

CORPORATE GOVERNANCE

SHAREHOLDER STRUCTURE

SES has been listed on the Luxembourg Stock Exchange since 1998 and on the Euronext Paris Stock Exchange since 2004.

Shareholder Structure as of 3 February 2020

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SES Shareholders ¹	Number of Shares	% Voting Shareholding	% Economic Participation
A Shares			
Nouvelle Santander Telecommunications S.A.	6,500,000	1.13%	1.41%
Kerla S. à r.l.	2,600,000	0.45%	0.57%
Other Shareholders	941,238	0.16%	0.20%
FDRs (free float)	373,416,362	64.92%	81.15%
Total A Shares	383,457,600	66.67%²	83.33%²
B Shares			
BCEE	62,572,893	10.88%	5.44%
SNCI	62,565,085	10.88%	5.44%
Etat du Grand-Duché de Luxembourg	66,590,822	11.58%	5.79%
Total B Shares	191,728,800	33.33%²	16.67%
Total Shares (Actual)	575,186,400		
Total Shares (Economic)	460,149,120		

¹ Significant shareholdings as of 3 February 2020 (Most recent available data); shareholder structure is updated regularly at [link to website](#)

² All figures have been rounded up to the second decimal, which may result in a rounding difference of the total percentage for A and B-shares.

The Company has issued two classes of shares: A-shares and B-shares. Each share is entitled to one vote. However, one B-share carries 40% of the economic rights of an A-share.

The ratio of A-shares to B-shares must be maintained at 2:1 as required by the Articles of Incorporation.

A-SHARES

A-shares are defined as shares held by private and institutional investors.

The listed security is the Fiduciary Depositary Receipt ("FDR"), listed on the Luxembourg and Euronext Paris Stock Exchanges. Each of these is backed by one A-share and has all the rights attached to that share, except the right of attending General Meetings of shareholders.

In order to attend a General Meeting, at least one registered share must be held. Voting rights may be exercised by notifying the Fiduciary (Banque et Caisse d'Epargne de l'Etat) of the voting intention.

B-SHARES

The State of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state-owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's B-shares. A B-share has 40% of the economic rights of an A-share or, in case the company is dissolved, is entitled to 40% of the net liquidation proceeds paid to A-shareholders. The B-shares are not listed on any exchange and do not back a tradable security.

RESTRICTIONS ON OWNERSHIP

No A-shareholder may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless he has obtained prior approval from the meeting of shareholders in accordance with the procedure described here below. Such limit shall be calculated by taking into account all the shares held by the A-shareholder.

A shareholder or a potential shareholder who envisages to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company (a 'demanding party') must inform the Chairperson of the Board of the company of such intention.

The Chairperson of the Board will inform the government of Luxembourg of the envisaged acquisition. The government may oppose the acquisition within three months from such information if it determines that such acquisition would be against the general public interest.

In case of no opposition from the government of Luxembourg, 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 10 August 1915, as amended, regarding commercial companies, to authorize the demanding party to acquire more than 20%, 33% or 50% of the shares. If the demanding party is a shareholder of the company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

INFORMATION EXCHANGE IN REGARD TO CORPORATE GOVERNANCE

The company communicates transparently with its shareholders via the [corporate governance section](#) of its website and through the dedicated e-mail address shareholders@ses.com. In line with Luxembourg law, the company allows shareholders to receive all corporate documentation, including the documents for shareholder meetings, in electronic format.

In this context, the SES website contains a regularly updated stream of information, such as the latest version of the company's main governance documents, including the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) and the separate sections on the composition and the mission of the Board, the Board's committees and the Executive Committee¹.

The SES website also contains the SES Code of Conduct and Ethics, the SES Dealing Code, the financial calendar and any other information that may be of interest to the company's shareholders.

INVESTOR RELATIONS

SES' dedicated Investor Relations function reports to the Chief Financial Officer and works closely with the 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 SLT.

The Head of 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 Chief Legal Officer to ensure that the group's external communications are compliant with all applicable legal and regulatory requirements.

The SES Investor Relations team will be pleased to assist you with any questions you may have in relation to SES. Further, the [SES IR Website](#) contains information on all recent financials, analyst coverage, financial calendar and company news and is updated on a regular basis.

¹ The Executive Committee is internally called the Senior Leadership Team (SLT). Therefore, going forward the term SLT will be used instead of Executive Committee.

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

The company follows the 'Ten Principles of Corporate Governance' adopted by the [Luxembourg Stock Exchange](#) (its home market), as revised in 2017.

SES also complies with the governance rules for companies listed in Paris, where the majority of the trading in SES FDRs takes place. In the instance of conflicting compliance requirements, SES follows the rules of the home market.

SES meets all the recommendations made by the 'Ten Principles' except with regard to Recommendation 3.9, which states that 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](#). After each meeting of the Remuneration Committee, its Chairman reports to the Board about the latest Remuneration Committee discussions and decisions.

ORGANISATION PRINCIPLES

Created on 16 March 2001 under the name of SES GLOBAL, SES was incorporated in Luxembourg. On 9 November 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 at such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided over by the Chairperson of the Board or, in his absence, by one of the Vice Chairperson of the Board or, in their absence, by any other person appointed by the meeting. Any shareholder who is recorded in the company's shareholder register 14 business days before the meeting is authorised to attend and to vote at the meeting. An A-shareholder may act at any meeting by appointing a proxy (who does not need to be an A-shareholder).

The annual general meeting ('AGM') is held on the first Thursday in April at 10:30 am CET. 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 A-share. If a holder of FDRs wishes to attend the annual general meeting of shareholders in person, that shareholder will need 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 international press. 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 and on the fiduciary'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. One or more shareholders owning together at least 5% of the shares of SES have the right to add items on the agenda of the AGM and may deposit draft resolutions regarding items listed in the agenda or proposed to be added to the agenda. This request will need to be made in writing (via mail or e-mail) and received no later than the twenty-second day preceding the AGM and will need to include a justification or draft resolution to be adopted at the AGM. The written request must include a contact address to which the company can confirm receipt within 48 hours from the receipt of the request.

No later than fifteen days preceding the AGM, the company will then publish a revised agenda.

The meeting may deliberate validly only if at least half of the A-shares and at least half of the B-shares 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 mostly held in French, but an English translation is provided by the company. Interventions in English will be translated into French. A French version of the AGM minutes and the results of the shareholders' votes will be published on the SES website within 15 days after the annual general meeting.

With the exception of the procedure described above regarding whenever an 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.

In 2019, the AGM was held on 4 April. The AGM was attended by 98.79% of the company's shareholders, excluding the 5,486,094 FDRs held by the company. The detailed results of the shareholders' votes are available on the [company's website](#).



BOARD OF DIRECTORS & COMMITTEES

The Board of Directors is responsible for:

- Defining the company's strategic objectives as well as its overall corporate plan;
- Approval, upon proposal from the Senior Leadership Team 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; and
- Approval of major investments and responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Senior Leadership Team (SLT) in accordance with the company's internal regulations.

As of 31 December 2019, the Board was comprised of 13 members of which 6 were considered independent.

In September 2019, the Board agreed to limit the maximum board tenure to 12 years. Therefore, from the AGM 2020 onwards, the Board will be comprised of 12 members of which 8 are considered independent.

From left to right:

Back row: **François Tesch, Katrin Wehr-Seiter, Serge Allegrezza, Françoise Thoma, Kaj-Erik Relander, Romain Bausch**

Front row: **Paul Konsbruck, Tsega Gebreyes, Ramu Potarazu, Anne-Catherine Ries**

Not pictured:

Victor Casier, Hadelin de Liedekerke Beaufort, Marc Serres

MEMBERS OF THE BOARD AS OF 31 DECEMBER 2019

Romain Bausch (Chairman of the Board)

- Director since 4th of April 2013.
- Following a career in the Luxembourg civil service (Ministry of Finance) where he occupied key positions in the banking, media and telecommunications sectors including a five-year term as a Director and Vice Chairman of SES, Mr. Bausch has been President and CEO of the Company from May 1995 to April 2014.
- Chairman of the Board of Directors of SES and a Director of SES ASTRA.
- Member of the Boards of Directors of Aperam, Banque Raiffeisen Société Coopérative, Compagnie Financière La Luxembourgeoise and the Luxembourg Future Fund, as well as the Chairman of the CNFP (Conseil National des Finances Publiques) of Luxembourg.
- Graduated with a degree in economics from the University of Nancy also holding an honorary doctorate from the Sacred Heart University in Luxembourg.
- Mr. Bausch is a Luxembourg national. He is an independent director.

Tsega Gebreyes (Vice-Chairperson of the Board)

- Director since 4th of April 2013.
- Founding Director of Satya Capital Limited and Director of Sonae.
- Previously, she served as Chief Business Development and Strategy Officer of Celtel International BV and Senior Advisor to Zain and was Founding Partner of the New Africa Opportunity Fund, LLP working with Mc Kinsey and Citicorp.
- Senior Advisor to TPG Growth.
- Graduated with a double major in Economics and International Studies from Rhodes College and an M.B.A. from Harvard Business School.
- Mrs Gebreyes is an Ethiopian national. She is an independent director.

