

# ***Euronext Securities Milan***

## ***Risk Committee Mandate***

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## About This Document

This document describes the charter for Euronext Securities Milan Risk Committee.

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## Document Audience

Internal and external stakeholders and the public (ref. CSDR RTS 2017/392, article 11 (3)).

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## Document History

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1.0	20/07/2022		Approved by Euronext Securities Milan Board of Directors.

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## Related Documentation

Mandate for Euronext Securities Milan Board of Directors.

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## **1. Establishment and Objective**

The Board of Directors (BoD) of Monte Titoli S.p.A (Euronext Securities Milan) has appointed a Risk Committee under the supervision of the BoD.

The Risk Committee is responsible for advising the BoD on Euronext Securities Milan's overall risk management strategy and risk appetite. The tasks of the Risk Committee are described in more detail in section 3 below.

The Risk Committee shall have a clear and publicly available mandate, procedures and access to external expert advice where necessary. The mandate is evaluated and adjusted once a year.

The Risk Committee will assess the risk management and internal control systems of Euronext Securities Milan.

The Risk Committee has a mere advisory function in connection with the responsibilities of BoD. Accordingly, the setting up of the Risk Committee does not limit or substitute any duty or responsibility of the BoD in respect of risk management and control, according to the powers and functions of the Board of Directors as in force from time to time. Therefore, relevant information required by any member of the BoD shall be provided to all board members, and not only to the Risk Committee. The BoD remains fully responsible for all recommendations that have been prepared by the Risk Committee.

## **2. Members and Composition**

The Risk Committee consists of a minimum of three members who are appointed by the BoD according to the following rules:

- a) At least the majority of members of the Risk Committee are appointed among independent directors of any of the boards of directors of the CSDs controlled by Euronext;
- b) The Chairman of the Risk Committee shall be independent from the executive members of the Board of the Euronext Securities Milan
- c) At least one member of the Risk Committee may be appointed among Euronext employees. Members of the Risk Committee appointed among Euronext employees will ensure consistency in risk management best practices within the Euronext Group.

The BoD shall appoint the chair of the Risk Committee among the members qualifying as independent according point b above. The chair shall be primarily responsible for the proper functioning of the Risk Committee. The chair shall act as the spokesperson of the Risk Committee and shall be the main contact for the BoD. The chair may also, if appropriate, delegate to an independent board member the task to liaise with the BoD.

Members of the Risk Committee shall remain in office until the expiry of the term of the BoD.

A member of the Risk Committee shall serve until such member's successor is duly elected or until such member's earlier resignation or removal. Members may be removed by the BoD at any time. Any independent member of the Risk Committee who resigns from the Board of Directors of one CSD controlled by Euronext shall also resign from the Risk Committee.

Euronext Securities Milan's Chief Risk Officer shall attend meetings of the Risk Committee unless otherwise instructed by the chair of the Risk Committee.

### **3. Duties**

The duties of the Risk Committee are:

- a) To advise the BoD on the overall risk management strategy and risk appetite;
- b) To monitor and review Euronext Securities Milan's risk management strategy, risk tolerance, and policies, including identifying, communicating and manage risks;
- c) To submit risk management policies and/or policies for undertaking risks (in addition to risks associated with the financial reporting) for approval by the BoD;
- d) To monitor and review the development in the most essential risk areas and the compliance with any adopted policies, scopes, etc. for the purposes of the BoD's ability to be updated on developments and make the necessary decisions;
- e) To oversee Euronext Securities Milan's Risk Management function and review its effectiveness and independence and that it has adequate resources and appropriate access to information.

The Risk Committee shall also monitor any other matters that it deems necessary, in its discretion, and perform any other duties that the Board of Directors delegates to it.

### **4. Meetings**

Meetings will be held at least twice annually or as often as the chair deems it necessary or if requested by a member of the Risk Committee, or by the Chief Risk Officer.

Meetings of the Risk Committee will be convened by the chair of the Risk Committee. In the chair's absence, meetings will be convened by another member of the Risk Committee.

Risk Committee meetings are generally held at the offices of the Company, but may also be held by telephone or video conference.

Copies of all meeting agendas must be sent to the BoD for information. All material prepared for the Risk Committee must be made available for all BoD members.

The chair of the Risk Committee presides over the Risk Committee's meetings.

The Risk Committee constitutes a quorum when more than half of its members are present.

The Risk Committee must keep a minute book.

The Risk Committee only passes resolutions where recommendations are to be made to the BoD. The Risk Committee has no independent decision-making power. All resolutions by the Risk Committee must be passed by a simple majority of votes.

To ensure the Risk Committee's independence and autonomy, Euronext Securities Milan Senior Management, other members of the BoD, the internal auditor and the external auditor may only attend meetings on request from the Risk Committee.

## **5. Authority**

The Board of Directors authorises the Risk Committee to:

- a) investigate and assess all matters that fall within the guidelines set out in this charter;
- b) obtain all necessary information from the Senior Management of Euronext Securities and employees of Euronext Securities Milan and its subsidiaries;
- c) obtain information from Euronext Securities Milan's internal auditor and external auditor;
- d) obtain the advice, guidance and assistance from external advisers that the Risk Committee deems to be necessary or appropriate for performing its duties.

## **6. Secretariat, Resources and Budget**

Euronext Securities Milan must make available to the Risk Committee the resources required for the performance of the Committee's duties, including external legal, accounting and other professional advice and assistance.

To the extent feasible, the Risk Committee shall not use the same external advisers used by Euronext Securities Milan in the ordinary course of business.

The chair of the Risk Committee can decide if an annual budget for the Committee is relevant. If the chair of the Risk Committee decides it is relevant, the chair must prepare an annual budget for the Committee, which must be approved by the BoD. The chair must control the Risk Committee's budget on an on-going basis.

The Chief Risk Officer is responsible for the secretariat to the Risk Committee and oversees agenda setting, meeting preparation, and minutes of the meeting in coordination with the chair of the Risk Committee.

## **7. Reporting to the Board of Directors**

Minutes of all meetings of the Risk Committee must be prepared as soon as possible and no later than two weeks after the meeting.

The Risk Committee's reasoned recommendations to the BoD must be set out in the minutes.

Minutes of the meetings of the Risk Committee must be presented at the next meeting of the BoD.

Meetings of the BoD, to consider the Risk Committee's recommendations, must be organised to enable the chair of the Risk Committee or a delegated independent member of the Risk Committee to attend the meeting.

At least every six months, the Risk Committee must report its activities to the BoD.

## **8. Publication of Information about the Risk Committee**

Euronext Securities Milan must publish the following information in its annual report and on its website:

- a) that Euronext Securities Milan has established a Risk Committee;
- b) the Risk Committee Mandate (this document);
- c) the names of the members of the Risk Committee;
- d) the name of the chair of the Risk Committee.

## **9. Remuneration**

The members of the Risk Committee shall receive remuneration for their work. The remuneration shall be determined by the BoD.

## **10. Miscellaneous**

The Risk Committee shall, as often as it deems necessary, perform a review and evaluation of the performance of the Risk Committee and its members, including by reviewing the compliance of the Risk Committee with this mandate.

In addition, the Risk Committee shall, as often as it deems necessary, review and reassess the adequacy of this mandate and recommend to the Board of Directors any improvements to this mandate that the Risk Committee considers necessary or valuable. The Risk Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.