

## **Charter of the Audit and Risk Committee**

as last amended by the Board of Directors on

6 April 2017

## **PREAMBLE**

The present Charter has been adopted by the SES Board of Directors as a complement to the Company's and the Group's legal and regulatory obligations, its articles of incorporation and its internal regulations. It has last been amended on 6 April 2017.

### **I. PURPOSE**

The primary purpose of the Audit and Risk Committee is to assist the Board of Directors in carrying out its oversight responsibilities by:

- ◆ monitoring the financial reporting process and reviewing the financial information provided to the shareholders and the public;
- ◆ monitoring the effectiveness of the Company's internal control, internal audit, risk management and compliance systems;
- ◆ monitoring the external audit of the annual and consolidated accounts;
- ◆ reviewing and monitoring the independence of the external auditor, and in particular the provision of additional services to the Company.

The Committee provides an independent direct avenue of communication between the Board of Directors, internal and external auditors for any matters that fall within its scope.

### **II. FUNCTIONS**

The Audit and Risk Committee is an advisory body of the Board of Directors. It reports to the Board of Directors through its Chairperson on matters that fall within this charter, it makes suggestions and recommendations on matters to be decided on by the Board but it does not have specific decision powers.

It will perform the following functions:

- 1) to consider the appointment of the Head of Internal Audit, and any questions of his or her resignation or dismissal;
- 2) to recommend to the Board of Directors the external auditors to be approved by the Annual General Meeting and their proposed compensation as well as any questions of their resignation or dismissal;
- 3) to ensure the existence and regular review and update of an appropriate internal audit charter.
- 4) to review the annual audit plan including the degree of co-ordination between the plans of the internal and external auditors where appropriate;

- 5) to review the Company's audited annual and the semi-annual financial statements before submission to the Board of Directors, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas such as provisions for potential charges and risks;
  - (iii) significant adjustments resulting from the audit;
  - (iv) compliance with accounting standards;
  - (v) compliance with exchange and regulatory requirements.
- 6) to discuss with the external auditors problems and reservations arising from the interim and final audits and review their management letter and management's response thereto as well as any key matters on material weaknesses in internal control in relation to financial reporting the external auditors wish to report;
- 7) to review the Company's statement on internal control systems prior to endorsement by the Board and in particular, to review:
  - (i) the procedures for identifying and assessing risks and mitigating their impact on the Company;
  - (ii) the Company's policies for preventing or detecting fraud;
  - (iii) the Company's policies for ensuring that the Company complies with relevant regulatory and legal requirements;
  - (iv) the operational effectiveness of the policies and procedures.
- 8) to support the Board in its oversight function with regard to risk management by regularly reviewing and monitoring the most important risks as well as the Company's risk management policy and procedures and their implementation.

### **III. REGULAR EVALUATION**

The Audit and Risk Committee shall perform a regular review and evaluation of its performance. This review will include compliance of the Audit and Risk Committee with this Charter. The Audit and Risk Committee shall conduct such evaluations and reviews in a manner as it deems appropriate, consistent with internationally recognized principles of good corporate governance.

### **IV. COMPOSITION**

The Audit and Risk Committee is a committee of elected Board members. It is designated by the Board and is composed of six members, a majority of which shall be independent Directors.

The Audit and Risk Committee elects its Chairperson by simple majority.

The Secretary to the Board shall be the secretary of the Audit and Risk Committee.

## **V. QUORUM AND MEETINGS**

The Audit and Risk Committee will meet on a regular basis and meetings will be scheduled at the discretion of the Chairperson of the Audit and Risk Committee or at any time at the request of at least two of its members.

The Audit and Risk Committee may only validly deliberate if at least four (4) of its members are present or represented.

The President and CEO, the Chief Financial Officer and the Chief Legal Officer will be invited to attend the meetings of the Audit and Risk Committee. The Audit and Risk Committee, upon notice to the Chief Executive Officer, may ask the relevant members of the Executive Committee or others to attend the meeting and provide pertinent information as necessary, except if they are personally concerned by the deliberations.

The Audit and Risk Committee may also invite to its meetings:

- ◆ the head of internal audit;
- ◆ a representative of the external auditor; and
- ◆ any other person whose presence may be seen as useful.

