruitment, promotion and dismissal policies. The mixed committee is consulted on all important decisions regarding investments in plant or equipment, work processes and working conditions. The committee is informed about the general development of the company and employment trends.

In other SES locations, the social dialogue is conducted according to the rules laid out in the local legal frameworks, for instance by means of works councils.

As one of SES legal entities, SES ASTRA, benefits from a concession granted by the Luxembourg State, three employee representatives sit on the Board of Directors of SES ASTRA. One of them sits as an observer on the board of SES.

**Investor Relations**

SES has a dedicated Investor Relations function reporting to the Chief Financial Officer and working closely with the President and CEO. Its purpose is to develop and coordinate the group's external financial communications and interactions with equity and debt investors, investment analysts, credit rating agencies, financial journalists and other external audiences, to monitor stock market developments and to provide feedback and recommendations to the SES Executive Committee.

Investor Relations is responsible for the definition and execution of SES' active Investor Relations programme and participation in investor conferences and similar events. Investor

Relations also works closely with the group's General Counsel to ensure that the group's external communications comply with applicable legal and regulatory requirements.

**Corporate social responsibility (CSR) policy**

In 2011, SES implemented a range of corporate social responsibility projects and activities in geographic areas where the SES group has commercial activities, provides communication services or otherwise interacts with local communities.

**The policy**

SES' CSR policy is focused on supporting educational projects, and primarily reflects the company's position as a leading provider of global communications infrastructure and services. SES believes it has a responsibility to support projects that contribute to the development of a communications-based society and a knowledge-based economy. We believe that progress in this area should help develop more resilient and flexible economic structures, contribute to enhance social mobility development, and should also contribute to the emergence of more sustainable economic development models.

**Projects supported by SES**

In the context of the multi-year partnership concluded with the University of Luxembourg, the company continued to support the university's efforts to develop a centre of excellence and innovation for advanced information and communications technology in satellite systems, by cooperating with the university's Interdisciplinary Centre for Security, Reliability and Trust, and by financing a chair in satellite, telecommunications and media law.

SES also pursued its scholarship programme with the International Space University (ISU) in Strasbourg, France, supporting students in advanced space applications.

SES supported an executive MBA programme at the International Institute of Space Commerce (IISC) based in the Isle of Man. The IISC is an off-shoot of the ISU, and the programme benefits students from the Isle of Man.

SES continued to provide support to the scholarship programme of the 'Society of Satellite Professionals International' (SSPI), a U.S.-based non-profit organisation focusing on the skills and career development of satellite industry professionals worldwide.

SES supported the 2011 edition of the St. Gallen Symposium, an academic and networking event for representatives of business, politics, and students at the University of St. Gallen, Switzerland.

SES is a member of IDATE's Digiworld Institute, based in Montpellier, France, a top-tier think tank focusing on the digital economy worldwide . SES is also a member of the International Astronautical Federation, a global organisation that promotes awareness of space activities worldwide.

SES made a financial contribution to the project 'Business Initiative 123 – GO' aiming to advance and support the development of innovative business projects in Luxembourg.

The company introduced a formal policy for matching the donations made by its employees to emergency relief organisations providing help to victims of natural or man-made disasters.

In a multi-year plan, SES continues to donate bandwidth to the International Polar Foundation, enabling the foundation's Princess Elisabeth research station in Antarctica to communicate via satellite. This unique facility is the first ‘zero emission’ polar research station, and is the only polar research facility that was conceived and built to operate entirely on renewable energies.

SES made a donation to the Institut St. Joseph in Betzdorf, Luxembourg, a home for mentally handicapped persons.

SES continued its financial support to ‘Musek am Syrdal’, a local music festival in Luxembourg, and also supported a Luxembourg-based theatre production.

In 2011, SES made a financial contribution to the Edward Steichen Award Luxembourg Foundation, named after the photographer Edward Steichen. SES’support goes toward a scholarship which is awarded every second year and which enables artists from Luxembourg and the ‘Greater Luxembourg’ region (including Luxembourg and the neighbouring areas of Belgium, France and Germany) to temporarily live and work in the city of New York.

SES donated educational material to a local school in Baikonur, Kazakhstan, and made corporate donations to the Juliana Children’s Hospital in The Hague.

**Environmental initiatives**
SES is committed to respecting the world’s natural environment, and to aligning the companies’ and the staff’s conduct and, to the extent possible, those of their suppliers, to the principles of sustainable development.

Compliance is benchmarked against the legal rules and regulations applied in the countries in which SES operates, as well as against industry-wide best practices. SES’ objective is to continuously improve its environmental performance and to further reduce the environmental impact of its activities.

The activities of SES are mainly office and technology-based and overall have a light environmental impact. In its operations, the company promotes the most efficient use of energy and natural resources. It has successfully implemented a programme to rely on cogeneration power. SES applies a waste recycling programme which aims to avoid, reduce and recycle waste material as efficiently as possible; this programme is subject to independent third-party audits and quality control. SES also conducts environmental training on a regular basis and encourages its staff to adopt environmentally correct attitudes in their professional activities.

SES conducts a company-wide carbon footprint assessment covering all its operations. In 2010, the company’s activities related to operating and commercialising SES’ satellite fleet, as well as general administration, finance and marketing generated approximately 44,700 tonnes of $CO_2e$ worldwide, a reduction of more than 14% compared to the prior year. Emissions from Scope 2 electricity consumption represented the largest component of SES’ total emissions (approximately 67%) with Scope 1 emissions (approximately 28%) and Scope 3 business travel (5%) providing the remaining contribution. Teleports generated the largest share of the emissions from Scope 1 and 2 sources. Details of the carbon footprint are disclosed as part of the Carbon Disclosure Project, in which SES participates (www.cdproject.net).

SES implemented a carbon reduction plan at its headquarters in Betzdorf, Luxembourg, in 2010. The company operates a CHP unit which reduces the emissions load of the general grid. Also, since January 2010, the Luxembourg campus uses electricity sourced from renewable hydropower, which can be considered carbon-free. These initiatives had a significant impact on the carbon emissions of the company in Luxembourg.

SES applies best practices in minimising the environmental impact of the outsourced activities, such as the manufacturing and launching of spacecraft. The company also ensures that the amount of radiation emitted from earth stations respects or remains below the maximum levels defined by the countries of operation; compliance is checked through yearly internal and third-party audits by accredited organisations, which are specialised in the field of industrial safety.

**Responsibility statement**

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure the group's business operations are carried out efficiently and transparently. In accordance with Article 3 of the law of January 11, 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the year of SES and its subsidiaries included in the consolidation taken as a whole. In addition, the management report includes a fair review of the development and performance of the business and the position of SES and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**René Steichen**
Chairman of the Board of Directors

**Romain Bausch**
President and CEO