RESOLUTION NO. 6507

WHEREAS, the Board of Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD’s corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board’s Governance Committee (the “Committee”) is responsible for evaluating Board Policy SD-15: Enterprise Risk Management on an annual basis. The Committee has reviewed the SD-15: Enterprise Risk Management Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Omaha Public Power District accepts the SD-15: Enterprise Risk Management Monitoring Report, in the form as set forth on Exhibit A attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.
SD-15: Enterprise Risk Management Monitoring Report

Scott Focht – Vice President Corporate Strategy & Governance
Dan Laskowsky – Director Risk Management & Compliance Governance
June 14, 2022
SD-15: Enterprise Risk Management

OPPD shall maintain an enterprise risk management (ERM) program to perform an independent oversight function of the District’s risk management activities to ensure significant risks are identified, assessed, managed, and reported through organizational policies, procedures, and processes to maintain risk exposures within agreed upon risk tolerance levels.

The Board of Directors shall:

• Ensure the District is maintaining an ERM program that fulfills this policy.
• Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review.
• When necessary, request additional explanation of the risk from the corresponding member of OPPD’s executive leadership team responsible for the risk or request additional expertise to supplement the review.
• Review additional ERM information, related risk activities, and strategies on an as-needed basis.
Ensure the District is maintaining an ERM program that fulfills this policy;

- ERM Structure:
Ensure the District is maintaining an ERM program that fulfills this policy;

- Board Policy SD-15 & ERM Policy guide responsibilities and procedures for managing risks

- Risk Identification & Oversight:
  - Monthly: All three ERM Working Group Committees meet to identify and assess risks and have at least one member from each Business Unit. The Security & Architecture Review Board also performs this role in addition to its other responsibilities.
  - Quarterly: Reports on the District’s significant risks are provided to Executive ERM Committee and the Board of Directors. Executive Leadership affirms the following items:
    - Enterprise risks are identified, to a reasonable extent.
    - Significant enterprise risks are understood.
    - Mitigation strategies are understood, appropriate, and sufficient.
Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review;

- 3rd Quarter 2021 Report (Closed Session) - September 14, 2021
- 4th Quarter 2021 Report (Closed Session) - December 14, 2021
- 1st Quarter 2022 Report (Closed Session) - March 15, 2022
- 2nd Quarter 2022 Report (Closed Session) - June 14, 2022

<table>
<thead>
<tr>
<th>Risk Appetite</th>
<th>Risk Likelihood (5 Years)</th>
<th>Consequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executory Risk</td>
<td>1% - 10%</td>
<td>Sustained Negative Social Media Impact, Negative National Media Scrutiny, Some National Concern, International or Persistent Concerns</td>
</tr>
<tr>
<td>Unsustained Risk</td>
<td>11% - 25%</td>
<td>Significant Damage to Equipment, Governmental Investigation, Violation Resulting in Greater than $1 Million in Civil Penalties, Fines against OPPD or OPPD Contractor, Radioactive Release</td>
</tr>
<tr>
<td>Tolerable Risk</td>
<td>1% - 10%</td>
<td>Significant Damage to Equipment, Governmental Investigation, Violation Resulting in Greater than $1 Million in Civil Penalties, Fines against OPPD or OPPD Contractor, Radioactive Release</td>
</tr>
<tr>
<td>Undesirable Risk</td>
<td>11% - 25%</td>
<td>Significant Damage to Equipment, Governmental Investigation, Violation Resulting in Greater than $1 Million in Civil Penalties, Fines against OPPD or OPPD Contractor, Radioactive Release</td>
</tr>
<tr>
<td>Unacceptable Risk</td>
<td>11% - 25%</td>
<td>Significant Damage to Equipment, Governmental Investigation, Violation Resulting in Greater than $1 Million in Civil Penalties, Fines against OPPD or OPPD Contractor, Radioactive Release</td>
</tr>
</tbody>
</table>

- Risk Likelihood (5 Years)