Anne-Catherine Ries (Vice-Chairperson of the Board and Chairperson of the Nomination Committee)

- Director since 1 January 2015.
- First Advisor to the Prime Minister and Minister for Media and Telecommunications in Luxembourg being in charge of media, telecom and digital policy, and Member of the Board of Directors of POST Luxembourg.
- She holds a law degree from the Université de Paris II and the University of Oxford and a postgraduate LL.M degree with honours from the London School of Economics, where she specialised in Telecommunications, Information Technology and European Competition Law.
- After starting her professional career in a law firm in Paris, she joined the Permanent Representation of Luxembourg to the EU in Brussels.
- Over the last 15 years, her focus has been on attracting and developing tech companies in Luxembourg.
- Mrs Ries is a Luxembourg and French national. She is not an independent director because she represents an important shareholder.

Serge Allegrezza

- Director since 11th of February 2010.
- Since 2013, he is the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies,
- 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.
- Chairman of the Board of Directors of POST Luxembourg and of the Board of LuxTrust i.n.c and former president of the Conseil Economique et Social.
- Prior, he was a part-time lecturer at the IAE / University of Nancy 2, has a Master in economics and a PhD. in applied economics.
- Mr Allegrezza is a Luxembourg national. He is not an independent director because he represents an important shareholder.

Victor Casier

- Director since 7th of April 2016.
- Member of the Executive Committee of Sofina S.A. and a board member of various companies within Sofina's portfolio, including Veepee, Drylock Technologies and Wynd.
- Prior to joining, he worked for Roland Berger Strategy Consultants, Transwide Ltd and Banco Urquijo
- Holds an MBA from the University in Chicago, a Master in Business Engineering (Ingénieur de Gestion) from the Université Catholique de Louvain and a certificate from the INSEAD International Directors Programme (IDP).
- Mr Casier is a Belgian national. He is an independent director.

Hadelin de Liedekerke Beaufort

- Director since 17th of April 2000; will leave the board of directors at the AGM in 2020
- Director of Santander Telecommunications and director of other private companies with interests in various fields such as financial and real estate developments.
- Graduated from the Ecole Hôtelière de Lausanne.
- Mr de Liedekerke Beaufort is a French national. He is not an independent director because he has been a director for more than 12 years.

Paul Konsbruck

- Director since 13th of June 2019.
- Chief of Staff to the Prime Minister and Minister for Media and Communications in Luxembourg.
- Director of ENCEVO SA and is the government commissioner to CLT-UFA / RTL Luxembourg.
- After starting his professional career as Journalist and News Presenter at RTL, he became Editor in Chief at Eldorado.
- In 2014, he entered the public service as communications adviser to the Luxembourg government and was named Chief of Staff and First Government Councillor at the Ministry of State on 1 January 2016.

1 OUR COMPANY

- Holds a master's degree in Literature and Linguistics from the University of Heidelberg, and participated in the Senior Executive Fellow Programme at the Harvard Kennedy School.
- Mr. Konsbruck is a Luxembourg national. He is not an independent director because he represents an important shareholder.

Ramu Potarazu

- Director since 20th of February 2014.
- CEO of Binary Fountain and Founder and former CEO of Vubiquity.
- 15 years of experience in various positions at Intelsat (1991-2006): He became Intelsat's Vice President of Operations and CIO in 1996, Vice President, Commercial Restructuring in 2000, President of Intelsat Global Service Corporation in 2001 and from 2002 to 2006 he was President and Chief Operating Officer of Intelsat Ltd.
- Graduated with a BS in Computer Science and in Mathematics from the Oklahoma Christian University also holding a MSc in Electrical Engineering from the John Hopkins University and member of the Stanford Executive Program.
- Mr Potarazu is a US national. He is an independent director.

Kaj-Erik Relander

- Director since 6th of April 2017.
- Senior Independent Advisor of Mubadala Development Company.
- Chairman of the Investment Committee at the private equity fund Apis.pe and a board director of Starzplay Arabia and Emirates Integrated Telecommunications Company PJSC in Dubai.
- Prior to joining Sonera Corporation where he held several management positions, including the position of CEO, he used to work for the Finnish National Fund for Research and Development. He left Sonera in 2001 to join Accel Partners, a private equity and venture capital group before joining the Emirates Investment Authority in 2009 where he was a member of its Investment and Management Committees.

2 OPERATIONAL AND STRATEGIC REPORT

3 CONSOLIDATED FINANCIAL STATEMENTS

- Graduated from the Helsinki School of Economics with an MSC in Economics and also holds an MBA from the Helsinki School of Economics having completed part of it at the Wharton School, University of Pennsylvania (USA), and studied also for a PhD at the Wharton School and the Aalto University, Helsinki.
- Mr Relander is a Finnish national. He is an independent director.

Marc Serres

- Director since 13th of June 2019.
- CEO of the Luxembourg Space Agency and Vice-Chairman of the Council of the European Space Agency and a Member of the International Academy of Astronautics.
- Previously, served as Director of Space Affairs at the Ministry of the Economy and as coordinator of the relations with the European Space Agency at the Ministry of Higher Education and Research.
- Prior to working for the Luxembourg Government, Mr Serres held several engineering positions at Hitec SA.
- He is an electrical engineer and holds a PhD in optoelectronics from the Université Catholique de Louvain.
- Mr Serres is a Luxembourg national. He is not an independent director because he represents an important shareholder.

François Tesch

- Director since 15th of April 1999; will leave the board of directors at the AGM in 2020
- Executive Chairman of Luxempart S.A. and Chairman of the Board of Foyer S.A., of Wealins S.A., and of Financière de Tubize S.A. and Vice-Chairman of CapitalatWork Foyer Group.
- Graduated with a degree in economics from the Faculté d'Aix en Provence and holds an M.B.A. from INSEAD (Institut Européen d'Administration des Affaires).
- Mr Tesch is a Luxembourg national. He is not an independent director because he has been a director for more than 12 years.

4 SES S.A. ANNUAL ACCOUNTS

Françoise Thoma (Chairperson of the Remuneration Committee)

- Director since 16th of June 2016.
- President and Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, and a member of the Boards of Directors of Cargolux International Airlines S.A. Luxair S.A., the Luxembourg Stock Exchange and of Enovos Luxembourg S.A.
- She was a member of the Luxembourg Council of State from 2000-2015 and holds a PhD in Law from the Université de Paris II Panthéon-Assas and an LL.M. from Harvard Law School.
- Ms Thoma is a Luxembourg national. She is not an independent director because she represents an important shareholder.

Katrin Wehr-Seiter (Chairperson of the Audit and Risk Committee)

- Director since 1st of January 2015.
- Managing Director of BIP Investment Partners SA, Managing Director/Partner of BIP Capital Partners SA and director of Bellevue Group and several non-listed corporations.
- Prior to joining BIP, she served as a Principal at global investment firm Permira and worked also as an independent strategy consultant as well as a Senior Advisor to international private equity group Bridgepoint.
- She started her professional career at Siemens AG where she held various positions in strategy consulting and engineering.
- Holds an MBA from INSEAD and an MSc in Mechanical Engineering from the Technical University of Chemnitz.
- Mrs Wehr-Seiter is a German national. She is an independent director.

5 ADDITIONAL INFORMATION

Frank Esser

- Director since 11 February 2020
- Vice Chair of Swisscom and Director of Interxion Holding
- Former Chairman and CEO of SFR, the leading private French Telecom Operator and also served as Board Member of Vivendi Group
- Prior to SFR, he held several managerial positions with Mannesmann Group
- Holds both a PhD in Managerial Economics and an MS in Economics from the University of Cologne.
- He is a German national and an independent director.

Béatrice de Clermont-Tonnerre

- Proposed Director to be elected in the AGM on 2 April 2020
- Member of the Board of Directors of Grupo Prisa and Klépierre and Senior Advisor to Kayrros
- Former Director, AI Partnerships of Google, having left Google in Q3 2019 after six years
- Prior to Google she held various positions in Group Lagardère including Senior VP Business Development and has worked in Canal Plus and Radio France Internationale
- Holds a Master degree in Politics and Economics from the Institut d'Etudes Politiques in Paris and an MBA from ESSEC Business School in France.
- She is a French national and would be an independent director.

Peter van Bommel

- Proposed Director to be elected in the AGM on 2 April 2020
- Chief Financial Officer and member of the Board of Management of ASM international and Board member of ASM Pacific Technology, Neways Electronics International, Bernhoven Foundation and the Amsterdam Business School (Chair of EMFC Curatorium)
- More than 20 years of experience in electronics and semiconductor industry
- Spent most of his career at Philips where he joined in 1979
- Director of KPN from 2012 to 2020
- Holds an MSc in Economics from Erasmus University in Rotterdam
- He is a Dutch national and would be an independent director.

MISSION AND COMPOSITION

At the annual general meeting in April 2019, the shareholders decided to reduce the Board to 14 members. Following the decision by Conny Kullman to resign from his mandate in June, the Board of SES has been composed, as of 31 December 2019, of 13 non-executive directors, four of them female.

In accordance with the company's articles of association, two-thirds of the board members represent the holders of A-shares and one-third of the board members represent the holders of B-shares.

The mandates of the current directors will expire at the annual general meeting of shareholders in April 2020, 2021 and 2022, respectively.

In the event of a vacancy on 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.

Following the resignation of Jean-Paul Zens and Jean-Paul Senninger effective June 2019, the SES Board co-opted Paul Konsbruck and Marc Serres in the same meeting.

In its September meeting, the Board decided to amend the internal regulations and to limit the maximum tenure to 12 years, a period after which Directors could previously continue, but were no longer considered independent. In light of the new rules, the two directors who have served on the Board for longer (François Tesch and Hadelin de Liedekerke Beaufort) will leave the Board at the 2020 Annual General Meeting. Until then, the Company does not consider them to be independent.

