

**LCH SA**  
(the *Company*)

**TERMS OF REFERENCE OF THE OPERATIONAL RESILIENCE COMMITTEE  
OF THE BOARD OF DIRECTORS (THE “COMMITTEE”)**

Adopted by the board of directors of the Company on 22 November 2022

**1. PURPOSE**

- 1.1 The Operational Resilience Committee (LCH SA TSR Committee) (the *Committee*) shall be appointed by the Board of Directors of the Company (the *Board*) and shall represent the interests of the Board in the sound management of Operational Resilience to ensure that technology security, cyber security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals of the Company.
- 1.2 The Committee shall determine whether management has put in place adequate strategies and plans which include appropriate management of operational resilience and provide reasonable assurance that the company operates within the risk appetite set by the Board as well as complies with regulatory requirements. The committee will receive a regular assessment of these risks.
- 1.3 The Committee contributes to the review, of the following Operational Resilience policies before they are presented to the Risk Committee for review and recommendation to the Board for approval :
  - 1.3.1 Technology Risk;
  - 1.3.2 Business Continuity Risk;
  - 1.3.3 Information Security and Cyber Risk;
  - 1.3.4 Operational Risk;
  - 1.3.5 Third Party (Outsourcing) Risk and
  - 1.3.6 Physical Security Risk.

The Committee will be notified by the owner of the policies of any breaches and waivers

- 1.4 The Committee shall assist the Board in fulfilling its responsibility relating to:
  - 1.4.1 Review of the Company’s Operations and Technology Strategy;
  - 1.4.2 Review of significant investments in support of such strategy including application and infrastructure architecture;
  - 1.4.3 Review of the frameworks, policies and strategies that set the internal control environment in relation to Operational Resilience;
  - 1.4.4 Review of ongoing outsourcing and third-party risk management arrangements of the Company;
  - 1.4.5 Review of the Operational Risk Management Framework;

- 1.4.6 Review of the Company's Strategy for Cyber Security and Information Security and for delivery of supporting programmes;
  - 1.4.7 Review the integration of Digital and Physical Security and their alignment with Business Continuity Plans;
  - 1.4.8 Review of and assessing of the Company's maturity against existing and emerging concepts of security and resilience in order to support the development of strategy; and
  - 1.4.9 Providing regulatory attestations or declarations as may be required from time to time in relation to technology, security and operational resilience.
- 1.5 The Committee shall keep itself informed of any changes in the laws and regulations applicable to its function and of changes in guidance from within the broader LCH Group, and London Stock Exchange Group.
  - 1.6 The Committee shall provide time and capacity for discussions relating to Operational Resilience matters in order to provide constructive challenge to the business and assurance to the Board through recommendations and advice. The Committee will help the Board strengthen business continuity management, risk management and regulatory compliance.
  - 1.7 Nothing in these Terms of Reference shall diminish the responsibility of the Board to maintain ongoing review of the Company's Operational Resilience policies as applicable.

## 2. STRUCTURE AND MEMBERSHIP

### 2.1 Composition

- 2.1.1 The Committee shall comprise no fewer than four directors of the Board, of which:
  - (a) at least 50 per cent shall be independent non-executive directors of the Board, each of whom satisfies the criteria for independence set out in, the terms of reference of the Company's Nomination Committee (the **Independent Directors**) and one of such Independent Directors shall be appointed Chair of the Committee (the **Committee Chair**); and
  - (b) at least one shall be a member of the Audit Committee of the Company.
- 2.1.2 Members of the Committee must have the relevant expertise required for the committee to function properly as well as recent and relevant experience of the operations of LCH group. The Committee as a whole should have a breadth of experience to enable alignment with financial risk management, regulatory requirements and audit.
- 2.1.3 Other experts in IT, security, resilience matters and more generally on Operational Resilience matters, as considered appropriate by the Committee, may attend the meetings of the Committee on relevant matters from time to time, in a non-voting capacity.

## 2.2 Selection and Removal

2.2.1 Members of the Committee shall be selected and appointed by the Board at any time in consultation with the Committee Chair.

2.2.2 The Board may remove members of the Committee with or without cause.

## 2.3 Committee Chair

2.3.1 The Board normally elects the Committee Chair. On an exceptional basis and in the absence of the appointed Committee Chair, the Committee shall elect a substitute Committee Chair from amongst its ranks by majority vote.

2.3.2 The Committee Chair will keep the Committee's composition under review and shall make proposals to the Board accordingly.

## 2.4 Secretary

2.4.1 The secretary to the Committee (the **Committee Secretary**) shall be the Company Secretary or such other person as he or she may nominate.

2.4.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required and, where deemed necessary or appropriate, to professional advisers.

## 2.5 Notice of Meetings

2.5.1 Notice of meetings shall be given by the Committee Chair, or the Committee Secretary at the request of the Committee Chair.

