EUTELSAT COMMUNICATIONS

A public limited company (société anonyme) with a board of directors
with capital of 232,774,635 Euros
Registered Office: 70 rue Balard 75015 Paris
481 043 040 R.C.S. PARIS

REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS
OF EUTELSAT COMMUNICATIONS
PREPARED IN ACCORDANCE WITH ARTICLE L. 225-37 OF THE COMMERCIAL CODE

2016 / 2017
Report from the Chairman of the Board of Directors of Eutelsat Communications in accordance with Article L.225-37 of the Commercial Code

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the financial year ended 30 June 2017, and on the internal control and risk management procedures implemented by the Eutelsat Group.

This report was approved by the Board of Directors on 27 July 2017.

For the purposes of this report, "Company" refers to Eutelsat Communications and “Group” or “Eutelsat Group” refers to Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French Commercial Code.

1.1 GOVERNANCE OF THE COMPANY

> 1.1 REFERENCE CODE

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of November 2016 (hereinafter the "Reference Code”).

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

<table>
<thead>
<tr>
<th>Article of the Afep-MEDEF Code</th>
<th>Afep-MEDEF recommendations</th>
<th>Company practice</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>Evaluation for the purposes of assessing the actual contribution of each director to the work of the Board</td>
<td>The evaluation of the contribution of each director is not incorporated into either the Board’s self-assessment or into the formal assessment that takes place every 3 years.</td>
<td>The discussions involving the Chairman on one side, the Chairwoman of the Nomination and Governance Committee and the other directors on the other, and the discussions within the Nomination and Governance Committee enable the actual contribution of each of the directors to be discussed.</td>
</tr>
<tr>
<td>15.3</td>
<td>Deadline for review of the accounts by the Audit Committee (at least 2 days before the Board meeting is held - Reference Code dated November 2015)</td>
<td>Meeting of the Audit Committee the day before the Board to review the accounts</td>
<td>Given that some members of the Audit Committee live abroad, Committee meetings are held the day before Board meetings; documents and files are nevertheless sent to members in good time for them to acquaint themselves with said documents in advance.</td>
</tr>
<tr>
<td>23.3</td>
<td>When the non-competition agreement is being concluded the Board should include a provision authorising it to waive this agreement upon the departure of the executive manager</td>
<td>The non-competition undertaking agreed with Mr. Rodolphe Belmer does provide for the option for the Board of Directors to waive it at the time of the executive manager’s departure</td>
<td>The Board of Directors, on the recommendation of the Governance, Selection and Remuneration Committee, took the view that, given the very competitive context for satellite operators, it was very important for the company to require a non-competition undertaking from Mr. Belmer. The non-competition undertaking was limited both in terms of its duration (18 months) and its amount (50% of fixed...</td>
</tr>
</tbody>
</table>
At least 40% of directors to be female (L225-18-1 of the Commercial Code effective from the first Shareholders Meeting following the 1st January 2017).

As at 30 June 2017 the Company does not comply with the November 2015 version of the Reference Code (requirement for 40% not included in the November 2016 version due to the law coming into effect).

Non-compliance with the 40% rate

However, subject to the adoption by the next Shareholders Meeting (08 November 2017) of the resolutions submitted to it, the Board should be composed of more than 40% women.

> 1.2 INTERNAL RULES

The Board of Directors has adopted Internal Rules which set out the principles and procedures for how the Board and its Committees will operate. The Internal Rules have been updated on several occasions; the most recent update dates from 23 March 2017 specifically to take into account the new provisions relating to the reform of the statutory audit in relation to the Audit Committee's tasks. The Internal Rules also set out the respective powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer while providing for the limits on the powers of the latter. It also sets out the rules governing the composition, the responsibilities and the methods of operation of the Board and the Committees.

> 1.2 LACK OF CONTROL OR CONCERTED ACTION

To the Company’s knowledge, as of 30 June 2017, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 et seq. of the French Commercial Code.

> 1.3 DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board’s Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- **Medium term operations**: the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts.
  The Group's five year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors.

