

## Material Issues

This document provides further disclosure on topics relevant to Entergy Corporation's material issues:

- Identification of Material Issues
- Risk Management

### *Identification of Material Issues*

The following material issues have been identified as having the greatest impact on our business and the generation of long-term value: financial performance; economic development; energy affordability; energy reliability; energy efficiency; fuel diversity; customer satisfaction; security; cybersecurity; regulatory policies; commodity price risk; climate resiliency; air emissions; water quality and quantity; safety and health; human resource management; local communities. The business case for these issues is disclosed on pages 59-61 of Entergy's [2018 integrated report](#) associated metrics, targets and performance are reported in the company's annual reporting (integrated report, [Form 10-K](#)) and on entergy.com.

On an ongoing basis, we analyze material economic, environmental and social issues that impact our ability to create value for our stakeholders. Entergy assesses the range of potentially relevant topics for our two businesses, utility and Entergy Wholesale Commodities, and the relevance to the company's key stakeholders: customers, employees, communities and owners. , and.

x Material economic issues are identified by monitoring developments in energy demand, energy supply including generation technologies, fuels and industry-specific, as well as general business regulation and economic conditions. Local, state, regional, national and global economic conditions all impact our business, and we monitor these conditions.

x Environmental issues are derived from monitoring developments in environmental legislation, regulation, case law, agency guidance and other actions. In addition, peer groups for air, water, waste and biodiversity facilitate identification and transfer of information on material issues.

x Material social issues are derived from monitoring trends and developments, such as those of relevance to our employees, investors, regulators, communities and markets as well as from our own activities in operations, financial, legal, compliance and supply chain.

For 2018 reporting, Entergy engaged external third parties to provide assurance on economic and environmental reporting.

### Stakeholder Inclusiveness

We use stakeholder input to help identify the most material issues and guide our strategic imperatives. We engage in a variety of informal and formal communications with our key stakeholders and other important groups, including regulators, suppliers, nongovernmental and nonprofit organizations, and professionals in industry, government, labor and education. Feedback is obtained through engagement at many levels. We then use this stakeholder input from dialogue, surveys and other means to help prioritize the most material issues and ensure that our sustainability focus is on these most important areas.

We continue to review our reporting and disclosures and make improvements as appropriate to offer greater transparency on Entergy’s performance to our stakeholders. For example, we partner with the Edison Electric Institute on a reporting template that helps EEI member companies provide more uniform, consistent metrics for investors. Our information meets the qualitative and quantitative guidelines of the template and can be accessed at [entergy.com/sustainability](http://entergy.com/sustainability).

### Prioritization

Entergy evaluates the significance to our business of identified material economic, environmental and social issues and whether the issue has a substantive influence on decisions of our key stakeholders.

| Influence on stakeholder assessments and decisions >>>> | Economic   | Environmental              | Social                    |
|---|--|----------------------------|---------------------------|
|   | Financial performance  | Climate resiliency         | Safety and health         |
|   | Customer satisfaction  | Air emissions              | Human resource management |
|   | Energy reliability   | Water quality and quantity | Local communities         |
|   | Energy efficiency  | Waste management           |                           |
|   | Economic development   | Greenhouse gas emissions   |                           |
|   | Fuel diversity   | Habitat and biodiversity   |                           |
|   | Security   |                            |                           |
|   | Cybersecurity  |                            |                           |
|   | Regulatory policies  |                            |                           |
|   | Commodity price risk   |                            |                           |
|   | <i>Material issues addressed in 2018 integrated report. Additional reporting on material issues on <a href="http://entergy.com">entergy.com</a>.</i> |                            |                           |
|   | <i>Significance of economic, environmental and social impacts &gt;&gt;&gt;&gt;</i>   |                            |                           |

*Materiality Matrix (based on Global Reporting Index Standards): Entergy’s most material issues are covered in our annual web-based and integrated reporting.*

[http://entergy.com/content/investor\\_relations/pdfs/2018\\_Integrated\\_Report.pdf](http://entergy.com/content/investor_relations/pdfs/2018_Integrated_Report.pdf) , pages 59-62.

The company’s most material economic, social, and environmental issues and the business case for those issues is reported in the 2018 Integrated Report, beginning on page 60, and are summarized below.

