

Throughout, “OTPP” refers to the corporate organization, the Ontario Teachers' Pension Plan Board, and “board members” refers to the members appointed to the OTPP.

MEMBERS

Lise Fournel, Chair; Gene Lewis, John Murray, Cathy Cranston and Kathleen O’Neill

1) AUTHORITY

- a) The Operational Risk Committee ("Committee") will assist the Board in fulfilling its strategic oversight responsibilities in relation to information technology, data governance, procurement and vendor risk management, enterprise project management, operations including the trade life cycle, continuity management, and security, both IT and physical. The Committee will review and evaluate the operational risk profile and framework, and the adequacy of the strategies that management has in place to identify, assess and manage significant risks to which OTPP is exposed, and within the established operational risk appetite. The Committee will review such significant risks, under OTPP's risk framework.
- b) The Committee is authorized to engage independent counsel and other outside experts as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors engaged by the Committee. The committee chair shall engage the necessary advisors and the board members shall be kept informed of both the selection of the advisors and their advice. Board members may reserve the right to access more detailed information beyond that contained in the Committee reports and recommendations.

2) RESPONSIBILITIES

2.1) Oversight of Operations and Operational Risk Governance

- a) Review, at least annually the adequacy and effectiveness of OTPP's operational risk management frameworks and the relevant strategies developed by management for the effective identification, measurement, monitoring and controlling of OTPP's operational risk consistent with OTPP's approved enterprise risk appetite statement and operational risk appetite for each operational risk category.
- b) Review, at least twice annually, reports from management regarding the nature and level of operational risk being taken by OTPP, including from material vendors, and how those risks are managed within the established operational risk appetites, those risks associated with capabilities, process, technology and external events related to continuity management.
- c) Review, at least annually OTPP's enterprise project management framework, project portfolio and reports from management regarding the nature of material projects.

- d) Review reports of significant operational risks and deficiencies identified by management, including results of key risk indicators above tolerance and management's actions and plans to address those issues and the status of any such actions and plans.
- e) Review the results of any periodic independent reviews of the operational risk framework.

2.2) Oversight of Information, Security, and Data Loss Prevention Effectiveness

- a) Review, at least annually, the activities planned to manage the Information and Technology Division.
- b) Review, at least annually, the frameworks and strategies developed by management to manage, identify, measure and control information technology risks and requirements, including information and cyber security mitigation, data loss prevention strategies and significant enhancements, consistent with OTPP's approved risk framework.
- c) Review at least annually, reports from management on technology operations and risks, including the effectiveness of business continuity, disaster recovery and crisis management programs, and management's assessment of information technology risk and market trends. Review annually the information and cyber security framework and obtain periodic updates on cyber security risk and related emerging risks.
- d) Review, at least annually, reports from management on material issues and deficiencies identified by management with respect to information technology risk, including management's actions and plans to address those issues and the status of such actions and plans.

2.3) Other Matters

- a) The Committee shall review the Terms of Reference of the Committee biennially and present any changes recommended to the Governance Committee for recommendation to the Board.
- b) Advise the Board and carry out such other tasks, consistent with the above matters, as directed by the Board.

3) PROCEDURES

3.1) Meetings

- a) The Committee will report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board at the Board's next regularly scheduled Board meeting.
- b) The Committee will meet in camera at each meeting to discuss pertinent matters.

4) POSITION DESCRIPTION FOR CHAIR OF THE OPERATIONAL RISK COMMITTEE

4.1) The Chair of the Committee shall:

- a) Provide leadership to enhance the Committee's effectiveness by:
 - i. Ensuring that the areas of responsibilities of the Committee and management are understood and respected by both;
 - ii. Promoting the independent thinking of the Committee;
 - iii. Building consensus among Committee members; and
 - iv. Overseeing the discharge of the Committee's responsibilities including its reporting to the board members.
- b) Act as the liaison between the Committee and management by working with the Chief Executive Officer or his delegate to
 - i. Carry out the annual calendar of the Committee's business;
 - ii. Set the agenda for each Committee meeting; and
 - iii. Ensure that proper information is brought to the Committee including regular management reports and documentary materials in support of management's proposals.
- c) Provide the Chair's insight for Enterprise Risk Management by providing input into OTPP's top enterprise risks.