

Entergy's Risk Management Strategy

Entergy employs a structured process for identifying, assessing, mitigating, reporting, and monitoring its top enterprise risks. These risks are multidimensional, complex, and interrelated, impacting multiple key stakeholders. They are evaluated using a standardized framework that enables the prioritization of risk responses. This process is dynamic, allowing for flexibility and adaptation to an evolving risk landscape.

Our Current Enterprise Risks

Our Customers: We strive to exceed customer expectations by managing risks that may impact their [experience](#), the affordability of our services, and the [reliability](#) they expect. Additionally, we consider customers' [sustainability](#) goals when developing our offerings.

Our Employees: Aligned with our core safety commitment “live safe, all day, every day” the [safety](#) of our employees and contractors remains a top priority. We continuously invest in [talent](#) acquisition, development, and retention, fostering a diverse workforce equipped with the knowledge, skills, and capabilities essential for operational excellence. Furthermore, we cultivate a strong organizational [culture](#) by reinforcing clear behavioral expectations across all levels of the company.

Our Operations: Safeguarding our assets and systems from [cyber](#) and [physical security](#) threats is critical to our operations. Our nuclear plants deliver low-cost, carbon-free power to our customers, and we are committed to mitigating risks that could impact their [performance](#). We are executing plans to accelerate the resiliency of our assets while proactively preparing for and responding to severe [weather](#) events, including hurricanes, winter storms, and wildfires, to ensure service continuity. Additionally, we maintain a robust and sustainable [supply chain](#), carefully managing relationships with key [third parties](#) to support procurement activities and mitigate associated risks.

Our Owners: Maintaining strong [liquidity](#) is essential for funding our operations, particularly during high-impact events such as large-scale tropical storms, which can simultaneously increase expenditures and reduce revenue. We strategically manage [capital](#) and [operational](#) expenditures to meet our commitments to both customers and shareholders. Our investment-grade [credit ratings](#) are vital in securing capital at competitive rates.

Other Stakeholders: We actively engage with [regulatory](#) bodies and other [stakeholders](#) to foster an environment conducive to constructive action. This engagement supports our ability to recover prudently incurred costs in a timely manner while ensuring we realize expected returns on our investments.

Execution risk

To address challenges associated with executing major initiatives and large-scale projects, Entergy has established a structured [execution risk](#) management process. This framework monitors risks that may impact project objectives, including scope, schedule, and cost commitments, ensuring alignment with our strategic growth goals.

Our ERM Process

Risk Identification

The Enterprise Risk Management (ERM) function continually collaborates with leaders across the organization to identify and assess enterprise risks.

Risk Assessment Criteria

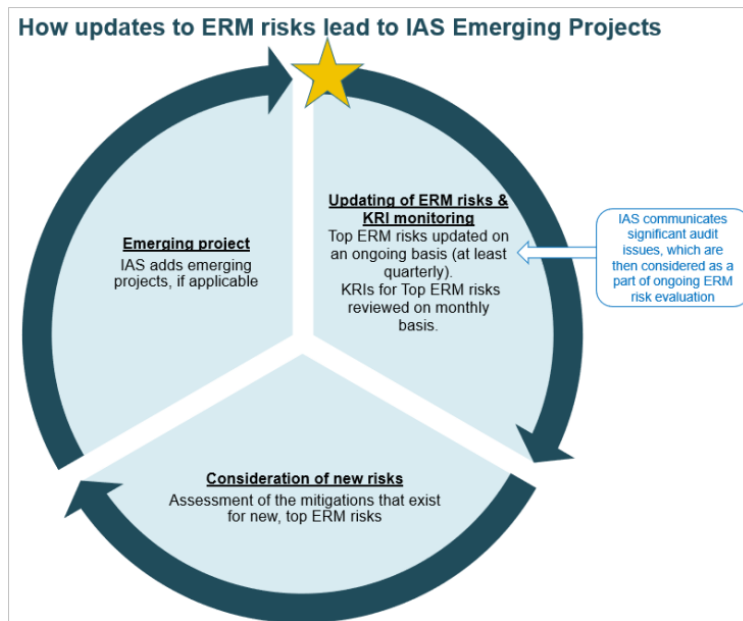
We evaluate each risk at its inherent level, prior to the application of mitigating management actions, assessing its Likelihood, Impact, and Velocity to determine an inherent risk score. The effectiveness of existing mitigation strategies is measured using defined Key Performance Indicators. The residual risk score, the difference between the inherent risk score and the degree of risk controlled, guides prioritization efforts. Additionally, we assess risk interdependencies to identify highly influential risks, enabling more effective risk response optimization.

Risk Management Coordination

Entergy's ERM Subcommittee, comprising risk managers and subject matter experts, serves as a forum for sharing risk intelligence, validating risk assessments, and fostering collaboration on risk mitigation strategies.

Integration with Audit Plan

The Audit team incorporates enterprise risk insights into audit planning, enabling a more targeted and effective approach. This integration enhances prioritization efforts and ensures that audit findings align with key enterprise risk factors. ERM also engages with executive leadership at least annually to solicit feedback on risk assessments and enterprise risk management strategies.



Risk information and Decision-Making

By identifying risk interdependencies, we optimize risk responses and align our capital planning with specific risk factors. Incorporating ERM considerations into capital allocation decisions ensures a more informed and strategic approach to investment.

Risk Reporting

The ERM function formally reports enterprise risks to the Office of the Chief Executive and the Audit Committee of the Board on a quarterly basis (January, May, July, and October). Each update provides a comprehensive summary of the risk landscape, highlighting overall risk score trends, changes in risk assessments, and emerging risk themes.