- **Investments and financial commitments**: the Group’s consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year. The annual budget for the 2017-2018 financial year was approved by the Board of Directors on 22 June 2017.
  Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million Euros, if the relevant operation is
included in the Group’s Annual Budget or in its Strategic Plan, or 25 million Euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.

Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group’s Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million Euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. Finally, prior Board approval is also required for any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million Euros that is not expressly included in the Group’s Annual Budget. The Board thus had to decide on the refinancing of a portion of the Group's debt during the third quarter of the financial year.

- **Interim and annual financial statements**: the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.

- **Group Senior Management**: prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.

- **Monitoring the Group’s activity**: Management submits to the Board a monthly report on the Group’s operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to give the Board a clear understanding of how the business has evolved, particularly on a technical, commercial and financial level and on the monitoring of the budget.

> **1.4 COMPOSITION OF THE BOARD OF DIRECTORS**

The composition of the Board of Directors as of 30 June 2017 is shown in the table below:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Date of first appointment/co-optimation</th>
<th>Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord BIRT</td>
<td>November 10, 2006</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Jean d’ARTHUYS</td>
<td>November 5, 2015</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Michel de ROSEN (Chairman)</td>
<td>10 November 2009</td>
<td>30 June 2020</td>
</tr>
<tr>
<td>Bpifrance Participations, represented by Stéphanie FRACHET</td>
<td>17 February 2011</td>
<td>30 June 2018</td>
</tr>
<tr>
<td>Ana GARCIA FAU</td>
<td>5 November 2015</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Bertrand MABILLE</td>
<td>10 May 2007</td>
<td>30 June 2017</td>
</tr>
<tr>
<td>Ross McINNES</td>
<td>06 February 2013</td>
<td>30 June 2018</td>
</tr>
<tr>
<td>Fond Stratégique de Participations (FSP)</td>
<td>08 November 2016</td>
<td>30 June 2020</td>
</tr>
<tr>
<td>represented by Mr Dominique D’HINNIN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carole PIWNICA</td>
<td>09 November 2010</td>
<td>30 June 2020</td>
</tr>
<tr>
<td>Rodolphe BELMER</td>
<td>08 November 2016</td>
<td>30 June 2020</td>
</tr>
</tbody>
</table>
Ms. Miriem Bensalah Chaqroun resigned as a director on 09 June 2017.

> 1.5 INDEPENDENT DIRECTORS

During one of its meetings, the Board of Directors assessed the independence of each of its members. At 30 June 2017, among its ten members, 5 directors were qualified as independent according to the independence criteria of the Reference Code.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord BIRT</td>
<td>Yes</td>
</tr>
<tr>
<td>Jean d’ARTHUYS</td>
<td>No</td>
</tr>
<tr>
<td>Michel de ROSEN (Chairman)</td>
<td>No</td>
</tr>
<tr>
<td>Bpifrance Participations, represented by Stéphanie FRACHET</td>
<td>No</td>
</tr>
<tr>
<td>Ana GARCIA FAU</td>
<td>Yes</td>
</tr>
<tr>
<td>Bertrand MABILLE</td>
<td>No</td>
</tr>
<tr>
<td>Ross McINNES</td>
<td>Yes</td>
</tr>
<tr>
<td>Fond Stratégique de Participations (FSP) represented by Mr Dominique D’HINNIN</td>
<td>Yes</td>
</tr>
<tr>
<td>Carole PIWNICA</td>
<td>Yes</td>
</tr>
<tr>
<td>Rodolphe BELMER</td>
<td>No</td>
</tr>
</tbody>
</table>

On the basis of the work of the Nomination and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each independent Director. The Board had to rule on the situation of Ross McInnes. Ross McInnes is the Chairman of the Board of Safran which supplies engines for satellites and which is a shareholder with Airbus Group of the joint venture bringing together the civil launcher activities of the two companies; the Board assessed the relative importance of these links and found that there was an arm's length relationship.

> 1.6 GENDER REPRESENTATION

As of 30 June 2017 three women sit on the Board of Directors, which represents less than 40% of the total number of directors.