In accordance with internal regulations adopted by the Board, at least one-third of the board members must be independent directors. A board member is considered independent if he or she has no relationship of any kind with the company or management that may impact his or her judgment.

Independence for these purposes is defined as:

1. not having been an employee or officer of the company over the previous five years;
2. not having had a material business relationship with the company over the last three years; and
3. not representing a significant shareholder holding more than 5% of the voting shares directly or indirectly.

As of 31 December 2019, six of the board members are considered independent: Tsega Gebreyes, Katrin Wehr-Seiter, Romain Bausch, Victor Casier, Ramu Potarazu and Kaj-Erik Relander.

Five of the current directors are not considered independent as they represent a significant shareholder owning more than 5% of the company's shares. In its September meeting, the Board decided to amend the internal regulations and to limit the maximum tenure to 12 years, a period after which Directors could previously continue, but were no longer considered independent. In light of the new rules, the two directors who have set on the Board for longer (François Tesch and Hadelin de Liedekerke Beaufort) will leave the Board at the 2020 annual general meeting. Until then, the Company does not consider them to be independent.

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

In the context of the Board composition, the SES Nomination Committee will consider a diverse Board as adding value to the company, not limiting diversity to gender diversity, but also considering, as far as possible, professional background, experience and age diversity. The candidates should present most of the following competencies: (i) balanced international experience; (ii) satellite communication industry knowledge; (iii) non-satellite communication industry knowledge; (iv) video and data-centric products knowledge; (v) financial expertise (for Audit and Risk Committee); (vi) legal, regulatory and compliance expertise (for Audit and Risk Committee); (vii) HR expertise (for Remuneration and Nomination Committees); and (viii) experience in running a business amidst a changing business environment.

RULES OF GOVERNANCE

The Board of Directors meets when required by the company's business, and at least once per 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 the votes of the voting directors present or represented, not considering abstentions. The Chairman does not have a casting vote.

Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning at least 5% of the shares of the company, directly or indirectly, is subject to a prior authorisation by the Board.

In 2019, the sole two transactions between the company and a shareholder owning at least 5% of the company's shares directly or indirectly related to the Company's investment in the Luxembourg Space fund and the renewal of the concession agreement between SES Astra (a direct subsidiary of SES S.A.) and the Luxembourg State. According to applicable conflict of interest rules, the relevant B-Directors did not participate in the discussion nor in the vote of these topics.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2019

The Board of Directors held six meetings in 2019, with an attendance rate of more than 97.5% as well as one Board call. After endorsement by the Audit and Risk Committee, the Board approved the 2018 audited accounts, including the proposed dividend, as well as the financial results for the first half of 2019. During the year, and after an internal evaluation led by the Chairman at the end of 2018, the Board used the services of an outside firm for an external review of its governance with the overall objective to improve the efficiency of the Board and of its Committees. These initiatives have led to several adaptations of the corporate governance framework, in particular through the creation of a Strategy and Investment Committee that provides support to the Board and to Management on strategic matters and acts as a conduit for regular exchange of information between Management and the Board. As a result of the same Board evaluation exercise, each Board meeting now includes on its agenda a restricted session, without the presence of Management.

At its first meeting of the year, the Board approved the final version of the 2019 budget and the 2019-2023 business plan. It also reviewed the Strategic Plan and was briefed on the strategic plan implementation. The Board held a Strategy Day ahead of the June Board meeting. The Board reviewed the remuneration policy and adopted the proposed discontinuation of the existing binary vesting condition for performance shares and its replacement by a linear ratchet table to define the final pay-out for the three-year compounded adjusted EVA.

During 2019, the Board also decided to launch a new share buyback programme, implementing through the filing of a 'notice d'information' on 9 April 2019 a decision taken by the shareholders during the annual general meeting of 4 April 2019. The 2019 programme executed on Euronext Paris was limited to the following two objectives:

1. to operate under the framework of a liquidity contract signed with Rothschild, and
2. to meet the company's obligations under its executive share ownership and stock option plans.

Under this programme, the company is authorised to buy back up to 20 million A-shares and 10 million B-shares at prices between EUR 5 and EUR 25 per A-share and EUR 2 and EUR 10 per B-share.

The Board was regularly updated on the US C-band developments and possible implications for the Company. Further noted updates on the company's risk management report and the Senior Leadership Team (SLT) regularly informed the Board about the group's activities and financial situation. The Board noted updates on: (i) the execution of the Strategic Plan; (ii) the 2019 Business Objectives; (iii) company's approach to ESG; (iv) the Company's launch strategy; (v) the Group's Business Continuity Plans; and (vi) relevant HR matters.

At each meeting, directors receive a report on ongoing matters and the Chairperson of the four 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.

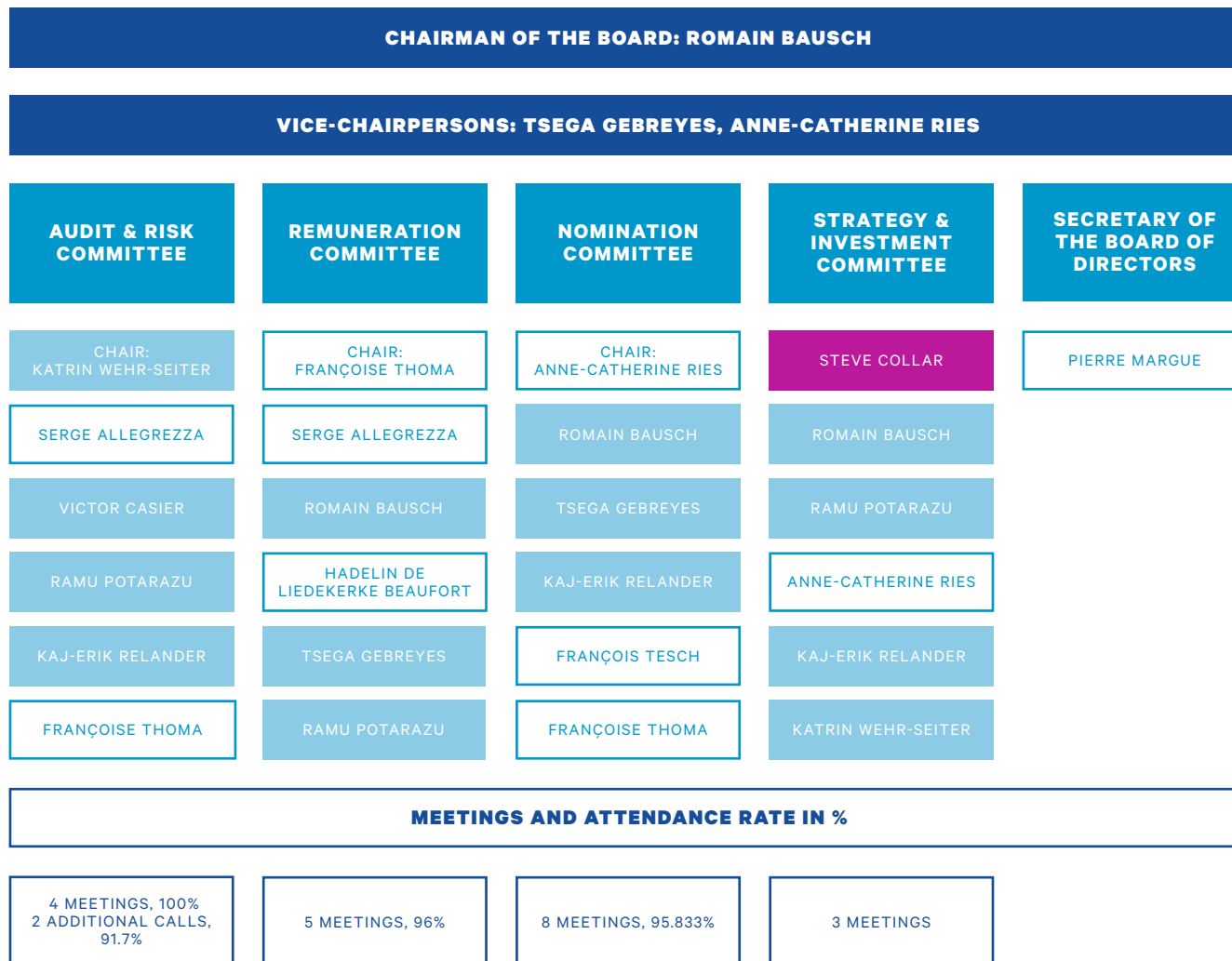
As part of its on-going training, the Board received a presentation by an investment bank on the satellite industry and SES' position in the relevant markets. The Board was also briefed by outside counsel on the role of a Director under Luxembourg corporate law.

BOARD GOVERNANCE STRUCTURE & COMMITTEES

- The Board agenda is prepared in close cooperation between the Chairman and the CEO. The committees consist of six members, at least a third of whom are independent board members in line with SES' internal regulations.
- The Audit and Risk Committee 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. It has an oversight function and provides a link between the internal and external auditors and the Board.
- The Remuneration Committee determines the remuneration of the members of the Senior Leadership Team (SLT) and advises on the overall remuneration policies applied throughout the company. It acts as administrator of the company's long-term equity plans.
- The Nomination Committee identifies and nominates suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. 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. It also identifies and nominates suitable candidates for the Senior Leadership Team (SLT).
- The Strategy and Investment Committee supports Management in planning, preparing and implementing the corporate strategy and the Strategic Plan for approval by the Board as well as in the preparation of any investment or divestment decision for approval by the Board. The Strategy and Investment Committee discusses and reviews important industry and company developments as presented by Management and reviews with Management the implementation of strategic and investment decisions approved by the Board.

