



## **SES Remuneration Report 2019**

as approved by the shareholders in the AGM on 2 April 2020

*The current remuneration report describes the remuneration of both the Board of Directors and of the Executive Committee. It has been drafted following the adoption of the Luxembourg Shareholder Rights Law of 1 August 2019 and complies with the Company's Remuneration Policy that has been approved by the Board and which will be submitted to the shareholders for approval on 2 April 2020.*

## **REMUNERATION REPORT**

### **Directors Remuneration**

The annual general meeting of shareholders has approved the remuneration of the Members of the Board of Directors by approving a resolution that has been submitted by the Board of Directors on an annual basis.

In 2019, the shareholders decided to maintain the fees paid to the directors at the previous year's level with a majority of 99.983%. The fees paid to the Board have not been increased since 2008, except for the fees paid to the members of the Audit and Risk Committee which were increased in 2015.

Directors each receive a fixed fee of EUR 40,000 per year, whereas each of the Vice Chairs receives an annual fixed fee of EUR 48,000 and the Chair receives a fee of EUR 100,000 per year.

A director who chairs one of the committees set up by the Board, if not the Chair of the Board of Directors, receives an additional remuneration of EUR 8,000 per year. A director who chairs the Audit and Risk Committee, if not the Chair of the Board of Directors, receives an additional remuneration of EUR 9,600 per year.

The shareholders also maintained the fees at EUR 1,600 for each Board or Board Committee meeting, except for the meetings of the Audit and Risk Committee for which directors receive EUR 1,920 per meeting. A director participating in more than one committee meeting on the same day will receive the attendance fee for one meeting only.

Half of the attendance fee is paid if the director participates in the meeting via telephone or videoconference. All of these fees are net of any Luxembourg withholding taxes.

The total net remuneration fees paid in the year 2019 to the members of the Board of Directors amounted to EUR 922,880 of which EUR 250,880 was paid as variable fees, with the remaining EUR 672,000 representing the fixed part of the Board fees. The gross overall figure for the year 2019 was EUR 1,153,600.



These amounts cover the fees paid for Board meetings, meetings of the Board Committees described in the table below, as well as meetings of the Chairman's Office. The amounts relate to the Board fees actually paid during the year 2019.

During 2019, the Board and the Committees of the Board were composed as follows:

Romain Bausch, Chair  
 Tsega Gebreyes, Vice-Chair from April  
 Anne-Catherine Ries, Vice-Chair from April  
 Serge Allegrezza  
 Victor Casier  
 Hadelin de Liedekerke Beaufort  
 Conny Kullman (until June)  
 Ramu Potarazu  
 Kaj-Erik Relander  
 Jean-Paul Senninger (replaced from June by Marc Serres)  
 François Tesch (Vice-Chair until April)  
 Françoise Thoma  
 Katrin Wehr-Seiter  
 Jean-Paul Zens (replaced from April as Vice Chair by Anne-Catherine Ries and from June as Director by Paul Konsbruck)

	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Strategy and Investment Committee
Chair	Marc Beuls (until 3 April)	Jean-Paul Zens (until 3 April)	Conny Kullman (until mid-June)	Steve Collar
	Katrin Wehr-Seiter (from June)	Anne-Catherine Ries (from June)	Françoise Thoma (from mid-June)	
Members	Serge Allegrezza	Romain Bausch	Serge Allegrezza (from June)	Romain Bausch
	Victor Casier	Tsega Gebreyes	Romain Bausch	Ramu Potarazu
	Ramu Potarazu (from 4 April)	Conny Kullman (until June)	Tsega Gebreyes	Anne-Catherine Ries
	Kaj-Erik Relander	Kaj-Erik Relander (from June)	Hadelin de Liedekerke Beaufort	Kaj-Erik Relander
	Françoise Thoma	François Tesch	Françoise Thoma	Katrin Wehr-Seiter
	Katrin Wehr-Seiter	Françoise Thoma	Jean-Paul Zens (until June)	
			Ramu Potarazu	
Number of Meetings in 2019	4	8	5	3



The above data resulted in the following gross payments in 2019:

Chair	EUR 154,000
Vice-Chair	from EUR 85,000 to EUR 94,400
Director	from EUR 64,400 to EUR 86,600

## REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee, based on a delegation from the Board of Directors. It is regularly benchmarked against peer companies, in particular regarding the elements composing the remuneration. More details on these elements can be found on the Company's website [www.ses.com](http://www.ses.com) where a copy of the Remuneration Policy can be found.

The remuneration of the Executive Committee members comprises two major components: (i) the compensation package, composed of the yearly base salary, an annual bonus and long-term equity (LTE), and (ii) a benefits package which is aligned with local practices.

The average to highest compensation ratio (comprising annual base salary, bonus and equity at target) for all employees at the level of SES S.A. is 1 to 12, which is well below market benchmarks and ratios that can be observed in CAC 40 or FTSE 100 companies.

The amounts indicated below relate to the remuneration of ten Executive Committee members, eight of which were members of the Executive Committee for the full year 2019.