Notices shall be given in writing, contain the place, date, time and agenda and be sent at least one week before the meeting by letter, e-mail or facsimile.

Any supporting material as may be required for the Audit and Risk Committee to have an informed discussion shall be sent at least one week before the meeting.

In exceptional cases, being situations of particular urgency, a 24 hours prior notice shall suffice for convening an Audit and Risk Committee. The notice shall duly set out the reason for the urgency and the Audit and Risk Committee shall acknowledge such at the relevant meeting.

If all Committee Members are present or represented and no objection is raised, the convening formalities may be waived and the meeting may be held without observing the aforementioned formalities. At such a meeting, discussions may take place and resolutions may be considered for referral and recommendation to the Board on all business matters within the Committee's scope of authority.

Any Committee Member may participate in any meeting of the Audit and Risk Committee by conference call or other means of communications allowing all the persons taking part in the meeting to hear each other. In such case, the participation in a meeting by these means is equivalent to a participation in person at such meeting when considering whether the quorum has been reached..

Any Committee Member may act at any meeting of the Audit and Risk Committee by appointing in writing or by e-mail or other means of electronic transmission as from time to time accepted by the Audit and Risk Committee another member of the Committee as his or her proxy. Such proxy will only be valid for one meeting of the Audit and Risk Committee (unless such meeting is a meeting that has been

reconvened upon a first meeting with the same agenda not having been quorate). A Committee Member may not represent more than one of his or her colleagues.

The Audit and Risk Committee will meet at least once a year with the external auditors of the Company without any of the members of the Company's Executive Committee or the Company's internal auditors being present.

The Chairperson of the Audit and Risk Committee will meet once a year with the internal auditors of the Company without any of the members of the Company's Executive Committee being present.

## **VI. REPORTS**

Minutes of the deliberations of the Audit and Risk Committee's meetings will be kept in writing by the Secretary of the Board. They shall be submitted for approval at the next Audit and Risk Committee meeting.

Any extract of the approved minutes may be duly certified by the Secretary of the Board.

The Audit and Risk Committee provides a written report to the Board as to its activities and its recommendations after each meeting through its Chairperson. When presenting any recommendation to the Board, the Audit and Risk Committee will provide the background and supporting information as may be necessary for the Board to make an informed decision.

## **VII. CONFLICT OF INTEREST**

Any member of the Audit and Risk Committee, who has a direct or indirect financial interest contrary to the Company's interest in a matter discussed at the Audit and Risk Committee must inform the Chairperson of the Audit and Risk Committee and in the case where the Chairperson of the Committee faces a potential or actual conflict of interest, he or she will advise the Chairperson of the Board. A member of the Audit and Risk Committee is also to be considered as having an opposed interest subject to the conflict of interest regime if such member of the Audit and Risk Committee is a director, manager or adviser of an entity which has an opposed interest. This declaration is registered with the minutes of the meeting. Such member of the Audit and Risk Committee may not deliberate or vote on this matter. In the event that the Chairperson of the Committee, or the Chairperson of the Board, concurs that a potential or actual conflict of interest exists, and the Committee would not have the necessary quorum as a result, an independent substitute Board Director shall be appointed as a member of the Audit and Risk Committee until the matter, posing the potential or actual conflict of interest, is resolved.

## **VIII. CONFIDENTIALITY**

Unless otherwise provided for by law, the Directors, the Secretary of the Board, the members of the Executive Committee and all other persons who attend the meetings of the Board and of its Committees must observe the confidentiality of its deliberations and votes, except with regard to reporting obligations as provided for by applicable law and regulations. Furthermore, such persons may not render public any confidential information.

## **IX. OTHER AUTHORITY**

The Audit and Risk Committee may request the external and internal auditors or other experts to perform specific tasks or investigations relating to this charter and to report back to the Committee on the execution of such tasks and investigations.

The Audit and Risk Committee is authorized to confer with Company management and other employees to the extent it is necessary or appropriate to fulfil its duties. The Audit and Risk Committee is also authorized to seek outside advice to the extent it is necessary or appropriate.

It will keep the Chief Executive Officer and the Board advised as to the nature and extent of these tasks, investigations, conferences and requests for advice.