Board Structure and Committees

G18



■ Independent ■ CEO

THE AUDIT AND RISK COMMITTEE

- Review of the 2018 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting.
- Review of the H1 2019 financial results of the company. Members had the opportunity to communicate any comments they had on the company's quarterly results through the Chair of the Audit and Risk Committee prior to the publication of these results.
- Review of the company's statement on internal control systems prior to its inclusion in the annual report, 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 2018 PwC Management letter.
- Proposed to the Board and to the shareholders to appoint PwC as external auditor for 2019 and it approved its compensation.
- Received bi-annual updates on risk management from the SES risk management committee and was briefed on ongoing compliance matters.
- Review of WACC parameters for remuneration purposes, customer credit risk and the restructuring of the Finance team. After each meeting, the Board is briefed in writing about the work of the Audit and Risk Committee.

THE REMUNERATION COMMITTEE

- Matters addressed related to the determination of the bonuses and the vesting of performance shares allocated to the members of the SLT for their performance in 2018.
- Adoption of the 2019 corporate objectives, which are used as one element in the determination of their bonuses for 2019 as well as for the 2019 stock option grant.
- Discussions on the replacement of the current binary vesting condition of Performance Shares by a linear ratchet table to define the final pay-out for the three-year compounded adjusted EVA. The proposed change was subsequently adopted by the SES Board.
- Oversaw the implementation of the decision under which the members of the SLT must hold at least the equivalent of an annual salary's worth of registered shares in the company (with the CEO of SES having to hold shares of at least two years' worth of his or her annual salary).

THE NOMINATION COMMITTEE

- Extensive discussion on the size and the composition of the Board.
- Having reviewed the criteria for Board membership and the resulting changes to the Corporate Governance charter, the Nomination Committee closely worked with an outside consultant to find several new directors.
- It also discussed the renewal of existing directors and proposed to the Board a list of candidates for election by the shareholders in April 2020 for a 1-, 2- or 3-year mandate.
- Met with several candidates for the position of Chief Financial Officer and submitted proposal to the Board.
- After each meeting, the Board is briefed in writing about the work of the Nomination Committee.

STRATEGY AND INVESTMENT COMMITTEE

As a result of discussions held by the Board on how to improve the Company's Corporate Governance, the Board decided in April 2019 to create an informal advisory body of the Board to provide support to the Board and to Management on strategic matters and to provide a conduit for regular exchange of information between Management and the Board.



SENIOR LEADERSHIP TEAM (SLT)

The SES Executive Committee is known as the Senior Leadership Team (SLT):

- It is in charge of the daily management of the group.
- It functions as a collegial body.
- It 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 provided that the cost to SES does not exceed EUR 10 million per transaction.
- It informs the Board at its next meeting of each such transaction, it being understood that the aggregate amount for all such transactions can at no time be higher than EUR 30 million. Members of the Senior Leadership Team (SLT) are appointed by the Board of Directors upon a proposal from the Nomination Committee.

From left to right:

Back row: **John Purvis** (Chief Legal Officer), **Ruy Pinto** (Chief Technology Officer), **John-Paul Hemingway** (CEO SES Networks), **Ferdinand Kayser** (CEO SES Video), **John Baughn** (Chief Services Officer)

Front row: **Evie Roos** (Chief Human Resources Officer), **Steve Collar** (CEO), **Christophe De Hauwer** (Chief Strategy and Development Officer)

Steve Collar
(CEO, SES Group), Chairman of the SLT

- Appointed in April 2018.
- Since 2017 he has been CEO of SES Networks.
- Prior to SES, he was CEO of O3b Networks, and has profound experience in several commercial and technical roles at SES WORLD SKIES, New Skies Satellites, Astrium and Matra Marconi Space (now Airbus).
- Holds a degree in Mechanical Engineering from Brunel University in London.
- Mr Collar is a British national.

Ferdinand Kayser
(CEO, SES Video)

- Appointed in April 2017.
- Chairman of the Board of SES ASTRA and a member of the Board of YahLive.
- Having joined SES in 2002 as President and Chief Executive Officer of SES ASTRA he became Chief Commercial Officer of SES in 2011.
- Prior to SES, he has worked in senior roles in media companies such as Premiere Medien GmbH & Co. KG and CLT Multimedia.
- 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 Luxembourg national.

John-Paul Hemingway
(CEO, SES Networks)

- Appointed in April 2018.
- Prior to that, he served as the Executive Vice President, Product, Marketing and Strategy of SES Networks where he led Product Management, Marketing, Business Development and Corporate Strategy.
- Before SES acquired O3b and formed SES Networks, he was Chief Marketing Officer for O3b Networks.
- Prior to that, he held a variety of senior management roles in the networking industry within Ciena, Corning Cables, and Netscient.
- Holds a PhD in Optical Communications and a BSc (Hons) from Manchester Metropolitan University, UK.
- Mr Hemingway is a British national.

Christophe De Hauwer
(Chief Strategy and Development Officer)

- Appointed in August 2015.
- Member of the Board of SES ASTRA.
- Having joined SES in 2003, he held several positions of responsibility in the areas of Strategic Marketing, Strategic and Business Planning and Corporate Development, as well as Fleet Development and Yield Management.
- Prior to joining SES, he worked in the Strategy Consulting practice of the European Telecommunication and Media Industry with Arthur Andersen.
- Holds an Engineering and a PhD Degree from the Université Libre de Bruxelles.
- Mr De Hauwer is a Belgian national.

Ruy Pinto
(Chief Technology Officer)

- Appointed in January 2019.
- Since 2017, he had been the Deputy Technology Officer and took on the additional role of Chief Information Officer (CIO) at SES in 2018.
- Between 1990 to 2016 he was working for Inmarsat where he covered various technical and managerial roles, such as CTO and Group Chief Operations Officer (COO).
- Prior to that he was Chairman of UKSpace, and Director and VP of Space for the Association of Defence, Security and Aerospace Companies (ADS) and Non-Executive Director of the Space Application Catapult.
- Holds a degree in Electronics Engineering and completed post-graduate studies in Digital Telecommunications Systems, both from the Rio de Janeiro Catholic University (PUC-RJ).
- Mr Pinto is a dual British and Brazilian national.

John Baughn
(Chief Services Officer)

- Appointed in January 2019.
- Since 2017, he had been Executive Vice President, Global Services at SES Networks
- He joined SES Networks from O3b Networks, where he led the Global Services team, driving service strategy.
- Between 2008 and 2015, he was VP Global Services at Ciena, and has a vast Telco experience included leadership roles in Motorola
- Holds an MBA from the University of Warwick.
- Mr Baughn is a British national.

Evie Roos
(Chief Human Capital Officer)

- Appointed in February 2017.
- Prior she held the position of Executive Vice-President Human Resources of SES and is a member of the Board of SES ASTRA, as well as an elected member of the Luxembourg Chamber of Commerce.
- Before joining SES, she held various management positions at ArcelorMittal.
- Holds two degrees in Law and European Studies from the University of Leuven in Belgium and the Europa Institut in Saarbrücken in Germany.
- Mrs Roos is a Belgian, Luxembourg and US national.

John Purvis
(Chief Legal Officer)

- Appointed in February 2017.
- Having joined SES in 2001, he served as Executive Vice President & General Counsel of SES since 2007.
- Previously, he had been a lawyer in GE Lighting and Rowe & Maw,
- Qualified solicitor of England & and holds a law degree from Jesus College, Cambridge.
- Mr Purvis is a British national.

Martin Halliwell, previously Chief Technology Officer, became Strategic Advisor to the CEO on 1 January 2019 until his retirement in May.

In October 2019, Andrew Browne stepped down as Chief Financial Officer.

In February 2020, the SES Board of Directors announced the appointment of Sandeep Jalan as Chief Financial Officer of SES. Sandeep, who replaces Andrew Browne following his decision to leave the company in October 2019, will assume his position from May 2020.

RESPONSIBILITIES OF THE SENIOR LEADERSHIP TEAM

The SLT 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 SLT informs the Board at its next meeting of each such increase.

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

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

The CEO organises the work of the SLT 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 CEO informs the Chairman of the Board on a regular basis of the company's activities. The latter receives the minutes of all meetings of the SLT in due time.

INTERNAL CONTROL PROCEDURES

OBJECTIVES AND PRINCIPLES

The Board of Directors has the 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 following objectives in the table below:

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 the Committee of Sponsoring Organisations of the Treadway Commission ('COSO'). 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 has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Senior Leadership Team of SES, which in turn works closely with the other levels of management in establishing control policies and procedures.


Policies and procedures are regularly updated, as appropriate. 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. The policies and procedures apply to all employees and officers of the SES group, and where appropriate, to its directors. The policies and procedures take into account the specificities of each business unit and legal entity and are adapted where necessary to their activity, size, organisation and legal and regulatory environment.

