

Enterprise Risk Management

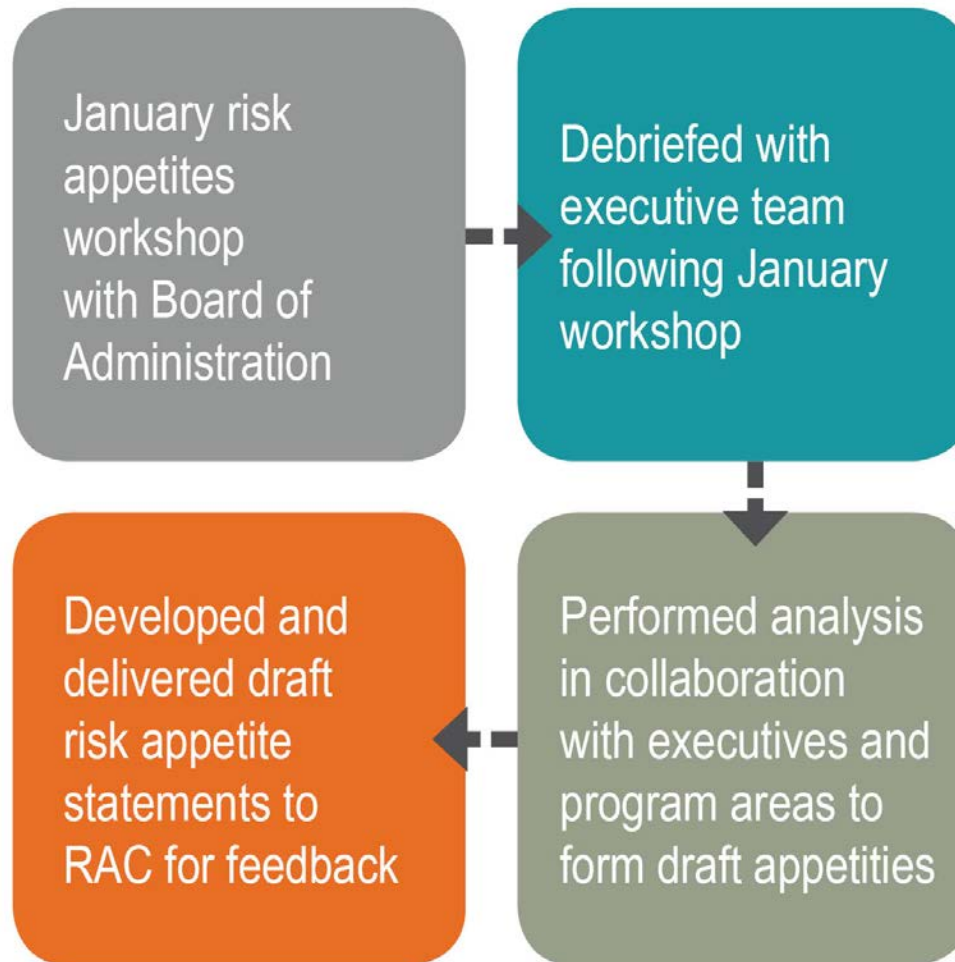
Enterprise Risk Management Division

June 20, 2017

Enterprise Risk Management Framework



January Board Workshop to Today



Results of January Board Risk Appetite Workshop



Pension Funding Risk Appetite to be determined during current ALM cycle

Three Questions to Set Risk Appetite

Rating	Risk Taking Philosophy	Tolerance for Uncertainty	Choice	Trade-Off
		How willing are you to accept uncertain outcomes?	When faced with multiple options, how willing are you to select an option that puts this objective at risk?	How willing are you to trade-off this objective against achievement of other objectives?
Averse	Close to zero tolerance for risk event	Unwilling	Will select the lowest risk option always	Never
Cautious	Accept uncertainty when it can be carefully measured and monitored	Limited	Will accept if limited, with favorable risk-reward scenario	Prefer to avoid
Flexible	Open to reasonable risk taking	Fully willing	Will choose option with highest benefit and accept possibility of failure	Willing

The Goal of Effective Risk Management