Proposals for appointments put forward for a vote at the General Meeting on 08 November 2017 would enable your Board, subject to their approval, to comply with the applicable legal provisions in relation to gender equality on the Board.

The proportion of women among the independent directors stood at 60% at 30 June 2017.

> 1.7 DIRECTORS’ TERM OF OFFICE

The directors’ term of office is four years as provided for by the by-laws.

> 1.8 EMPLOYEE REPRESENTATION ON THE BOARD OF DIRECTORS

As part of a policy aimed at improving communication between the Group’s management and employees,
the Company entered into an agreement with its operating subsidiary Eutelsat SA and the Eutelsat SA Works Council on 8 November 2007. This agreement is designed to give Eutelsat SA's Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the directors.

> 1.9 BOARD MEETINGS AND INFORMATION COMMUNICATED TO THE BOARD OF DIRECTORS

The Board of Directors met eight times during the financial year (thirteen times in the previous financial year).

The average annual attendance rate of directors at meetings held during the fiscal year was 92.7% (compared to 86.0% in the previous fiscal year). The attendance rate for each director is shown in the table below:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miriem BENSAalah Chaqroun (until 09 June 2017)</td>
<td>71.4%</td>
</tr>
<tr>
<td>John BIRT</td>
<td>100%</td>
</tr>
<tr>
<td>Michel de ROSEN (Chairman)</td>
<td>100%</td>
</tr>
<tr>
<td>Bpifrance Participations (represented by Stéphanie Frachet)</td>
<td>100%</td>
</tr>
<tr>
<td>Bertrand MABILLE</td>
<td>100%</td>
</tr>
<tr>
<td>Ross McINNES</td>
<td>75%</td>
</tr>
<tr>
<td>Elisabetta OLIVERI (until 08 November 2016)</td>
<td>50%</td>
</tr>
<tr>
<td>FSP represented by Mr Dominique D'HINNIN (from 08 November 2016)</td>
<td>100%</td>
</tr>
<tr>
<td>Carole PIWNICA</td>
<td>100%</td>
</tr>
<tr>
<td>Jean d'ARTHUYS</td>
<td>87.5%</td>
</tr>
<tr>
<td>Anna GARCIA FAU</td>
<td>100%</td>
</tr>
<tr>
<td>Rodolphe BELMER (from 08 November 2016)</td>
<td>100%</td>
</tr>
</tbody>
</table>

On 23 March 2017 the Board held a part of its meeting without the presence of the Executive Directors (Chief Executive Officer and Deputy Chief Executive Officer).

> 1.10 CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

The Internal Rules of the Board oblige each director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the director concerned resigns from office.

As of June 30, 2017, there is no employment or service contract between the Company's directors and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the Commercial Code, the Statutory Auditors are informed for regulated agreements.
1.11 ASSESSMENT OF THE BOARD OF DIRECTORS

During the 2016-2017 financial year, the Chair of the Nomination and Governance Committee presented the results of the self-assessment that had been conducted during the previous year to the Board. In summary, it indicated that most of the directors are satisfied with the role and the activity of the Board. However some Directors would like to be better informed about the risks to which Eutelsat is exposed; also that the Group's performance should be analysed more effectively and that the Board should spend more time on investment decisions and carry out more detailed analyses of these investments.

The Board discussed the term of office of its directors and decided to maintain it at four years.

For the financial year ended 30 June 2017, the Board accepted on the suggestion of its Chairman that the formal review by an external firm should be postponed by one year, enabling the new Chairman to take up his duties at the end of the next Meeting, and to define the modalities (timetable, scope or other aspects) of this new assessment.

1.12 BOARD OF DIRECTORS AND COMMITTEES

At June 30, 2017, the Board is assisted in its work by three committees: the Audit Committee, the Appointments Committee and the Compensation Committee.

Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of 30 June 2017, the Audit Committee consisted of Bertrand Mabille and three independent directors: FSP (represented by Dominique D'Hinnin), Lord Birt and Ross McInnes, who acts as Chair, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of financial director of several industrial groups, including the Safran Group.