Internal Control Objectives

G20

OBJECTIVES	Compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts
	Safeguarding efficiency and effectiveness of operations and the optimal use of the company's resources
	Correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets
	Integrity and reliability of financial and operational information, both for internal and external use
	Ensuring that management's instructions and directions are properly applied
	Ensuring that material risks are properly identified, assessed, mitigated and reported

A Delegation of Authority Policy is in place and regularly updated providing the rules for the Internal Approval and External Execution that are required to authorise any external commitment of the company.

A group-wide  'Code of Conduct and Ethics' ('the Code') has been in place since 2009. The Code is designed to enable all employees, officers and directors to take a consistent approach to integrity issues and to make sure that SES conducts its business in compliance with all applicable laws and regulations and observes the highest standards of business ethics.

An SES Compliance Committee ('the Committee'), composed of designated Compliance Officers in each main corporate location, is tasked with raising the staff's awareness of the Code and ensures a consistent roll-out and training programme for the Code. The Committee meets regularly to discuss important topics or issues. Reflecting the company's expansion into developing markets, the composition of the Committee includes representatives from SES' offices in Asia, the Middle East and Latin America.

SES has introduced a whistleblowing hotline, managed by a third-party provider, which allows its staff to file any compliance complaints in full confidence.

SES has implemented a comprehensive compliance training programme. Overall nearly 6,000 trainings have been completed by staff on various compliance topics with the major focus of 2019 trainings having been on cybersecurity, anti-bribery & corruption and sanctions & export controls.

To ensure better compliance with data protection laws and regulations, SES appointed a Data Protection Officer in 2014. SES has implemented a variety of measures, has reviewed and updated relevant procedures and processes, and continuously strives to comply with the General Data Protection Regulation (GDPR).

The descriptions of the main SES functions and processes are electronically documented. Given the many ongoing updates and changes in its processes and systems, SES is standardising its process mapping using a common Business Process Management software.

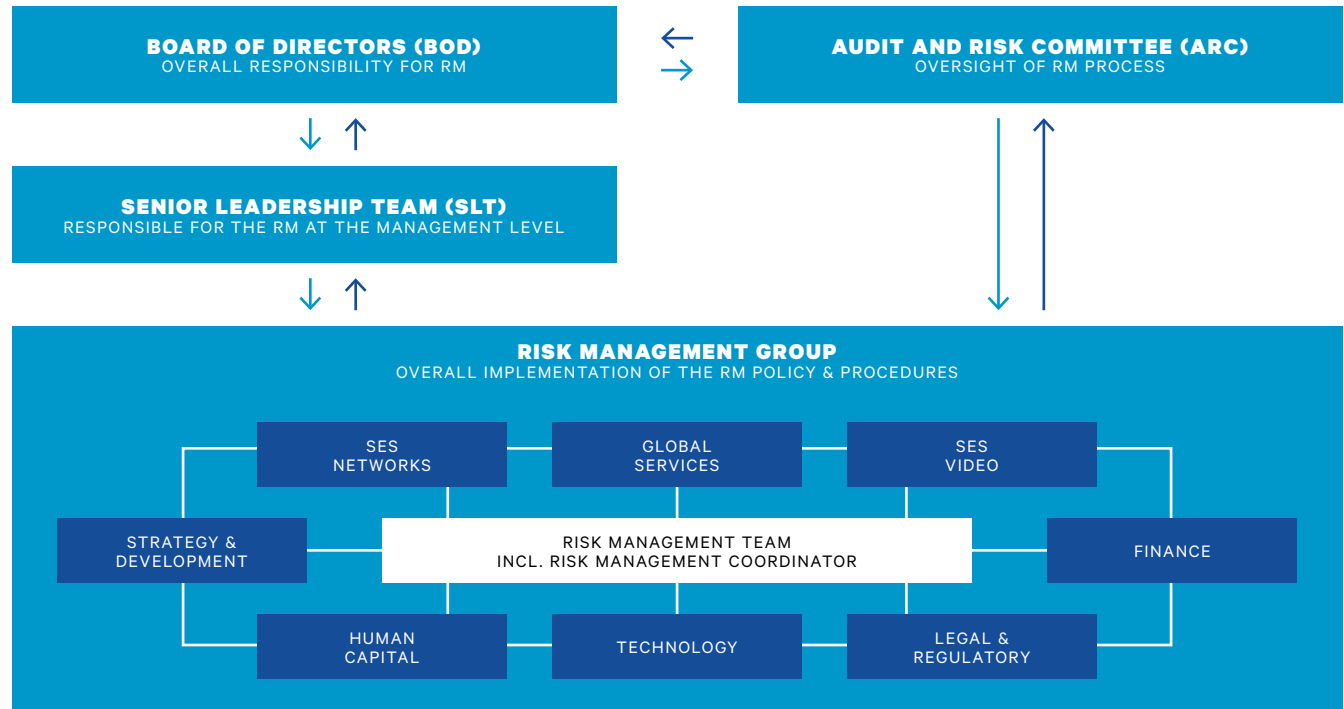
Another key component of the control environment is the coordination of risk management with internal control. Risk management and internal control systems complement each other in controlling the company's activities.

RISK MANAGEMENT

SES adopted a risk management framework based on principles proposed by COSO and ISO31000. A Risk Management Team has been formed, including a Risk Management Coordinator, in order to ensure the adequate reporting of the risks facing SES and an overall implementation of the risk management policy and procedures by the SES Risk Management Group. The coordination of the implementation of the policy and regular preparation of risk management reports is the responsibility of the Risk Management Group that reports to the Senior Leadership Team. The Risk Management Group has replaced

Risk Management Structure

G21



the Risk Management Committee and consists of direct reports of the Senior Leadership Team representing key SES functions. The Senior Leadership Team in turn reports to the Board, which has the ultimate responsibility for oversight of the company's risks and for ensuring that an effective risk management system is in place.

In 2019, the Risk Management Team performed a review of the SES risk management framework and is in the process of aligning it with the current structure of SES, and to ensure substantive risk reporting.

The risk management policy is being reviewed and updated by the Risk Management Team on a regular basis, including common definitions and measures of risk management, and is shared with the various risk owners to ensure that the risk management policy continues to be properly implemented.

Each reported risk is categorised, assessed by the risk owners and reviewed by the Risk Management Group. Key risk developments are periodically reported to the Senior Leadership Team, the Audit and Risk Committee and the Board.

INTERNAL CONTROL ACTIVITIES

Accounting and Financial Reporting

In the area of accounting and financial reporting, the following should be noted:

- Staff involved in the company's accounting and financial reporting are appropriately qualified, trained and are kept up-to-date with relevant changes in International Financial Reporting Standards ('IFRS'). Appropriate accounting and financial reporting policies and procedures are in place, regularly reviewed and updated for business developments and regulatory changes.
- 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. This control framework continues to be both extended (as more entities are brought onto the group's ERP platform) and enhanced through the implementation of additional workflow-based controls and validations.
- Concerning the revenue recognition process, adequate procedures and controls are in place, such as monthly reviews and data validation procedures, to ensure the correct and timely recognition of revenues.
- Risk-based monitoring controls are implemented for key SAP control configurations and transactions.
- The completeness and timely recording of financial information is ensured through regular reviews, the monitoring of specific key performance indicators, validation procedures by functional leaders and, as an additional check, the process of internal and external audit.
- 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 information and oversight. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the company's financial performance in comparison to the approved budget and prior year figures.
- Any material weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed.
- The external auditors perform a limited review of the group's half-year consolidated financial statements and a full audit of the annual consolidated financial statements.

Space Related Insurance

In the area of space related insurance, the following should be noted:

- The vast majority of the launch and in-orbit insurance activities of the group are managed through SES' insurance and reinsurance captive companies based in Luxembourg. Both companies are regulated and managed in accordance with the European Solvency II directive and are therefore subject to strict supervision and governance rules detailed in the companies' governance manuals. The governance structure of the companies is comprised of both companies' Boards of Directors, three committees (Investment, Underwriting and Audit, Compliance & Risk) and four key functions (Risk Management, Compliance, Actuarial and Internal Audit).
- Risk retention levels authorised under launch and in-orbit insurance policies are approved by the SES Board. Placement of new launch insurance policies as well as the placement or renewal of the SES fleet in-orbit insurance policy are approved by the Senior Leadership Team.

Treasury Management

In the area of treasury management, the following should be noted:

- The treasury function uses specific software that helps to ensure the efficiency and control of the implementation of SES' hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of SES' affiliates.
- In order to ensure enhanced security and efficiency of the bank payments process, the company uses a banking payments system allowing for secured authorisation and transfer of payments from the SAP accounting system directly to the bank.
- A clear segregation of duties and assignment of bank mandates between members of SES management, treasury and accounting departments has been implemented.
- In order to streamline the cash management process, SES has centralised the in-house bank into one hub. This in-house banking system is fully integrated and managed in SAP.
- SES may use forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. Such foreign currency risk is predominantly 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.
- Those treasury activities with a significant potential risk, such as financial derivative transactions with external parties and hedging activities, take place within a framework approved by the Board.
- A short treasury report is issued every quarter to the Board as part of the financial reporting.
- To further strengthen these controls, the treasury policy is regularly updated. In addition, a treasury roadmap based on SES' strategic and business plans, is also prepared and presented to the Audit and Risk Committee.