2.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required or permitted to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

## 2.6 Frequency of Meetings and Location

The Committee shall meet as frequently as it determines necessary, but not less frequently than four times per year. Other than in exceptional circumstances, all meetings shall be held in one of the registered offices of the group entities. The Committee Chair, or any other member of the Committee, may call meetings of the Committee.

## 2.7 Attendance

2.7.1 Only members of the Committee have the right to attend Committee meetings.

2.7.2 Members of the Company's executive and the Head of Internal Audit may attend the meetings by invitation as and when appropriate and necessary, in accordance with items on the agenda.

2.7.3 The Committee may hold meetings in person, by telephone or by video conference.

## 2.8 Quorum

The quorum for meetings shall be two members of the Committee, one of whom shall be an independent Non-Executive Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

For the purposes of fulfilling the quorum requirements, a member of the Committee may provide the Chair or another member of the Committee with their proxy, provided that the proxy is notified to the Chair and the Secretary prior to the meeting.

## 2.9 Conduct of Meetings

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

## 2.10 Remuneration

The remuneration of Committee members shall be as determined by the Board. No member of the Committee may receive any consulting, performance, advisory or other compensatory fee from the Company other than fees paid in his or her capacity as a member of the Board or as a member of a Committee of the Board.

## 3. REPORTS TO THE COMMITTEE

3.1 The Committee shall receive and review periodic management information for relevant operations and technology metrics and align its meeting schedule with the requirements of the Board.

## 4. AUTHORITY AND RESPONSIBILITIES

4.1 The Committee's role is one of review. The Committee will also provide support and alignment with other committees to the Board.

4.2 The Committee shall perform the following specific functions:

4.2.1 Review the Company's operations and technology strategy and policies relating to Operational Resilience including application and infrastructure architecture.

4.2.2 Review and, as appropriate, make recommendations to the Board regarding significant technology investments in support of the Company's technology strategy.

4.2.3 Review and, as appropriate, make recommendations to the Board regarding the resources and delivery of the Company's technology programmes.

4.2.4 Review any IT resilience, cyber and information security programmes, track progress in relation to such programmes and provide reports to the Board as appropriate.

4.2.5 Review any significant operations and technology risk exposures of the Company, including (i) review of any detailed operational risk assessments with significant IT elements (ii) information security and cyber security risks together with the steps management has taken to monitor and control such exposures.

- 4.2.6 Review and consider, where appropriate, the Company's risk management and risk assessment guidelines and Resilience risk policies.
  - 4.2.7 Review the Company's integrated security and resilience, including review of any new or novel approaches to IT including security and resilience.
  - 4.2.8 Review and receive reports from management regarding the Company's Business Continuity Management planning and develop oversight of Business continuity management and disaster recovery.
  - 4.2.9 Receive reports, as appropriate, from the Audit Committee regarding the outcome of reviews and assessments of the Company's operations and technology functions.
  - 4.2.10 Review and receive reports in relation to ongoing technology outsourcing.
  - 4.2.11 Receive reports from management, as and when appropriate, on industry trends that may affect the Company's technology strategy.
  - 4.2.12 Coordinate with Management and other Board Committees as may be necessary in discharging its authorities and responsibilities and provide reports to such other Board Committees as may be appropriate.
  - 4.2.13 Provide advice to LCH SA Risk Committee on specific Operational Resilience Risk related matters, as appropriate.
  - 4.2.14 Review Detailed Operational Risk Assessments (DORAs) with significant elements relating to Technology, Cyber or other Operational Resilience, prior to recommending approval by the Risk Committee.
  - 4.2.15 Be notified of Operational Risk Assessments (ORA) related to cloud initiatives
- 4.3 The Committee shall consider any other matters as directed by the Board.
- 4.4 The Chair of the LCH SA Operational Resilience Committee shall be a standing member of the Audit Committee and a standing members of the Risk Committee.

## 5. **PROVISIONS FOR ACCESS**

### 5.1 **Access to Management**

The Committee shall have full and unrestricted access to the LCH Group's management and employees. All employees are directed to co-operate with any requests made by the Committee.

### 5.2 **Access to Outside Advisers**

The Committee is authorised by the Board, at its discretion, to obtain independent professional advice and to secure the assistance of outsiders with relevant expertise. This shall apply both to the Committee as a whole and to individual Committee members. Costs relating to the provision of advice shall be borne by the Company.

### 5.3 Access to Company Information

The Committee shall have full and unrestricted access to any systems, records, facilities or other data it requires from the Company or other members of the LCH Group in order to carry out its functions.

## 6. REPORTING

6.1 *Minutes / Agenda.* The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, and such minutes shall be presented to the Committee for approval at the next following meeting.

6.2 *Board Reporting.* The Committee Chair shall report the Committee's discussions, decisions and recommendations to the Board, which shall decide on an appropriate policy response.

6.3 The Committee shall have no executive powers with respect to those findings and recommendations.

6.4 *Annual Reports.* The Committee Chair, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit the annual compliance reports required by applicable regulations in force from time to time.

## 7. CONFIDENTIALITY AND CONFLICTS OF INTEREST

7.1 All confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.

7.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time.