The Group's Financial Director has attended all meetings of the Audit Committee.

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 87.0%.

The attendance rate for each Committee member is shown in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ross McINNES (Chairman)</td>
<td>100%</td>
</tr>
<tr>
<td>FSP</td>
<td>100%</td>
</tr>
<tr>
<td>Lord BIRT</td>
<td>100%</td>
</tr>
<tr>
<td>Bertrand MABILLE</td>
<td>100%</td>
</tr>
<tr>
<td>Elisabetta OLIVERI (until 08 November 2016)</td>
<td>0%</td>
</tr>
</tbody>
</table>
As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Group’s Financial Director. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee had to consider a case of fraud which led the company to initiate criminal proceedings against one of its former employees. The Committee also examined the impact of the reform of the statutory audit and its consequences for the Board's Internal Rules. The Committee was also informed of the discussions relating to the request for financing in connection with the financial guarantee provided to IGO's Closed Pension Fund; The Committee’s work also focused on the early refinancing of the €450m credit facility due to mature in September 2018. Finally, members of the Committee considered the introduction of a flexible deferred start swap with a nominal value of €500 million for the refinancing of the bond issue due to mature in 2020. In addition, the 5-year plan and the annual budget were presented and discussed with the Audit Committee.

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

The Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of directors vis-à-vis the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

The Nomination and Governance Committee has met six times, with a 90.6% attendance rate.

Until June 09, 2017, the Committee was composed of a majority of independent members in accordance with the Reference Code. Miriem Bensalah Chaqroun, attented until June 09, 2017 as as independent member. As of June 30, 2017 the members of the Committee are: Stéphanie Frachet (representative of Bpifrance Participations), Michel de Rosen, Ross McInnes, and Carole Piwnica who chairs the Committee.

The attendance rate for each Committee member is shown in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carole PIWNICA (Chair)</td>
<td>100%</td>
</tr>
<tr>
<td>Lord BIRT (until 08 November 2016)</td>
<td>50%</td>
</tr>
<tr>
<td>Ross McINNES</td>
<td>100%</td>
</tr>
<tr>
<td>Bpifrance Participations represented by Stéphanie FRACHET</td>
<td>100%</td>
</tr>
<tr>
<td>Michel de ROSEN</td>
<td>100%</td>
</tr>
<tr>
<td>Miriem BENSALAH CHAQROUN (until 09 June 2017)</td>
<td>60%</td>
</tr>
</tbody>
</table>

The committee had to consider:
- the successor to the Chairman of the Board, who had indicated that he wished to end his term of office following the General Meeting of 8 November 2017,
- an increase in the number of female directors on the Board and the search for new directors,
- the appointment of a second Deputy CEO,
- a succession plan presented by Management at its meeting on 13 January 2017.
The CEO attended meetings in relation to the selection of a second Deputy CEO.

Remuneration Committee

The Remuneration Committee is responsible for matters relating to (i) the long-term remuneration policy, (ii) the remuneration of the CEO and the Deputy CEOs, (iii) the introduction of performance-based stock option plans within the Group, and (iv) the allocation of attendance fees.

The Committee, mainly consisting of independent directors, met six times. The attendance rate for each Committee member is shown in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna GARCIA FAU (Chairperson since 08 November 2016)</td>
<td>100%</td>
</tr>
<tr>
<td>Lord BIRT</td>
<td>100%</td>
</tr>
<tr>
<td>Jean d’ARTHUYS</td>
<td>80%</td>
</tr>
</tbody>
</table>

During the year, the principal activities of the Committee were:
- review of the remuneration policy for Executive Directors and proposal to the Board,
- analysis of the performance of the Executive Officers in the previous financial year and recommendation to the Board on the variable component,
- analysis of the structure of the annual variable remuneration for Executive Directors and objectives for the following financial year.

> 1.13 OBSERVER

Pursuant to the provisions of (i) the Letter of Agreement signed on September 2, 2005 between the Company and Eutelsat IGO and (ii) the Company’s by-laws, the Executive Secretary of Eutelsat IGO sits as an observer on the Board of Directors.