Tax Management

Regarding the internal controls in the area of tax management, the following should be noted:

- The main principles of SES' tax risk management are laid down in the SES Tax Charter. Tax positions are analysed based on the most appropriate authoritative interpretations and reported in internal tax technical memos or tax opinions from external tax consultancy firms. The tax department seeks, where possible, to achieve upfront tax clearances with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the company.
- Current and deferred tax liabilities are recorded in the SES group accounts on the basis of a key control framework that ensures full transparency and understanding of all underlying data and reconciliation between the important sources of information within the tax and accounting departments.
- The transfer pricing documentation is continuously updated and improved underpinning all significant cross-border inter-company transactions in the company through functional and economic analyses including benchmarking studies. SES' transfer pricing documentation includes a master file, local files and annual country-by-country reporting.

Satellite Operations

Regarding the internal controls in the area of satellite operations, the following should be noted:

- SES' Technology Department is responsible for the procurement of satellites and launch vehicles, the procurement and maintenance of satellite-related ground infrastructure and the administration, control and operations of the satellite fleet.
- The operational procedures for satellite control and payload management cover manoeuvres and configuration changes required in nominal situations as well as in the 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. Satellite control software is being used and fully validated electronic procedures for station-keeping and other regular operations are being applied across the entire 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. SES applies industry-standard incident management, escalation and reporting processes to provide effective and timely support to customers.
- The Satellite Contingency and Emergency Response Process reflects the company's current organisational structure.
- LuxGovSat has a highly secured Network Operation Centre ('NOC') on the Betzdorf campus.
- SES has adequate satellite control primary and backup capabilities utilising the European and US-based Satellite Operations Centres ('SOCs'). A SOC was built in Brazil to control the SES-14 satellite, with Betzdorf having the ability to control it.
- For SES Geostationary Earth Orbit ('GEO') located satellites, primary satellite operations in Europe are operated from the technical facility in Betzdorf and primary satellite operations in North America are operated from Princeton. Both SOC's are in a position to take over the operations of the other in an emergency with the fail-over procedure being tested regularly. Satellite engineering and Flight Dynamics tools, applications and documentation required to support satellite operations are available in the Betzdorf and Princeton SOC's and Data Centres. Backup satellite operations are also located in Redu (Belgium) and Woodbine (US). The backup SOC's in Redu and Woodbine are tested twice a year.
- For SES Medium Earth Orbit ('MEO') located satellites (O3b), primary satellite operations are performed from the SOC in Betzdorf and backup satellite operations are performed from the SOC in Manassas (US).
- For SES Infrastructure Redundancy, adequate backup capabilities are implemented.

Information Technology

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

- Management is committed to ensuring that SES' 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 are continuously being reviewed and updated in order to ensure compliance with the GDPR.
- Management is committed to enhancing information security through the established Data Governance and Information Security Committee within SES, comprising representatives from various applicable functions, which reviews practices, policies and procedures in this area.
- As part of continuous organisational improvements, and in line with its commitment to strengthen information and cyber-security, management has rolled out its information security and cyber-security framework across business units. This framework is continuously being aligned with global organisational improvements and security controls and practices within the SES group.
- Electronic information is regularly backed up and copies are stored off-site.
- SES has disaster recovery plans for its business applications. The regular testing of these activities confirms that SES is in a good position to recover all mission critical back-office applications within its recovery time objectives.
- A digital workflow process for managing information technology development projects is in place on a ServiceNow platform. Relevant key performance indicators are reviewed on a weekly basis;
- A service asset and configuration management process and database are in place

INFORMATION AND COMMUNICATION

All SES' main trading operations are included and operated on a common SAP ERP platform, sharing common IT processes and controls.

A comprehensive SAP security policy has been defined and implemented. This ensures that appropriate SAP access management is in place and is continually enhanced. It also leverages off the implemented SAP Governance Risk and Compliance module, which focuses on access and process controls.

The operation of the SAP hosting platform continues to mature in various areas including data privacy, data encryption and intrusion detection as annually confirmed in the Statement on Standards for Attestation Engagements ('SSAE') report provided by the hosting company. A detailed operational handbook is maintained to safeguard the smooth and secure operation of the company's SAP ERP platform. The hosting company operates a state-of-the-art backup data centre to ensure enhanced continuity of the SAP system operations.

Internal communication ensures the effective circulation of information across the organisation 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 and collaboration tools such as the Connect platform are instrumental in sharing information and knowledge throughout the company.

MONITORING ACTIVITIES

Monitoring of business policies and procedures is done in one of two ways:

1. Through continuous assessments
2. Or through a specific analysis.

Continuous assessments are performed by management as routine operations, built into business processes, and are performed on a real-time basis, reacting to changing conditions.

The SES Internal Audit function performs **specific analyses** of the relevance of, and compliance with, company policies and internal control procedures.

The mission of the Internal Audit function is to provide independent and objective 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 with supporting management in identifying, preventing and minimising risks, as well as safeguarding 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 functionally reports to the CEO.

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 plan is prepared in close cooperation with the company's Risk Management Team to dynamically link the audit plan to risks and exposures that may affect the organisation and its operations.

Internal Audit reports its observations and mitigation proposals to management and monitors the implementation of these recommendations. Regular reports are provided to the Senior Leadership Team and to the Audit and Risk Committee summarising Internal Audit's conclusions regarding internal control effectiveness testing and compliance.

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

The proxy structure of the SES Government Solutions Inc. entity, a wholly-owned subsidiary of SES SA, in line with common practice for businesses serving certain segments of the US Government, imposes various restrictions on the Board and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. For further information [» see page 78](#).

The SES Internal Audit function does not perform any direct internal control reviews of this entity in line with those restrictions. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework for SES Government Solutions that is subject to evaluation and testing by a third-party internal audit function.

An adequate reporting process of activities of the third-party audit function to the SES Internal Audit function and the Audit and Risk Committee is in place.

It should be further noted that the group's external auditor is also engaged for the audit of the financial statements of SES Government Solutions.

PRINCIPAL RISKS

Principles of managing risks

SES defines risk as the possibility that a potential event, condition, action or inaction will occur and adversely affect SES' ability to achieve its business objectives.

Risks are categorized as follows:

Risk Map

G22

RISKS RELATING TO PROCUREMENT	RISKS RELATING TO SATELLITES	RISKS RELATING TO INSURANCE	RISKS RELATING TO CUSTOMERS	RISKS RELATING TO THE SATCOMS MARKET	RISKS RELATING TO STRATEGIC DEVELOPMENTS	RISKS RELATING TO LEGAL, CORPORATE, SPECTRUM	RISKS RELATING TO FINANCE
DEPENDENCY ON SATELLITE MANUFACTURER(S) AND / OR SECONDARY SUPPLIER(S)	IN-ORBIT FAILURE(S)	INSURANCE COVERAGE	KEY CUSTOMER LOSS	COMPETITION RISK	EMERGING MARKET RISK	LEGAL RISK	ECONOMIC DOWNTURN RISK
DEPENDENCY ON LAUNCH SERVICE PROVIDER(S)	SHORTENED OPERATIONAL LIFE	INSURANCE AVAILABILITY	CUSTOMER CREDIT	TECHNOLOGY RISK	INVESTMENT RISK	SPECTRUM ACCESS RISK	INVESTMENTS
LAUNCH DELAY(S) AND / OR LAUNCH FAILURE(S)			INHERENT IN INTERNATIONAL BUSINESS			SPECTRUM COORDINATION RISK	CASH-FLOW RISK
			INHERENT IN DOING BUSINESS WITH THE U.S. GOVERNMENT			SPECTRUM USE RISK	CREDIT RATING RISK
						REGULATORY RISK	TAX RISK
						EXPORT CONTROL	ASSET IMPAIRMENT RISK
						SANCTIONS COMPLIANCE RISK	LIQUIDITY RISK
						EXTERNAL THREAT RISK	FOREIGN EXCHANGE RISK
						CYBER RISK	INTEREST RATE RISK
						PEOPLE-RELATED RISK	COUNTERPARTY CREDIT RISK
						UNFORESEEN HIGH IMPACT RISK	

1. RISKS RELATING TO PROCUREMENT

Dependency on satellite manufacturer(s) and / or second-ary supplier(s)

SES is dependent on five 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 procuring new satellites in the event of prolonged problems at one of these secondary suppliers.

SES attempts to mitigate these risks relating to procurement by a constant monitoring of its supplier base, maintaining multiple procurement sources and developing relationships with new suppliers where possible.

Dependency on launch service provider(s)

SES is currently largely dependent on Arianespace (for SES-17) and SpaceX (for mPOWER) 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 these two launch vehicles.

Launch delay(s) and / or launch failure(s)

SES is planning to launch the SES-17 satellite as well as seven O3b mPOWER satellites (on two launch vehicles) during 2021. The launch of these satellites carries a risk of delay for a variety of reasons, including the late availability of the launch service or last-minute technical problems arising on the satellites or the launcher.

A launch delay or failure could have a material negative effect on revenue. 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 adequate time margins in procurement schedules for replacement satellites.

There is always an inherent risk of launch failure, or failure of the satellites during the launch and early operations phase, resulting in a reduced satellite lifetime (in case of incorrect orbit injection or satellite propulsion anomalies during transfer orbit), 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 and asset insurance for each launch.

2. RISKS RELATING TO SATELLITES

In-orbit failure(s)

One or more of SES' satellites may suffer in-orbit failures, ranging from a partial impairment of its 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 some of its customers.

A number of SES' satellites have experienced various technical anomalies either before or during 2019.