1. The severity text for each consequence is representative, not exhaustive. Use your best judgement to rank any events that may fall under the severity level.
2. The severity text for each consequence is a representative, not exhaustive, list of the events that would fall under each level, use your best judgement to rank any events that may fall under the severity level.
3. The Risk Severity is determined by the highest severity level across all the consequences. If stuck between two levels for a specific consequence, choose the higher of the two.
4. Instructions:
   - The risk likelihood is determined by the highest level across all the consequences.
   - If stuck between two levels for a specific consequence, choose the higher of the two.
   - The severity level indicates the consequence level for each risk and the risk appetite.
   - The consequence level is determined by the highest severity level across all the consequences.
   - If stuck between two levels for a specific consequence, choose the higher of the two.
   - The severity level is determined by the highest severity level across all the consequences.
   - If stuck between two levels for a specific consequence, choose the higher of the two.
   - The risk appetite is determined by the highest severity level across all the consequences.
   - If stuck between two levels for a specific consequence, choose the higher of the two.
When necessary, request additional explanation of the risk from the corresponding member of OPPD’s executive leadership team responsible for the risk or request additional expertise to supplement the review;

- Three levels of risk ownership:

<table>
<thead>
<tr>
<th>Executive Leadership Owner</th>
<th>Direct Report Risk Owner</th>
<th>Subject Matter Expert (SME)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Indicator Monitoring</td>
<td>Risk Oversight</td>
<td>Risk Ownership</td>
</tr>
<tr>
<td>Setting Risk Strategy</td>
<td>Designing &amp; Implementing</td>
<td>Setting Risk Strategy</td>
</tr>
<tr>
<td>Mitigation Steps</td>
<td></td>
<td>Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Designing &amp; Implementing</td>
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<td></td>
<td></td>
<td>Mitigation Steps</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Risk Indicator Monitoring</td>
</tr>
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<td></td>
<td></td>
<td>Technical Risk Analysis</td>
</tr>
</tbody>
</table>

- Directors are able to request additional information from the corresponding Executive Leadership owner responsible for any significant risk.
- Directors can also request that Executive Leadership arrange for additional expertise to supplement the review of a specific significant risk.
Review additional ERM information, related risk activities, and strategies on an as-needed basis.

- Leverage ERM during Strategic Planning, Resource Planning, and Capital Project Prioritization
- ERM support of COVID-19 pandemic response and Polar Vortex After Action Review
- Business Decision Model includes risk assessment
- Recent Board recommendations have included risk-related information as part of the discussion. Some examples include:
  - Resolution No. 6351 - Power with Purpose (November 14, 2019 and Ongoing)
  - Resolution No. 6486 - Spring 2022 Transmission Construction (January 18, 2022)
  - Resolution No. 6481 - Approval of Corporate Operating Plan (December 14, 2021)
Recommendation

• The Governance Committee has reviewed and accepted this Monitoring Report for SD-15 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-15.
Any additional reflections on what has been accomplished ... or challenges or gaps
BOARD OF DIRECTORS

June 14, 2022

ITEM

SD-15: Enterprise Risk Management Monitoring Report

PURPOSE

To ensure full Board review, discussion and acceptance of the SD-15: Enterprise Risk Management Monitoring Report

FACTS

a. The Board confirmed the Corporate Governance Initiative Charter in December 2014 in order to assess and refine OPPD's corporate governance infrastructure.

b. The first set of Board policies was approved by the Board on July 16, 2015. A second set of Board policies was approved by the Board on October 15, 2015.

c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.

d. The Governance Committee is responsible for evaluating Board Policy SD-15: Enterprise Risk Management on an annual basis.

e. The Governance Committee has reviewed the SD-15: Enterprise Risk Management Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION


RECOMMENDED:

Scott M. Focht
Vice President – Corporate Strategy and Governance

APPROVED FOR BOARD CONSIDERATION:

L. Javier Fernandez
President and Chief Executive Officer

Attachments: Exhibit A – Monitoring Report
             Resolution