> 1.14 SEPARATION OF THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the legal and regulatory provisions (articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Commercial Code), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

2. 2. EUTELSAT GROUP SENIOR MANAGEMENT

Since 1st March 2016 Michel de Rosen has been Chairman of the Board, Rodolphe Belmer Chief Executive Officer, Michel Azibert and Yohann Leroy (since 25 April 2017) have acted as Deputy Chief Executive Officers in addition to their roles as Chief Commercial & Development Officer (Michel Azibert) and Chief Technical Officer (Yohann Leroy).

At Eutelsat S.A., the Group’s principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer - Chief Commercial and Development Officer, the Deputy Chief Executive Officer - Chief Technical Officer, the Financial and IT Director, the Company Secretary and Director of Legal Affairs, the Human Resources Director, the Deployment and Innovation Director and the Chief Strategy and Strategic Marketing Officer.

With the support of the Remuneration Committee, the Board of Directors determines the remuneration of the Chairman of the Board and the Executive Directors in accordance with the recommendations of the Reference Code. The remuneration policy which sets out the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional elements constituting the total
remuneration of the Chairman and the Executive Directors, is detailed sections 9.9 and 9.10 of the management report.

3. OTHER INFORMATION

> 3.1 CONDITIONS FOR ADMISSION TO AND PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETINGS

As of June 30, 2017, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's by-laws.

In accordance with the recommendations set forth in the Reference Code, Board members participate in General Shareholders' Meetings.

> 3.2 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses or agreements providing for preferential conditions for the sale or acquisition of shares.

To the Company's knowledge there is no shareholders' agreement.

4. 4 INTERNAL CONTROL PROCEDURES

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:
- that there is compliance with legislation and regulations,
- that instructions and guidelines laid down by General Management are applied,
- that the company's internal procedures function properly, particularly those that help to safeguard its assets,
- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the Autorité des Marchés Financiers (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the
entire Group, is part of the internal control system. A number of specific targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire. The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group’s operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company’s role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat SA and its subsidiaries.

> 4.1 PROCEDURES RELATING TO THE SATELLITE FLEET AND ITS OPERATION

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company’s control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat SA or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal’s operational continuity is maintained to meet the requirements of the Group’s customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers’ ongoing training.

Any incident affecting a satellite or one of the transmitted signals (e.g. a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group’s Senior Management,
- reviewed internally by Eutelsat SA’s Technical Department,
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents,
- communicated to customers, and
> 4.2 IT SECURITY AND CERTIFICATION OF SATELLITE CONTROL SYSTEMS AND RELATED SERVICES

The introduction of measures designed to improve the security of the satellite control information systems and associated services continued during the past year. This work is supervised and coordinated by the Group's Director of Security and Safety.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014 and in June 2017. The certification covers:

- satellite control and operations, Launch and Early Orbit Phase Operations (LEOP);
- human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems, and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. A monitoring audit was carried out in June 2017. The certification covers the activities and systems related to:

- the communication control centre,
- the management of the Rambouillet teleport,
- the implementation and supervision of managed services operations, and
- the security of all sites for monitoring the payload, the points of presence and the teleports.

In addition to the ISO 27001 certification, in June 2016, the Rambouillet teleport teams obtained Tier 4 certification - the highest - for a period of three years, in the context of the programme of certification delivered by the World Teleport Association (WTA). This teleport certification programme is aimed at both teleport operators and their customers. It is intended to be an objective, transparent and internationally-recognised methodology enabling an assessment to be made of the security and the quality of our teleport facilities, as well as the technology used and the operating procedures in place, via a rigorous evaluation of the elements relating to business continuity, transmission chains, satellite and terrestrial connectivity, security of persons and IT systems (cyber security) and the network operations centre.

The operational teams of Eutelsat Americas obtained ISO 27001 certification in August 2016 for a period of three years.

The certification covers the activities and systems related to:

- satellite control operations,
- the operation of the payload,
- monitoring of communications and of the ground segment.

