



Charter of the Risk Committee

July 2020

Version 7

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1. Introduction

ID2S (hereinafter referred to as “the Company”) is a public limited company which is a central securities depository (CSD), operating securities settlement and custody for NEU CP marketable debt securities issued or exchanged on Trading Venue.

In application of Article 26 (1) to (7) of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on the improvement of the settlement of securities in the European Union and the central securities depositories and Article 48 (1) (a) of the Delegated Regulation (EU) 2017/392 supplementing Regulation (EU) No 909/2014 of the European Parliament and Council by regulatory technical standards on operational requirements, approval and supervision applicable to central securities depositories, the Board of Directors of Company created a Risk Committee to assist it in carrying out his duties.

The appointment, composition, duties, and performance evaluation of the Risk Committee are detailed in the following sections.

The present Charter is published on ID2S' website.

2. Composition

The Risk Committee consists of a minimum of three (3) members and a maximum of five (5) members. The members of the Risk Committee are Members of the Board of Directors of the Company (hereinafter referred to as “the Board”). The Board also appoints the Chairperson of the Risk Committee.

The appointment of the Risk Committee members is based on an assessment by the Board of Directors of their ability and combined experience to fulfil the objectives of the Risk Committee. The appointment is passed by a simple majority of votes of the Board of Directors members present or represented.

The majority of the members of the Risk Committee shall not be executive members of the management board. In the present Charter, executive members include the Chairman (*président du conseil d'administration*), the Chief Executive Officer (*directeur général*) and the Deputy Chief Executive Officer(s) (*directeur(s) general (aux) délégué(s)*) if any.

Members of the Risk Committee are appointed for a one-year term.

Members of the Risk Committee must, by training and/or experience, have a good understanding of the post-trade activities and the risk issues involved in such activities.

Committee members may be removed from the Risk Committee on decision of the Board of Directors at any time after objective consideration and with motivation. Any member of the Risk Committee who resigns from the Board will also resign from the Risk Committee.

The Board of Directors elects a Chairman to the Risk Committee for a one-year term, with appropriate experience, who is independent from the Company executive members of the management body. The Chairman of the Board of Directors cannot be Chairman of the Risk Committee.

The Chairman of the Risk Committee is not considered as independent if he or she (non-exhaustive list) fulfils the following criteria:

- He / she is currently, or has been within the last 5 years a senior executive of the Company or one of its subsidiaries;
- He / she has received a compensation on the part of the Company or any of its subsidiaries;
- He / she represents the interests of a controlling shareholder of the Company;
- He / she has had during the last year a material business relationship with the Company or its subsidiaries;
- He / she is, or has been in the past 3 years an employee or partner of the entity in charge of the audit of the Company;
- He / she is manager of an entity in which one or more member (s) of the board is / are member (s) of the Board of Directors of the Company;
- He / she served the Board of Directors of the Company for a period of more than twelve (12) years;
- He / she is very close to a person who is considered as not independent from the Company;
- He / she has business, family or any other relationship that creates a conflict of interest with the Company or its controlling shareholders or management or has had such relationships within the five (5) years prior to admission to the Committee.

If the Chairman resigns or can no longer exercise his/her functions, the Board of Directors must appoint a new Chairman within a short time frame.

The Chief Risk Officer of the Company (hereafter, the “CRO”) attends the Risk Committee meetings, unless otherwise instructed by the Chairman of the Risk Committee.

The CRO of the Company assumes the duties of secretariat of the Committee. Under the guidance of the Chairman of the Risk Committee, he/she prepares the Risk Committee meetings and drafts, as well as its minutes.

The Company is committed to providing the necessary resources to enable the Risk Committee to achieve its goals and fulfill its mission, including through legal or accountant external advice or professional assistance.

Depending on the agenda, the Chairman of the Risk Committee or two (2) members of the Committee can request any employee of the Company to testify in front of the Committee and this person may bring to the Risk Committee any relevant and useful information. The said person will not have a voting right on this issue. The Committee may also ask persons outside the company to testify.

3. Missions

3.1. Role and responsibilities of the Risk Committee

The Board authorises the Risk Committee to:

- Investigate and evaluate all themes falling within the scope of the Risk Committee activities as defined by this charter;
- Get all the necessary information in the context of achieving its missions from the executive members and the employees of the Company;
- Obtain information from the internal and external auditors;
- Get advice, guidance and assistance from outside consultants if the Risk Committee deems it necessary and appropriate;
- Advise the management of the Company on the current and future risk management strategy;
- Track the risks generated by the activity of the Company and, in particular, ensure that:
 - The level of capital is sufficient to ensure that the CSD is protected against legal, custodian, investment and operational risks, and
 - The Company can continue its activity for 6 months in the case of a progressive or restructuring dissolution;

- Define and maintain the capital-raising plan, in case the capital of Company reaches a level at or below the minimum required to cover the risks generated by its activities as defined in the previous point;
- Without prejudice to the skills of the Board and other missions that Risk Committee could have under the legal and regulatory provisions, the Committee is responsible for:
 - Monitoring the effectiveness of internal control and risk management systems;
 - Expressing an opinion on the procedures defined and implemented to ensure compliance with legal and regulatory provisions as well as risk management and control; for this purpose, it regularly receives a risk report, especially for operational risk;
 - Monitoring the conclusions of the missions of the Autorité des marchés financiers (AMF), the Banque de France (BdF); for this purpose, it receives communication of the reports of the abovementioned entities.