These are:

Chief Executive Officer	Steve Collar
Chief Strategy and Development Officer	Christophe De Hauwer
CEO SES Video	Ferdinand Kayser
CEO SES Networks	John-Paul Hemingway
Chief Legal Officer	John Purvis
Chief Human Resources Officer	Evie Roos
Chief Technology Officer	Ruy Pinto
Chief Services Officer	John Baughn



Andrew Browne, Chief Financial Officer, left the Company in November 2019. Martin Halliwell, Strategic Advisor to the CEO, retired in May 2019.

The yearly **base salary** is reviewed annually by the Remuneration Committee. For any new nomination, it is set based on external benchmarks, thereby considering employment conditions at the time of the offer.

For 2019 the total amount of base salaries paid to the members of the Executive Committee was EUR 3,812,112.32.

Each member of the Executive Committee is entitled to two years of base salary in case his or her contract is terminated without cause. A member of the Executive Committee who resigns is not entitled to any compensation. In 2019 no additional indemnities were paid for the departing Executive Committee members.

The main objective of the **annual bonus** plan is to create a performance reward scheme that links annual variable compensation to the company's financial results and the individual's performance. The annual bonus of members of the Executive Committee is composed of two parts, each accounting for 50% of the bonus: (i) the financial performance of the Company; and (ii) the individual performance. The latter is split in two equal parts: (i) achievement against individual objectives; and (ii) a discretionary part solely determined by the Remuneration Committee.

The financial performance measures actual achievement vs. budget for three elements, most important of which is group EBITDA (accounting for 60%), complemented by net profit (20%) and net operating cash flow (20%). CEOs of SES Networks and SES Video are also measured on the financial performance vs. budget of their respective business units. All budget targets are set by the Board of Directors during the annual budget process.

The individual business objectives are set at the beginning of the year by the Remuneration Committee. At year-end, the Remuneration Committee assesses in detail the performance of the Executive Committee to determine the target achievement.

In 2019 the total annual bonus paid to members of the Executive Committee was EUR 2,806,120.82.

The third element of the compensation package relates to the **long-term equity** granted by the Company. The plan, managed by the Remuneration Committee, permits the grant of three equity types: (i) stock options; (ii) restricted shares; and (iii) performance shares. The



total grant value is divided into one-third of stock options, one-sixth of restricted shares, and one half of performance shares.

The stock option is a standard call option with a maturity of 10 years. The final strike price is determined as the fair market value with an average of 15 days closing prices at the Paris stock exchange after the numbers of options have been determined by the Remuneration Committee. The vesting period is over four years with a yearly vesting of 25% on 1 January of each year following the grant.

The Restricted Shares are FDRs granted to the executives with the sole condition that, at vesting, the executive must be employed by SES. The Restricted Shares vest on 1 June of the third year following the year of their grant. Performance Shares are FDRs granted to the executives with two additional vesting conditions. Those conditions reflect two performance criteria that must be fulfilled:

1. The compounded three years adjusted Economic Value Add (adjusted EVA) must be positive; and
2. Over the three-year vesting period, the personal objectives must be met and can only be one year slightly below expectations.

During 2019, and applicable from 2020 onward, the Board amended the Equity Based Compensation Plan based on a recommendation from the Remuneration Committee to adjust the first of the two performance criteria, by replacing the binary vesting condition with a linear ratchet table which will determine the proportion of performance shares that will vest (minimum 50% for a three year compounded adjusted EVA at or below EUR 400 million negative and maximum 100% payout if the metric is positive).

The adjusted EVA used for remuneration purposes has the Invested Capital reduced for the assets under construction to ensure focus of management on long-term investments.

During 2019, the members of the Executive Committee were awarded a combined total of 729,309 options to acquire company FDRs at an exercise price of EUR 15.005 as well as 36,744 restricted shares as part of the company's long-term incentive plan and 110,232 performance shares.

The performance and restricted shares granted in 2016, as well as stock options exercised in 2019, amounted to EUR 1,906,791.32.

When exercising their vested stock options and their vested shares, the executives must do this in accordance with the SES Dealing Code (including i) requiring prior authorization from



the Corporate Secretary and/or Chief Financial Officer, and ii) providing selling orders outside of a closed period).

During 2019, Ferdinand Kayser, Christophe De Hauwer, John Purvis and Ruy Pinto sold some or all of the restricted and performance shares that vested on 1 June 2019. Ferdinand Kayser and John Baughn exercised some of their stock options and sold the corresponding shares while Steve Collar, John Baughn, Evie Roos, John-Paul Hemingway and John Purvis bought additional shares during 2019. Christophe De Hauwer sold some of his shares during the year.

As for the members of the Board, all of these transactions by members of the Executive Committee are reported on the SES website:

<https://www.ses.com/investors/shareholder-information/shares/management-disclosures>.

As for the benefits provided to members of the Executive Committee, they are aligned with local practices. For 2019, the total benefits and other remuneration elements paid by the company were EUR 2,293,371.99 and include pensions, health care plans, social security, death and disability insurance.