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Title: ENTERPRISE RISK MANAGEMENT POLICY

Policy Statements: The mandate of Enterprise Risk Management (“ERM”) is to promote risk-informed decision making and support the effective execution of OPG’s strategic and business plans by implementing a company-wide risk management framework. OPG is committed to managing risks and pursuing opportunities to achieve its strategic objectives and business imperatives.

The purpose of this policy is to ensure a consistent, scalable approach to risk management throughout Ontario Power Generation (“OPG”) and its subsidiaries to support decision making and governance responsibilities.

This policy applies to all plans, activities, business processes, policies, procedures, individuals and property that comprise OPG and its subsidiaries. Risk management is the responsibility of all employees as part of their duties at OPG.

Requirements: **Enterprise Risk Management:**

- OPG shall implement risk management processes to identify, assess, prioritize, treat, monitor and report risks, as an integral part of its management and governance of its resources, including periodic reporting of risks and risk treatments to the Executive Risk Committee (“ERC”) and the Audit and Risk Committee (“ARC”) of OPG’s Board of Directors (“Board”).
- Risk management activities will comply with all applicable legal and regulatory requirements and take into consideration industry leading practices.
- Risk management shall be integrated into strategic planning, asset investment and resource allocation decisions.
- OPG shall provide management and the Board with an assessment of the effectiveness of risk management processes every three years.

Risk Appetite and Tolerance:

Risk appetite is the amount of risk an entity is willing to accept or retain in order to achieve its strategic objectives and business imperatives.

The Board, with recommendations through the ARC, shall consider and approve risk appetite statements defined by management (i.e., the ERC).

Risk tolerance represents the practical application of risk appetite and sets an acceptable range of risk taking, over a given period of time, including limits and triggers, in order to achieve a specific objective or manage a category of risk. Where possible, OPG shall manage risks within the defined acceptable tolerance range. Risk tolerances for enterprise risks shall be established through Key Risk Indicators at the discretion of the ERC.

Risk Reporting:

The Vice President Risk & Audit and Chief Audit Executive shall ensure the following items are reported to the ERC and the ARC as part of quarterly risk reporting:

- Enterprise risks;
- Exceptions to risk tolerance levels for KRIs;
- Developments in risk treatment actions; and
- Significant risk events that have occurred and the impact.

Market and Trading Limit Exceptions:

Market and Trading activities are governed by the Credit and Market Risk Program (OPG-PROG-0016). Exceptions or changes to the limits set out in that program will be reported to the ERC and ARC by the Senior Vice President & Treasurer.

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Accountabilities:

Board of Directors (through the ARC):

- Oversees ERM such that the identification and management of OPG's principal risks to the business are in place and are effective; and
- Approves the ERM Policy and risk appetite statements.

The President & Chief Executive Officer ("CEO"):

- Ensures management and oversight systems are in place as part of an effective ERM program to manage risks within the corporation;
- Approves the membership and mandate of the ERC;
- Has overall accountability of the management of risks in the organization; and
- Endorses and supports a risk-aware culture (tone from the top).

Executive Risk Committee:

- Provides oversight and direction to risk management activities and processes;
- Considers and approves risk management strategies for the top risks of the organization;
- Develops risk appetite statements for Board approval, and establishes risk tolerance levels on KRIs at its discretion;
- Establishes and approves exceptions to trading risk limits in the Credit & Market Risk Program (if required); and
- Reviews the consolidated quarterly risk report, including validating risks, risk updates, risk treatment plans and risk prioritization.

Vice President, Risk & Audit and Chief Audit Executive ("CAE"):

- Oversees the ERM program within OPG and develops and implements an ERM framework and processes to identify, measure, manage, and report on enterprise risks;
- Ensures that the ERM program and processes are effective;
- Participates in risk-related Board Committee meetings, including acting as the Subject Matter Expert ("SME") on risk management and providing risk guidance and support as part of the development of the strategic plan;
- Ensures that appropriate risk appetite statements, tolerances and limits have been established, consistent with the ERM framework;
- Reports the corporation's risk profile on a quarterly basis to the ARC; and
- On an annual basis, reviews compensation policies to ensure that structures do not provide incentives for excessive risk taking by management.

Senior Vice President & Treasurer:

- Independently oversees and assesses risk management within OPG as it relates to Energy Markets, Supply Chain, and Treasury and routinely reporting to the CAE on material changes in the limits and any significant exceptions; and
- Verifies and validates that appropriate risk tolerances and limits have been established consistent with the credit and market risk management framework.

Business Unit Leaders and Management (including Risk Owners):

- Identify, assess, prioritize, manage and monitor risks on a day-to-day basis in their span of control within their established risk tolerances and in compliance with approved risk management policies, procedures and limits;
- Regularly assess and report significant risks, including significant risk events that have occurred, as well as any exceptions to risk management policies, procedures and limits to senior management and to the ERM team; and
- Engage employees in the management of risk and ensures staff are aware of their accountabilities with regards to risk management.

Employees:

- Shall report risks to their supervisor and manage risks within their scope of accountability.

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Sponsoring Unit: Corporate Services

Approval: Board of Directors

Effective Date: May 7, 2026

Document requires CNSC Notification