The Skylogic Mediterraneo teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services, and to the management of the Cagliari teleport.

The Skylogic teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services on behalf of the Eutelsat Group, and to the management of the Turin teleport.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed four times: in
June 2008, April 2011, May 2014 and May 2017. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was also obtained in 2011 for the activities of the Rambouillet teleport, and this was renewed in May 2014 and May 2017.

For the Rambouillet teleport, this certification covers activities relating to:
- the communication control centre,
- commercial services (management of data and television signals through teleport ground equipment), and
- radio frequency systems and Rambouillet teleport's technical infrastructures.

This certification was extended to cover the teleport in Sardinia in June 2014.

For the teleport activities of the subsidiary Skylogic (Turin, Italy) the ISO 9001 certification obtained in May 2014 and renewed in May 2017 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In June 2017, the teleport of the subsidiary Skylogic Mediterraneo (Cagliari, Italy) obtained ISO 9001 certification. The certification covers design, installation, supply and technical assistance activities for video and data connectivity services.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities (satellite control and monitoring the quality of signals received and relayed by satellites).

> 4.3 PROCEDURES FOR PREVENTING AND MANAGING THE GROUP’S OTHER OPERATING RISKS

The Company’s Business Continuity Plan

The continuity plan includes the following items:
- mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis scenarios;
- crisis management procedures (logistics, external and internal communication, decision-making processes),
- business procedures describing the tasks to be performed at the backup site,
- the backup IT system (applications, systems and network infrastructure, telecoms),
- procedures describing urgent action to be taken in the event of an incident, and
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

Eutelsat S.A. regularly carries out tests to check that its business continuity plan (“BCP”) is operating effectively. The project has been the responsibility of the Security and Safety Department since July 2016 and aims to define the conditions for continuity of the commercial, financial, administrative and legal activities, as well as corporate communications, management of the IT systems and Human Resources.

A comprehensive review of business processes was carried out in the 2015-2016 financial year. A general BCP test for Eutelsat S.A. was conducted in March 2016, which simulated the conditions that would arise if both the Eutelsat head office and the site where the SAP system is hosted were to become unavailable. Eutelsat's various business lines took part in these tests, which were an opportunity to check the effectiveness of business processes involving backup infrastructure.

During the 2016-2017 financial year, the business continuity plan of Eutelsat S.A. was updated to take into account applications recently brought into service. A new global BCP test which includes these is planned for December 2017.
Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group’s information systems and this is reflected in the following activities:

- mapping risks relating to the security of IT systems and assessing their impact on the Group’s operations;
- introducing a policy and a set of standards to meet the Group’s security requirements;
- drawing up and monitoring an action plan;
- assessing the protective measures that are in place in organisational and technical areas, and
- reacting in the event of suspicious events or security incidents.

> 4.4 PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.

Closing, consolidation and reporting procedures have not been specifically amended during this financial year. Eutelsat S.A.’s financial departments and those of its subsidiaries have duly complied with these procedures.

> 4.5 PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

At the end of each month, the financial data from each subsidiary is reviewed by the Consolidation Manager to verify, in particular, that the accounting principles and methods currently in force within the Group are being correctly applied. These accounting principles and methods are set out in the consolidation manual drawn up and distributed within the Group during the year. In addition, the Consolidation Manager issues specific instructions to the subsidiaries before the end of each closure of the accounts, including a detailed timetable and a list of the various actions to be taken. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company’s Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- a single source for information used in the legal consolidation and reporting process,
managed in a shared database, and that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters. The consolidation and reporting system was overhauled as a result of the ERP being changed at Eutelsat S.A. This new version has been used since the beginning of the 2014-2015 financial year.

> 4.6 DELEGATION OF SIGNING AUTHORITY

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or by a Deputy Chief Executive Officer. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 Euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and Deputy CEO are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

> 4.7 MANAGING AND MONITORING THE GROUP'S SUPPLIER CONTRACTS

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, the Deputy Chief Executive Officer or the Managers to whom the Chief Executive Officer has delegated signing authority.

