

Board Policy: **Enterprise Risk Management**

Policy Type: **Operating Policies**

Monitored by: **Finance and Audit**

Board Resolution: **#1351, approved March 29, 2017**

#1428, amended September 27, 2018



Board Policy on Enterprise Risk Management

It is the policy of the Board of Trustees to maintain an Enterprise Risk Management Program to identify, assess, mitigate, monitor, and report on LIPA's most significant risks to achieving its mission and delivering value to its customer-owners.

Under the direction of the Authority's Chief Executive Officer, the Authority and its Service Provider shall maintain an Enterprise Risk Management Program with the following key provisions:

- An Executive Risk Management Committee consisting of the Chief Financial Officer and at least two other Authority staff appointed by the Chief Executive Officer, one of whom must be drawn from LIPA's senior management, to oversee the processes and procedures of the Program;
- An evaluation of the most significant risks facing the Authority and its Service Provider, and corresponding mitigation activities, reported to senior management of the Authority and its Service Provider for review and evaluation on an annual basis, with ongoing monitoring activity between reviews;
- A review of the Authority's insurance and other forms of coverage against insurable risks, including the availability and economics of such coverage, performed each year;
- Business continuity plans for LIPA and its Service Provider that are reviewed each year; and
- An annual review of the maturity of the Program compared to industry best practices, will be provided to senior management and the Authority's Internal Audit staff.

The Chief Executive Officer or his or her designee will report annually to the F&A Committee of the Board on the Policy, including:

- A review of the significant risks to LIPA's mission; and
- Compliance with the key provisions of the Policy.