Some of SES' satellites experiencing technical anomalies are operating beyond the end of their design lives. These satellites have already completed the primary missions for which they were designed and have been redeployed for secondary missions. Satellites in secondary missions are used for various reasons, such as developing new orbital locations, safeguarding spectrum rights and providing redundant capacity for satellites in their primary missions. These satellites' technical capabilities do not generally need to be fully utilised in operating their secondary missions, which potentially mitigates the effects of further technical failures.

The O3b satellites operate as a constellation in a non-geostationary orbit with each satellite covering a service region as it orbits the equator. Because the satellites are non-geosynchronous, each satellite provides service to all O3b customers over each complete orbit around the Earth. Accordingly, a beam failure could affect all customers using that beam in each region served by O3b, which could affect all customers and require O3b to remove the satellite or beam from commercial operation. This would reduce the number of beams or regions served by the constellation unless a spare satellite could be utilised to replace the failed satellite or beam. Four of the current 20 satellites are used as spares to provide back-up for other satellites in the constellation.

SES attempts to mitigate the risk of in-orbit failure by careful vendor selection and high quality in-orbit operations. SES' fleet is diversified by manufacturer and satellite type, which reduces the likelihood of widespread technical problems. The impacts of such failures on customer service and related revenues may be mitigated by an in-orbit backup strategy, pursuant to which customers on an impaired satellite may possibly be transferred to another satellite in the fleet. In addition, SES has a restoration agreement in place with another satellite operator pursuant to which customers on an impaired geostationary satellite may possibly be transferred to another satellite in that operator's fleet in order to protect continuity of service. For the MEO fleet it is possible to 'pair' satellites to carry traffic following failures or, depending on the anomaly, to rebalance the customer

traffic to provide continuity of service. 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.

Shortened operational life

The design life of SES' geostationary satellites is typically 15 years and the design life of O3b's current satellites is 12 years. In the event of changes in the expected fuel life of the satellite, in-orbit anomalies or other technical factors, its actual life may be shorter than this. This could lead to the satellite being depreciated faster than anticipated and the lifetime revenue generated by the satellite being reduced, diminishing the overall return on investment for the asset.

SES attempts to mitigate the risk of a reduced operational life by careful vendor selection and high quality in-orbit operations.

3. RISKS RELATING TO INSURANCE

Insurance coverage

SES' satellites may be subject to damage or loss from events that might not be covered by insurance policies. SES maintains 1. pre-launch insurance, 2. launch and initial in-orbit insurance, 3. in-orbit insurance and 4. third-party liability insurance for its satellites. The insurance policies generally contain exclusions for 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;
- cyber attacks; 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 loss of a satellite during transportation to the launch site or launch site operations, 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 in-orbit insurance policies may exclude coverage failures arising from pre-existing defects, such as defects in solar array and battery anomalies on 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 adopted a policy of limited self-insurance. Premiums relating to its satellite fleet 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.

SES has third party liability insurance that covers damage suffered by third parties resulting from accidents such as launch failures and satellite collisions. It is subject to an annual combined single limit of EUR 500 million. The entire SES fleet is covered by this policy.

Insurance availability

Satellite insurance is a cyclical market subject to the laws of supply and demand and the space insurance market has seen a reduction of capacity, combined with a significant increase of insurance rates during 2019. This will likely 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 going forward.

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

4. RISKS RELATING TO CUSTOMERS

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 22.4% of SES' total revenues in 2019.

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 on time, SES' revenues may be impacted negatively.

It is important that SES' main, and long-term, satellite capacity agreements for the direct-to-home business in Europe are renewed on commercial terms similar to those reflected in the existing agreements. If SES would be materially unsuccessful in obtaining such renewals, revenues could be substantially adversely affected, with limited possibilities for mitigation.

SES' business is vulnerable to increasing presence from non-traditional Video distributors such as Netflix and Amazon and other OTT players. While relying on a distribution architecture that does not include satellites, in many cases, these players compete directly with SES' customers and increasingly drive up the costs for premium sports and other content for SES' customers.

SES may be forced to reduce prices in respect of its Networks services in current and future agreements. This risk is caused by various factors, including emergence of new technologies, such as LEO systems, which may claim ability to deliver lower pricing in the future, and pricing set in the past in long-term agreements which may no longer allow SES' customers to compete effectively in today's market.

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

Customer credit

SES may suffer a financial loss if any of its customers fails to fulfil its contractual payment obligations.

The level of customer credit risk may increase as SES, and/or its customers, grow revenues in emerging markets because credit risk tends to be higher in these markets (compared to the markets of Europe and North America).

This risk is mitigated principally through a customer credit policy that includes credit checks, credit profiles, deposits or other forms of security, monitoring of payment performance and the application of a provisioning policy. In some cases, customer credit risks are mitigated by credit insurance.

Further details are provided in [» note 18](#) to the consolidated financial statements.

Inherent in International Business

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

The inherent uncertainties in doing business in certain jurisdictions may have a negative impact on SES' results.

Inherent in doing business with the U.S. Government

As a result of US national security laws and regulations, SES Government Solutions, Inc. is subject to a proxy agreement with the US Government ('the Proxy Agreement'). The proxy structure imposed upon SES Government Solutions is common for businesses contracting with the US Government and is similarly imposed on SES' competitors.

The US Government requires SES Government Solutions to enter into the Proxy Agreement because SES Government Solutions is indirectly owned by SES, a foreign company, and SES Government Solutions has classified contracts with the US Government. As a result of the Proxy Agreement, strict limitations are placed on the information that may be shared between SES Government Solutions and other SES subsidiaries. The Proxy Agreement also imposes restrictions on the control of SES Government Solutions by SES.

It is important to note that inter-company activities including the provision of satellite capacity to SES Government Solutions for provision to the US Government are permitted under the Proxy Agreement.

5. RISKS RELATING TO THE SATELLITE COMMUNICATIONS MARKET

Competition Risk

The telecommunications, connectivity and media market is fiercely competitive and SES faces competition from satellite (GEO and planned LEO) and terrestrial (fixed and wireless) networks.

SES faces competition from international, national and regional GEO satellite operators, as well as from planned LEO constellations. Some national operators receive tax and regulatory advantages in their countries that are not available to SES. The development of national satellite programmes in some countries may limit or prevent SES' ability to compete in those countries. Some planned LEO constellations

might have material advantages based on their owners' capability to cross-subsidize and/or fertilize their satellite business with other parts of their business.

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

Developments and competition in the media market could result in a demand reduction for SES' satellite services and/or pricing changes resulting in a significant negative impact on SES' revenues. Changing consumer behaviour and the emergence of terrestrial technological substitution, particularly non-linear over the top services, could lead to horizontal consolidation among satellite service providers and to a reduction in demand for satellite-based distribution.

Technology Risk

The satellite communications industry is subject to increasing technological change. SES' satellites and associated technology could become less suited to meet requirements due to unforeseen advances in communications technology, leading to a reduction in demand for its services and a negative impact on revenues.

The use of new technology to improve the signal compression rate could lead to a reduction in demand for SES' satellite services on the Video side, which could lead to a negative impact on the financial results.

6. RISKS RELATING TO SES' STRATEGIC DEVELOPMENT

Emerging market risk

SES' development strategy includes targeting new geographical areas and emerging markets and developing joint ventures or partnerships with local telecommunications, media and 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' revenues and operational costs.

Please also see 'Risks inherent in international business' above.

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' revenues.

Investment risk

SES regularly evaluates opportunities to make strategic investments. These opportunities may not yield the expected benefits due to a number of factors, such as evolving market conditions, antitrust changes, financing costs and regulatory approvals. If an investment is made, it may adversely affect SES' results due to financing costs or the economic performance of the investment following acquisition. The success of any such investment is not guaranteed.

SES has a number of strategic investments in businesses that it does not fully control. As a result, SES is dependent in part on the cooperation of other investors and partners in protecting and realising the full potential of certain investments. SES may not be able to prevent strategic partners from taking actions that are contrary to SES' business interests.

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

SES has also 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 new capacity is dependent on the underlying demand for satellite services in the targeted regional markets. If that demand does not materialise as anticipated, SES' financial forecasts may not be met.

7. RISKS RELATING TO LEGAL, REGULATORY, SPECTRUM AND CORPORATE

Legal Risk

SES cannot always predict the impact of laws, regulations and politics on its operations. The operation of the business is and will continue to be subject to the laws, regulations and political will of the various governmental authorities of the countries in which SES operates, uses radio spectrum or offers satellite capacity and services, as well as to the frequency coordination process of the International Telecommunication Union (the 'ITU'). Legal, regulatory and political changes are 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.

The international nature of SES' business means that it is subject to applicable sanctions, export control, competition and anti-bribery laws and regulations including associated civil and criminal penalties. Risks concerning and violations of applicable compliance laws and regulations may negatively affect future operations or subject SES to criminal or civil enforcement actions.

Disputes concerning SES' business arise from time to time and can result in legal or arbitration proceedings. The outcome of these proceedings cannot be predicted. A negative outcome in a substantial litigation or arbitration case could have a material impact on SES' business and financial position.

Spectrum Access Risk

Access to orbital slots and frequencies is required for SES to develop and maintain its satellite fleet and services.

The ITU is responsible for the allocation of spectrum for particular uses and the allocation of orbital locations and associated frequencies. Use of the spectrum and orbital positions is in accordance with the ITU Radio Regulations. SES can only access spectrum through ITU filings made by a national administration.