In addition, financing contracts, except those for an amount lower than that indicated in Section 1.3 above, are approved by the Board of Directors in accordance with the provisions of the Internal Rules of the Board of Directors.

> 4.8 MANAGING AND MONITORING THE GROUP'S CUSTOMER CONTRACTS

The Group's customer contracts are concluded by Eutelsat SA or its subsidiaries on the basis of standard contracts prepared by Eutelsat SA's Legal Affairs Department and Sales Department.

Any change to the standard form is examined in advance by the Legal Affairs Department before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions. During each fiscal year, the sales cycle, which the Group's Senior Management deems to be one of the key procedures, is thoroughly audited. The purpose of these recurrent annual audits is to assess whether the existing internal procedures are appropriate. Depending on the findings of these audits, the relevant changes are made to internal procedures to increase the reliability of the process that contributes to revenue recognition.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

> 4.9 DELEGATION OF POWERS
Following an audit of the existing delegations of powers and signing authorities in the Company, Eutelsat’s Management has drawn up new delegations of powers as part of a global and coherent system for organising power and decision-making centres in the Company, which takes into account the skills, authority and resources of each of the delegees in their area of competence.

> 4.10 CUSTOMER RISK MANAGEMENT

All new customers undergo a customer risk assessment by the “Credit Management” team in the Finance Department, which determines the amount of financial guarantee required. An annual reassessment is systematically carried out on the entire customer portfolio. Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the Legal Affairs Department and, if necessary, followed by appropriate measures.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

> 4.11 PROCUREMENT PROCEDURES

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.

The following authorisation procedure must precede all purchases:
- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors, and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or one of the two Deputy Chief Executive Officers is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group’s business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or one of the two Deputy Chief Executive Officers of Eutelsat S.A.

> 4.12 ADDRESSING THE GROUP’S MAIN FINANCIAL RISKS

Via its subsidiary Eutelsat S.A., the Group has put in place centralised cash-flow management. Under service agreements between Eutelsat SA and the various entities within the Group (including the Company), the accounts department at Eutelsat SA manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group’s entities.

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective.

**Foreign exchange risk:**
Through its sales transactions regarding satellite capacity, the Group is exposed to exchange rate risk
through contracts denominated in foreign currencies. The Group is mainly exposed to the US Dollar / Euro exchange risk and, to a far lesser extent, the USD / BRL exchange risk. Through the geographical diversification of its business, the Group is exposed to translation risk. This means that its statement of financial position and its income statement are sensitive to exchange rate fluctuations when consolidating the accounts of its foreign subsidiaries outside the Euro zone (translation risk). With regards to investment in currencies not belonging to the Euro zone, the Group’s hedging policy consists of creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, the Group also uses cross-currency swaps.

**Interest rate risk:** The Group manages its exposure to interest rate fluctuations keeping most of its debt at fixed rates (Eutelsat S.A. bonds) and possibly by a hedging policy on its credit lines *in fine* at variable rates.

**Counterparty risk:** counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from A-rated financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. Exposure to these risks is closely monitored and maintained within predetermined limits.

**Liquidity risk:** the Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group’s objective is to maintain a balance between the continuity of its funding needs and their flexibility by using overdraft facilities, bank term loans and bond loans, revolving credit lines from banks, export financing and satellite leases.

> 4.13 ADDRESSING THE RISK OF CORRUPTION

After approval from the Board of Directors, Senior Management has put in place a programme which aims to improve the fight against corruption within the Group (mainly using an ethical charter and publishing a procedures and training manual). As part of this programme, a compliance committee has also been formed and a professional reporting mechanism has been put in place. The committee has been asked to vote on the choice of intermediary agents.

5. RISK MANAGEMENT POLICY

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group’s Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Internal Control and Audit Department, which continually acts in coordination with each department, is required:
- to undertake to identify the major risks likely to affect the Group’s operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group’s Senior Management as well as the Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks.

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The Board and management of Eutelsat are mobilised and coordinated to ensure compliance with the
governance rules and to improve the practices of the Group whenever possible.