RESOLUTION NO. 6573

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.
Monitoring Report
SD-15: Enterprise Risk Management

Scott Focht
Vice President – Corporate Strategy & Governance
June 13, 2023
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:**

  - **Board of Directors**
    - **Board Of Directors Standing Committees**
      - **Governance**
        - Champions: Lisa Olson, Cliff Fleener, & McKell Purnell
      - **Public Information**
      - **Finance**
        - Champions: Jeff Bishop & Tim McAreavey
      - **System Mgmt. & Nuclear Oversight**
        - Champions: Troy Via & Brad Underwood
      - **Executive ERM Committee**
  - **ERM Working Group Committees**
    - **Governance & Public Information**
    - **Finance, Insurance, & Audit**
    - **System Mgmt. & Nuclear Oversight**
    - **Security & Architecture Review Board**
  - **Committee Chair:** Arlo Christensen, Dave Morgan, Brad Seier, Doug Peterchuck
    - Arlo Christensen: Dir. Safety, Training & Health
    - Dave Morgan: Corp Budgeting Lead
    - Brad Seier: Dir. Financial Planning & Anlys
    - Doug Peterchuck: Dir. Ent. Operational Tech
  - **ERM Analysts:** Charlie Schoenkin & Patrick Drahota

  - **Vice President Corporate Strategy & Governance**
    - Scott Focht
  - **Dir. Risk Management & Compliance Governance**
    - Dan Laskowsky
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 2022 Report (Closed Session) - September 20, 2022
- 4th Quarter 2022 Report (Closed Session) - December 13, 2022
- 1st Quarter 2023 Report (Closed Session) - March 14, 2023
- 2nd Quarter 2023 Report (Closed Session) - June 13, 2023

<table>
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<tr>
<th>Risk Severity</th>
<th>Risk Consequence</th>
<th>Risk Likelihood (5 Years)</th>
<th>Risk Appetite Guidance</th>
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- The severity text for each consequence is a representative, and not exhaustive. Use your best judgment to rank any consequences not explicitly listed. Determine the potential consequences of the risk being considered. Also, be inclusive in selecting the most significant risks.
- Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review.
- Choose the Risk Likelihood that best represents the best representation that the consequences chosen will occur within the coming 5 year period.
- Instructions:
  - The [-] button above column H can hide the consequence section.
  - Consequence not explicitly listed. Determine the potential consequences of the risk being considered.
  - Consequence not explicitly listed. Determine the potential consequences of the risk being considered.

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<tr>
<th>Risk of Doing Business</th>
<th>Risk Likelihood (5 Years)</th>
<th>Risk Appetite Guidance</th>
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</table>

- The severity text for each consequence is a representative, and not exhaustive. Use your best judgment to rank any consequences not explicitly listed. Determine the potential consequences of the risk being considered.
- Review the District’s most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review.
- Choose the Risk Likelihood that best represents the best representation that the consequences chosen will occur within the coming 5 year period.
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:
  - **Executive Leadership Owner**
  - **Direct Report Risk Owner**
  - **Subject Matter Expert (SME)**

• 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
- Business Decision Model includes risk assessment
- Recent Board recommendations have included risk-related information as part of the discussion. Some examples include:
  - Resolution No. 6518 - Power with Purpose: Reliability / North Omaha Station Recommendation (August 16, 2022)
  - Resolution No. 6564 – 2023 Final Corporate Operation Plan (December 13, 2022)
  - Resolution No. 6566 – Decommissioning Trust Funding (April 18, 2023)
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 13, 2023

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:  APPROVED FOR BOARD CONSIDERATION:

Scott M. Focht  L. Javier Fernandez
Vice President – Corporate Strategy and Governance  President and Chief Executive Officer

Attachments:  Exhibit A – Monitoring Report Resolution