



Executive Policy
Enterprise Risk Management

Policy Statement

TVA is committed to maximizing short- and long-term value to its stakeholders through an Enterprise Risk Management (ERM) program that is consistent and adheres to best practices.

Policy Intent

This policy establishes the overall objective of TVA's ERM program as originally approved by the TVA Board. The high-level intent of the ERM policy is to establish a consistent risk management framework that allows for consistency across the business and through time.

This policy adopts the following guiding principles in support of a consistent ERM approach as directed in:

Culture

TVA's Board, Chief Executive Officer (CEO), and Chief Risk Officer (CRO) are responsible for establishing the risk tone and behaviors to promote risk awareness and effective risk management.

Responsibility

Risks should be managed at all levels of the organization with each business unit being responsible and accountable for the implementation of the ERM process.

Alignment

Risk determination and analysis should be aligned with planning processes to evaluate impediments to meeting business objectives.

Response

Risks are to be identified and managed to a residual level that aligns with the appetite and tolerance as defined by the Board and CEO.

Communication

Leaders and individuals must escalate and communicate risks transparently between levels and across business lines for inclusion in the ERM risk registry.

Consistency

Risk processes should be consistent across all business units and escalated in a consistent manner using established terminology, rating scales, and dashboards.

Approach

The ERM process should be aligned with best practices by adhering to an industry-standard framework such as the Committee of Sponsoring Organizations (COSO) or International Organization for Standardization (ISO 31000) ERM frameworks.

Applicability

This policy applies to all TVA employees and contractor personnel.

Applicable Requirements

All applicable Board policies and resolutions, beginning with the original TVA Risk Policy approved in 1999, and specifically noting the directives included the Board's response to the event at Kingston Fossil Plant.

All applicable federal laws and regulations requiring the management of risks including:

- SEC Reporting Requirements
- Federal Information Security Management Act of 2002 (FISMA)
- Federal Power Act & Energy Policy Act of 2005
- OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control

Implementation

This policy is implemented through TVA-SPP-13.17, Enterprise Risk Management, and any supporting standard programs and processes (SPPs) and/or implementing documents deemed necessary by the CEO, CRO, or the Executive Risk Committee (ERC).

Policy Executive Sponsor: _____



John M. Thomas, III
EVP and CF&SO

Date: 7/12/2024

Policy Executive Owner: _____



Jeff J. Lyash
President and CEO

Date: 7/18/2024

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