The establishment of the Risk Committee does not diminish the responsibilities of the Board. Thus, any relevant risk information that needs to be communicated to the Risk Committee can also be communicated in parallel to the Board of Directors.

The Risk Committee prepares the annual review by the Board of Directors of the:

- Institutional appetite for both current and future risks;
- Internal control activity and operational performance of the Company;
- Significant incidents revealed by internal control procedures;
- Significant discrepancies detected by the anti-money laundering and financing of terrorism monitoring analysis system;
- Key elements and key lessons that can be learned from the analysis and monitoring of the risks associated with the activity and the results;
- Measures taken to ensure the continuity of the activity and the assessment of the effectiveness of the processes in place;
- Measures taken to ensure control of outsourced activities and any resulting risks to the Company;
- Successful implementation of the corrective measures decided;
- Policies put in place to comply with risk control regulations;
- Prices of products and services offered to customers, issuers and participants, to ensure their compatibility with the risk strategy and financial targets of the Company;
- Strategies, policies, procedures, systems, tools and limitations for detecting, measuring, managing and tracking liquidity risk, including internal methodologies and their underlying assumptions;

The Risk Committee is informed of these points by the Chief Executive Officer (hereafter, the “CEO”) or the CRO. They prepare for this purpose before each meeting of the Risk Committee working files containing information they deem relevant. In addition, the CEO must provide the Risk Committee at least twice per year, the results of his/her analysis of the extent of the scope of the risks to which the Company is exposed.

3.2. CRO’s alert role

The CRO answers questions of the Board of Directors and the Risk Committee in their area of competence and responsibility.

If necessary, under exceptional circumstances, the CRO can report directly to the Board of Directors and the Risk Committee without reference to the CEO.

3.3. Resources and budget

The Company makes available to the Risk Committee the resources required for the performance of its duties, including outside legal, accounting and other professional advice and assistance.

4. Operation

4.1. Internal organisation of the Risk Committee

The Risk Committee meets as often as it deems necessary and at least four times a year prior to the holding of the Board of Directors. The members are convened by the Chairman of the Risk Committee, two (2) members, or by the Chairman of the Board by any means of communication. The CEO may also ask the Chairman to call the Risk Committee on a specific item.

Meetings of the Risk Committee are validly held provided that at least half of its members attend. A member of the Risk Committee may be represented by another member of the Risk Committee.

Are considered present for the quorum and majority, members participating in the meeting of the Risk Committee by videoconference or telecommunication in accordance with laws and regulations and within the limits they provide. These shall comprise technical features allowing the identification of participants and ensuring effective participation. To this end, these means at least the voice of the participants must transmit and allow a continuous and simultaneous retransmission of the deliberations.

The Risk Committee shall maintain an agenda and minutes of the meetings held. The Chairman of the Risk Committee is in charge of reporting to the Board of Directors on the recommendations of the Risk Committee. Under exceptional circumstances, in case the Chairman of the Risk Committee is not able to report to the Board of Directors, a member of the Risk Committee would be appointed for that purpose by the Risk Committee.

4.2. Working methods

After their appointment, the members of the Risk Committee will benefit from a comprehensive presentation, by the CEO or the CRO, of the operational procedures of the company and of the main risk exposures that they imply.

To achieve its missions, the Risk Committee must obtain all relevant information, and, for this purpose, it must in particular determine the nature, volume, shape and frequency of the information transmitted to it.

Except in case of an emergency, the CEO or the CRO shall communicate to the members of the Risk Committee at least three days prior to any meeting, a working folder with all information and all necessary documents to deliberate on the items at the agenda. Unless specifically requested otherwise by a member of the Risk Committee, the file will be made available to it exclusively in electronic format.

4.3. Remuneration

Independent members of the Risk Committee are paid for their work. This remuneration must be determined at the General Meeting, regardless of the performance of the Company, in accordance with Article 27 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23

July 2014 on the improvement of securities settlement in the European Union and central securities depositories.

5. List of proposed members of the Risk Committee

Proposed Members of the Risk Committee	Mandate
Jean-Michel Godeffroy	Chairman
Phi Nguyen	Member
Sophie Langlois	Member