



2018 Enterprise Risk Management Status Report

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LES' Benchmark for Assessing Risks

LES' Risk Appetite Statement

Risks will be managed in a manner that will not materially jeopardize LES' ability to serve its customers, achieve its performance targets and continue its AA bond rating. LES expects high standards of legal and ethical conduct and maintains zero tolerance towards actions which could detrimentally impact safety or regulatory compliance.

Enterprise Risk Management Roles

Administrative Board

Overall risk management oversight • Approval of Risk Management Policy and Risk Appetite Statement

Board Committees

Oversight of risks from within their area of responsibility

Finance & Audit Committee

Governance and oversight for the ERM Program

Executive Management

Steering Committee providing on-going support for ERM Program • Communicates ERM program results to Board • CFO is sponsor of Risk Management Committee

Internal Audit

Supports the overall risk management process • Reviews implementation of all mitigation strategies

Risk Management Committee (RMC)

Coordinates risk identification • Maintains risk database • Communicates ERM requirements to all employees • Presents findings and collects input from Executive Management • Completes Annual ERM Report

General Counsel

Legal support for ERM Program

Subject Matter Experts

Expertise in risk knowledge

All Employees

Identifies and communicates risks to the Risk Management Committee

The Risk Management Committee



2018 Highlights

- **1 new risk was added for a total of 31 ERM risks identified**
 - Public Perception of LES Due to Support of Third Parties
- **Developed quarterly ERM campaigns starting in Q2**
 - Q2: Property Damage
 - Q3: Health Care
 - Q4: Cyber Security
- **5 risks were renamed to more appropriately reflect the risks**
- **Added “N/A” as an option to rank risks**
- **Produced ERM video to be included during employee onboarding**

Looking Ahead in 2019

- **Finalize the review of the Risk Appetite Statement**
- **Research how other organizations assess the financial impact of an organizations reputation**
- **Continue specific risk overview presentations to the Executive Team and various Board committees**
- **Resume quarterly campaigns and other efforts to keep ERM relevant**
- **Streamline the annual comprehensive risk review process**
- **Consider adding “velocity ranking”; the speed a risk may materialize**

Questions?