

Entergy's Risk Management Strategy

Entergy has a formal process for identifying, assessing, mitigating, reporting, and monitoring its top enterprise risks. These risks are multidimensional, complex, interrelated, and affect multiple key stakeholders.

Our Current Enterprise Risks

Our Customers: We seek to meet or exceed the expectations of our customers by managing the risks to [Customer Experience](#) regarding 1) their interactions with us, 2) our offerings to them including meeting their [ESG](#) aspirations, 3) the cost of their service, and 4) the foundational level of [Service Reliability](#) they expect.

Our Employees: Consistent with our safety objective to live safe all day, every day, [Employee and Contractor Safety](#) is one of our top enterprise risks. We continue to focus on [Talent Management](#) by attracting, developing, and retaining a diverse workforce with the knowledge, skills, and capabilities required for our operations.

Our Operations: Protecting our assets and systems from [Cyber](#) and [Physical Security](#) risks is essential to our operation. Our nuclear plants provide low cost and carbon free power to our customers, and we focus on mitigating risks to their operation, particularly those that may lead to an [Extended Shutdown](#). We prepare for and respond to [Weather Related Incidents](#) that may disrupt our ability to sustain our operations and provide essential services to our customers, and we require a robust and sustainable [Supply Chain](#) to meet our business objectives. We carefully manage our relationships with key Third Parties to support our procurement activities and limit our risks.

Our Owners: We require solid [Liquidity](#) to fund our operations, particularly during stressful events like a large-scale tropical storm that may simultaneously drive increased spend and reduced revenue. We must manage our [Capital](#) and [O&M](#) spend to meet our commitments to our owners and customers, and we rely on investment grade [Credit Ratings](#) to attract capital at a reasonable cost.

Other Stakeholders: We engage with our [Regulatory](#) bodies to timely recover our prudently incurred costs and to realize the expected returns on our investments. We continue to focus on ESG issues by measuring and tracking [ESG Performance](#).

Execution risk

To manage the challenges to executing major initiatives and large projects intended to further our strategy, Entergy has a [Major Initiative Execution Risk](#) process that tracks the risks to achieving the objectives of those initiatives, including delivering on scope, schedule, and cost commitments.

Our ERM Process

Risk Identification

The ERM function continually engages with leaders across the company to identify enterprise risks.

Risk Assessment Criteria

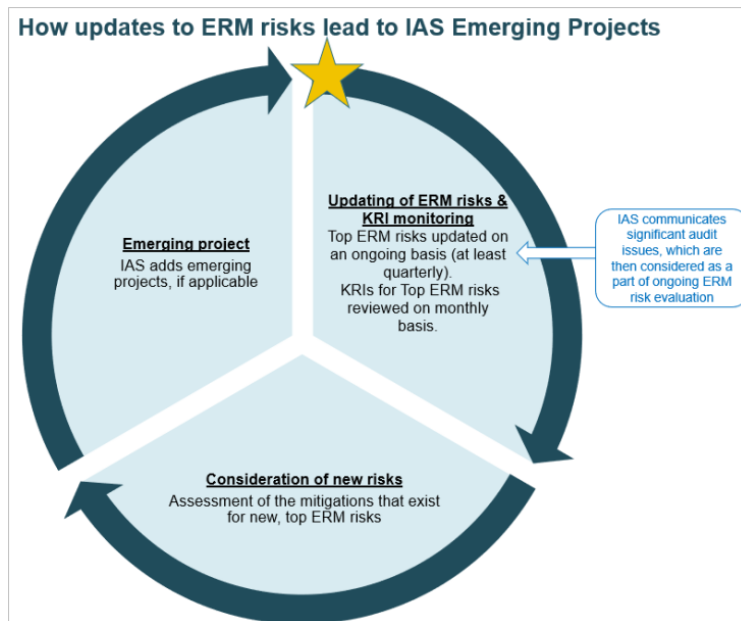
We assess the Inherent level of each risk prior to adjusting for management actions in place to alter its severity, and we also assess the effectiveness of our existing management actions based on defined Key Performance Indicators. The assessment of Inherent risk combines Likelihood, Impact, and Velocity to derive an Inherent risk score. We prioritize our risks based on Residual risk score, the difference between the Inherent risk score and the amount of risk controlled derived from the assessment of risk management effectiveness. The risk assessment process also involves rating the interdependencies among the risks. This reveals the risks that are highly active (affecting many other risks) which is also useful for optimizing risk response.

Risk Ownership

Each Enterprise risk is formally owned by a member of the OCE and managed by a Risk Manager. Entergy has an ERM Subcommittee comprised of Risk Managers and other subject matter experts. The committee is a venue for sharing risk information, validating risk assessments, and collaborating on risk treatment.

Integration with Audit Plan

Entergy's Audit team is currently using enterprise risk to influence the audit plan, and to gain insight into what areas to consider. The integration of ERM has allowed Audit to better prioritize their work. Audit findings are also mapped to and reported by enterprise risk factors. ERM participates in stakeholder engagement meetings with executive leaders on at least an annual basis to get their feedback on the enterprise risks and their assessments.



Integration of risk information and decision making

We identify risk interdependencies to facilitate optimization of risk responses and link the capital plan to individual risk factors. Including ERM factors when making these capital choices allows for a more informed decision making.

Risk Reporting

The ERM function formally reports Enterprise Risks to the Office of the Chief Executive and to the Audit committee of the Board in January, May, July, and October of each year. Each update summarizes the risk landscape and reports the overall risk score trend, changes in the risk assessments and risk themes.

Maturity Assessment

Entergy tracks ERM progress through periodic assessments of maturity. These assessments provide a gauge of the evolution of Entergy's risk management practices and suggests areas for enhancement.