

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 their interactions with us, our offerings to them including meeting their sustainability desires, the cost of their service, and 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, as well as is protecting our workforce from [COVID-19](#). We continue to focus on [Talent Management](#), acquiring, 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 Events](#) 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.

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 [O&M](#) spend to meet our commitments to our owners and customers, and we rely on investment grade [Credit Ratings](#) to attract capital at 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 also manage the [Physical & Transition Risks](#) associated with climate change.

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 and meeting 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

ERM's Risk Assessment methodology currently considers three factors: Likelihood (the probability that the event materializes), Impact (magnitude of the event should it materialize), and Velocity (speed at which the event would be realized). Entergy has developed five-point risk scales for each of those factors and uses these scales to grade each factor from 1 (Very Low) to 5 (Very High) and to derive a risk score as the product of all three. The risks are further segregated by risk score into one of four risk status i.e., Low, Medium, Medium High or High.

The risk assessment process also includes assessments of the interdependencies among the risks. This reveals the risks that are highly active (affecting many other risks) which is useful for optimizing risk response.

ERM Risk Assessments (Illustrative)

Risk	Risk Assessments			Risk Score (Likelihood * Impact * Velocity)
	Likelihood	Impact	Velocity	
Risk 1	Low (2)	High (4)	Extremely Rapid (5)	40
Risk 2	Low (2)	High (4)	Rapid (3)	24
Risk 3	Very High (5)	Medium (3)	Rapid (3)	45
Risk 4	Medium (3)	Medium (3)	Moderate (2)	18
Risk 5	High (4)	High (4)	Very Rapid (4)	64
Risk 6	Very High (5)	High (4)	Very Rapid (4)	80
Risk 7	High (4)	Very High (5)	Extremely Rapid (5)	100
Risk 8	Very Low (1)	High (4)	Extremely Rapid (5)	20
Risk 9	Low (2)	Very High (5)	Extremely Rapid (5)	50
Risk 10	Medium (3)	High (4)	Rapid (3)	36
Risk 11	Medium (3)	Very High (5)	Moderate (2)	30
Risk 12	High (4)	Medium (3)	Moderate (2)	24
Risk 13	Very High (5)	Medium (3)	Rapid (3)	45
Risk 14	Low (2)	Very High (5)	Rapid (3)	30
Risk 15	Medium (3)	High (4)	Very Rapid (4)	48
Risk 16	Very High (5)	High (4)	Rapid (3)	60
Risk 17	High (4)	Very High (5)	Rapid (3)	60
Risk 18	Medium (3)	Very High (5)	Moderate (2)	30
Risk 19	Medium (3)	Very High (5)	Slow (1)	15

Risk Status	Risk Score Range	
	Min	Max
Low	0	20
Medium	21	40
Medium High	41	63
High	64	125

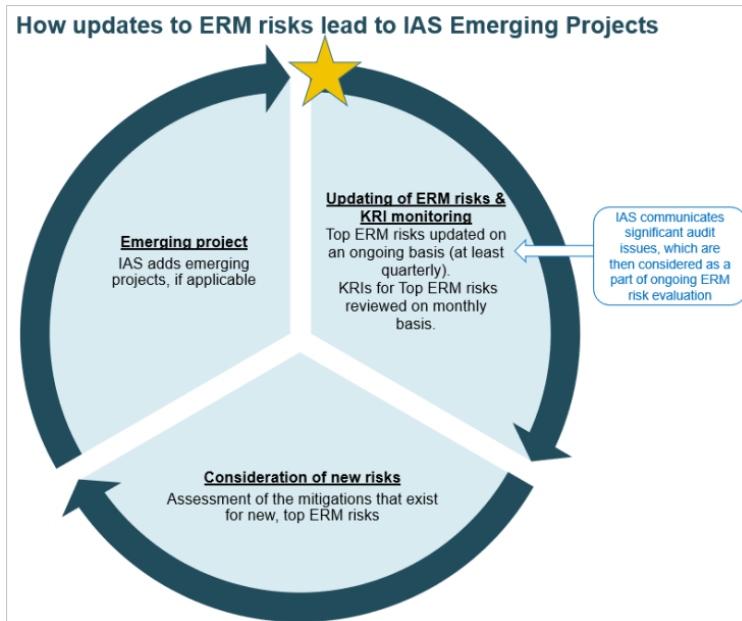


Risk Ownership

Each Enterprise risk is formally owned by a member of the OCE and managed by a Risk Manager. Each risk is summarized on a card providing an overview of the risk, including current risk issues, mitigation strategies, key metrics and the current risk score. Entergy has an ERM Subcommittee comprised of Risk Owners 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 get 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.



Integration of risk information and decision making

We began identifying 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.

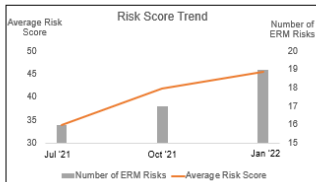
Risk Reporting

The ERM function formally reports Enterprise Risks to the OCE and to the Audit Committee 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.

ERM Dashboard (Illustrative)

Risk Status	Risk Score Range	
	Min	Max
Low	0	20
Medium Low	21	40
Medium High	41	63
High	64	125

Risk Trend	Change since previous update
Risk increased	↑
Risk unchanged	↔
Risk decreased	↓



Risk	Risk Status	Risk Trend	Comment
Risk 1	40	↕	
Risk 2	24	↓	
Risk 3	45	↔	
Risk 4	18	↔	
Risk 5	64	↓	
Risk 6	80	↑	
Risk 7	100	↔	
Risk 8	20	↔	
Risk 9	50	↔	
Risk 10	36	↔	
Risk 11	30	↔	
Risk 12	24	↔	
Risk 13	45	↑	
Risk 14	30	↔	
Risk 15	48	↔	
Risk 16	60	↑	
Risk 17	60	↔	
Risk 18	30	↑	
Risk 19	15	↓	



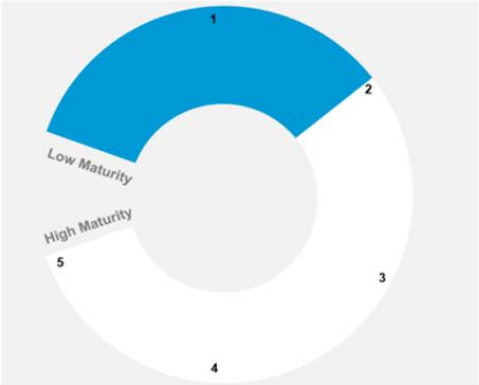
Maturity Assessment

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.

ERM Maturity Assessment

March 2021

Overall Maturity



November 2021

Overall Maturity