Orbital slots, satellite systems and associated frequencies are a limited resource. The ITU may reallocate spectrum from satellite to terrestrial or other 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 or other uses or fees and charges assessed 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 satellite operators through the relevant national administrations and in accordance with the ITU process so as to prevent or reduce interference between satellites. SES may also be required to coordinate any replacement satellite that has performance characteristics that differ from the satellite it replaces.

As a result of such coordination, SES may be required to modify the proposed coverage areas of its satellites, 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.

Similarly, the performance of SES' satellites in the affected areas could be adversely affected if ITU regulations or other legal constraints fail to prevent competing satellite operators from causing harmful interference by the operation of their satellites.

Spectrum use risk

If SES does not occupy unused orbital locations by specified deadlines, 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, then, in accordance with applicable national and ITU regulations, those orbital locations or frequency bands may become available for use by other satellite operators.

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

Regulatory risk

SES may need to obtain and maintain approvals from authorities or other entities to operate its satellites and to offer satellite capacity and services. For example, SES must obtain licences, authorisations or market access approvals in certain countries to enable provision of satellite capacity to those countries. The failure to obtain the licences, authorisations or market access approvals necessary to operate satellites or to offer satellite capacity and services could lead to loss of revenues and compliance actions against SES.

Each customer is responsible for obtaining regulatory approval for its operations. As a result, there may be governmental regulations inapplicable to SES that may adversely affect customers' operations. SES could lose revenues if customers are unable to obtain any necessary approvals, if customers' regulatory approvals are insufficient in the view of the relevant regulatory authorities, if the necessary approvals are not granted on a timely basis or if any applicable licencing restrictions become unduly burdensome.

Export control

SES must comply with all applicable export control laws and regulations. For example, the US has comprehensive export compliance regulations. As a result, any US information, products or materials that SES provides to non-US entities relating to communications satellites, equipment, software and data are subject to US export control regulations. SES' US operations may not be able to maintain normal business activities and SES' non-US operations may not be able to source US satellites, hardware, technology and services if:

- export licences are not timely obtained;
- export licences do not permit transfer of all items requested;
- satellite 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. SES must also comply with other applicable national export laws and regulations.

Sanctions compliance risk

As an international company, SES' business is subject to applicable financial and trade sanctions compliance laws and regulations. Sanctions laws and regulations restrict SES' ability to provide services in, export hardware or software to, certain countries or specific entities. In certain cases, SES may be able to obtain authorisation from the relevant sanctioning country in order to provide service that would otherwise be subject to sanctions, however, there is no guarantee that such authorisation will be granted. As a result, SES may be required to forgo commercial opportunities that are subject to sanctions.

SES has policies and systems in place designed to monitor the company's activities and to prevent engaging in prohibited activities or dealing with sanctioned parties. Failure to obtain or maintain required sanctions authorisations or failure to comply with applicable sanctions laws and regulations could have a material adverse effect on business.

External threat risk

In common with other satellite operators, SES is vulnerable to the risk of terrorist acts, sabotage, piracy, attack by anti-satellite devices, jamming, unintentional interference and natural disaster. 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. Due to the fast-moving pace of new hacking techniques, the high sophistication of certain attackers and an increasingly hostile cyber-attack environment, it may be difficult to detect, determine the scope of, contain and remediate every such event.

Any inability to prevent or to detect the occurrence of cyber-attacks in a timely manner could result in a disruption of services or malfunctions, loss of customers, inadvertent violations of data protection, export control and other relevant laws, damage to SES' reputation, or damage to SES' properties, equipment and data. Furthermore, such event could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events in the future.

SES has protections in place to help protect its networks and continues to work to implement additional protective measures intended to limit the risks associated with such attacks.

People-related risk

SES is competing for talent with large and well-known companies. In the context of low unemployment rates and a shortage of qualified candidates, SES may have difficulties in finding and onboarding diverse and competent talent with the required capabilities. SES attempts to mitigate this risk through the creation of a dedicated Talent Acquisition function, to enhance the sourcing of high-quality candidates, improve the applicant experience, and network more effectively with partners (universities, professional networks, recruitment agencies, referral programmes), as well as strengthening our Employer Brand.

Through its internal Learning and Development programmes, SES fosters the retention and in-house development of talent (Associate Programme, Leadership Programme, Mentoring Programme, Learning and Career Progression Opportunities) in order to reduce the risk of losing key contributors.

In addition, SES continues to nurture a high-performance culture founded on jointly endorsed behaviours aligned around a clear purpose and vision, helping teams to focus and remain energised in order to deliver on its customer promise.

If SES is unable to source, onboard, energise and retain key talent, 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 that 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.

8. RISKS RELATING TO FINANCE

Economic downturn risk

An economic slowdown in the countries where SES operates may have a negative effect on its performance if potential customers face difficulties funding their business plans. This could, in turn, result in decreased profitability, with significant negative consequences for SES' business, financial condition and results of operations.

Cash flow risk

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

Credit rating risk

A change in SES' credit rating could affect the cost and terms of its newly issued debt, as well as its ability to raise financing. SES' policy is to attain, and retain, a stable investment grade rating with Standard & Poor's and Moody's. If SES' credit rating were downgraded, it may affect SES' ability to obtain financing and the terms associated with that financing. SES cannot guarantee that it will maintain its investment grade 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 therefore subject to taxation in multiple jurisdictions. SES makes provisions in its accounts for current and deferred tax assets and liabilities based on a continuous assessment of prevailing tax laws in those jurisdictions.

However, SES cannot always be certain of a tax authority's application and interpretation of the tax law. SES may become subject to unforeseen material tax claims, including late payment interest and/or penalties. Such claims may arise for a number of reasons, including: the 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 the disallowance of the benefits of a tax treaty. In addition, SES may be subject to retroactive tax assessments based on changes in laws in a particular tax jurisdiction.

SES has implemented a tax risks mitigation charter based on (among other things) a framework of tax opinions for the financially material positions taken, transfer pricing policies and documentation covering the group's important inter-company transactions, and procedures for accurate tax compliance in all jurisdictions.

Asset impairment risk

SES' non-current intangible and tangible assets are valued at historic cost less amortisation, depreciation (where relevant) and accumulated impairment charges. The resulting net book values are subject to validation each year through impairment testing procedures, where they are compared to the higher of fair value or value-in-use of the asset, representing the present value of the future cash flows expected to be derived from the asset. Where future assumptions for a specific asset, as set out in the approved Business Plan, become less favourable, or the discount rates applied to the future cash flows increase, then this may result in the need for material asset impairment charges.

In the SES SA annual accounts, impairment testing—using value-in-use procedures similar to those outlined above—is performed on the carrying value of the shares in affiliate undertakings, or on the carrying value of groups of shareholdings where the Board of Directors believes that it is more appropriate under the circumstances, and better reflects the substance of the activities, the interdependency of the associated cash flows and their level of integration. If the carrying value of the relevant investment, or group of investments, is not

substantiated by its value-in-use, and any shortfall is assessed as being other than a temporary nature, then this could result in an impairment charge being recorded to the income statement of the SES SA annual accounts in the period concerned.

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. In case of liquidity needs, SES can call on a number of committed and uncommitted credit facilities with banks. In addition, if deemed appropriate based on prevailing market conditions, SES can raise funds through its European Medium-Term Note programme or other debt capital market instruments. 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 and seeks to optimise the funding costs. This is supported by a daily cash pooling mechanism. Further details are provided in » [note 18](#) to the consolidated financial statements.

Foreign exchange risk

SES' reported financial performance can be impacted by movements in the Euro/US dollar exchange rate, as SES has significant operations, cash flows, assets and liabilities that are denominated in US dollar whereby the Group's functional currency is Euro. Furthermore, SES is exposed to movements in some other foreign currencies in which it generates revenue.

To mitigate this exposure, SES may enter into forward foreign exchange or similar derivatives contracts to hedge the exposure on financial debt or on the net US dollar assets. Further details are provided in » [note 18](#) to the consolidated financial statements.

Interest rate risk

SES' exposure to the risk of changes in market interest rates relates primarily to SES' floating rate borrowings as well as the renewal of its

fixed rate borrowings. SES carefully monitors and adjusts the mix between fixed and floating rate debt from time to time, responding to market conditions.

Interest rate derivatives may be used to manage the interest rate risk. The terms of such derivatives are negotiated to match the terms of the hedged item to maximise the effectiveness of the hedge. Further details are provided in » [note 18](#) to the consolidated financial statements.

Counterparty credit risk

SES' exposure relates to the potential default of a counterparty holding financial assets (cash and cash equivalents, held for trading financial assets, loans, receivables and derivative instruments).

The counterparty credit 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. All counterparties are financial institutions that are regulated and controlled by the national financial supervisory authorities of the applicable countries. The counterparty credit 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 18](#) to the consolidated financial statements.

RESPONSIBILITY STATEMENT

The Board of Directors and the Executive Committee 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 ensure 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 Luxembourg law of 11 January 2008, as subsequently amended, on 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 annual statutory accounts as of and for the year ended 31 December 2019, prepared in accordance with Luxembourg legal and regulatory requirements, and the consolidated financial statements as of end for the year ended 31 December 2019, 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 taken individually, and of SES and its consolidated subsidiaries taken as a whole, respectively. In addition, the management report includes a fair review of the development and performance of the business and the position of SES taken individually, and of SES and its consolidated subsidiaries taken as a whole, together with a description of the principal risks and uncertainties that they face.

29 February 2020



Romain Bausch

Chairman of the Board of Directors



Steve Collar

CEO