## Economic

Material economic issues are identified by monitoring developments in energy demand; energy supply, including generation technologies and fuels; industry and general business regulation; and economic conditions. Local, state, regional, national and global economic conditions all impact our business, and we monitor them accordingly.

Our material economic issues for 2018 were:

| ISSUE                 | WHY IT MATTERS  |
|-----------------------|---|
| Financial performance | Generating strong, competitive financial returns for our owners affords us ongoing access to capital needed to invest in our business and provide affordable, reliable power for our customers, compensate employees and invest in our communities.   |
| Customer satisfaction | Meeting customers' expectations for affordability, reliability, enhanced products and services and other needs, such as outage communications and storm restoration, is a key component of our mission and may affect approved rates of return and other regulations.   |
| Energy reliability    | Meeting customers' expectations for service to be available on demand requires robust supply solutions, up-to-date technologies and the ability to invest for the future.   |
| Energy affordability  | Maintaining favorable retail power prices supports growing energy needs and attracts new economic development to our service areas. Low rates are particularly important in the states served by Entergy utilities, where many customers live in poverty.   |
| Energy efficiency     | Offering energy-efficiency programs helps customers manage their bills and supports environmental goals. Select amounts of cost-effective energy efficiency can free up capital for other productive investment while keeping rates low. Our financial performance depends on the number of energy efficiency programs and on our ability to respond to the impact on load growth or obtain cost-recovery mechanisms.   |
| Economic development  | Promoting economic development generates energy demand growth and helps us strengthen our communities; maintain rate stability; fund investments to modernize our operations, increase efficiency, enhance reliability and serve new demand; and earn authorized returns.   |
| Fuel diversity        | Balancing fuel diversity and other resource attributes supports price stability, energy affordability and reliability. Nuclear energy plays an important role in fuel diversity.  |
| Security              | Maintaining continuous and reliable business operations depends on our ability to maintain the safety and security of all Entergy assets and operations.  |
| Cybersecurity         | Protecting the privacy and confidentiality of sensitive stakeholder data is a top priority for Entergy. Additionally, protecting critical infrastructure goes beyond stakeholder information privacy concerns for most enterprises. Entergy's complex, interconnected network of generation, transmission, distribution, control and communication technologies is a crucial part of the national critical infrastructure, demanding even greater vigilance against cyberattacks. |
| Regulatory policies   | Complying with existing regulations and encouraging development of constructive new regulations impact numerous operational and investment decisions, continued operation of nuclear plants and our financial results.  |
| Commodity price risk  | Delivering on financial performance objectives is impacted by our ability to accurately identify and quantify underlying commodity price risk in our business and mitigate it through effective hedging programs and strategies.  |

## Environmental

We identify material environmental issues by monitoring developments in environmental legislation, regulation, case law, agency guidance, industry trends, best management practices and other actions. In addition, peer groups for air, water, waste and biodiversity facilitate the identification and sharing of information on material issues.

Our material environmental issues for 2018 were:

| ISSUE                      | WHY IT MATTERS   |
|----------------------------|--|
| Climate change             | Identifying and mitigating climate change financial and physical risks guide operational and investment decision-making and help improve the resiliency of customers and communities. These risks include increased operational costs due to carbon regulation, increased weather-driven volatility of business results and potential physical impacts to our facilities, our customers and our communities.   |
| Air emissions              | Meeting or exceeding compliance with evolving federal and state regulation of various air pollutants informs our business decisions regarding generation dispatch and design and the location, retirement, purchase, operation and construction of electric generating units. The co-benefits of replacing our legacy units with clean technology include improved system reliability, increased environmental efficiency and reduced costs for our customers by using less fuel and improving fleet efficiency. |
| Water quality and quantity | Risks to water supply issues are mitigated by using water-saving technologies and minimizing our water withdrawal in water-stressed areas. This also includes using reclaimed or recycled water in some of our cooling systems. Water quality is protected through robust permitting and compliance programs.  |
| Waste management           | A robust waste management and minimization process plays a key role in reducing risks to human health or the environment. Waste-related risks are mitigated by program elements that support source reduction, recycling and repurposing. This includes recovering the value of obsolete parts and equipment through investment recovery sales. All of these efforts result in efficient use of materials and less waste being disposed and possibly entering our environment.                                   |
| Greenhouse gas emissions   | Reducing greenhouse gas emission intensity helps us reduce the risk of climate change impacts to our assets and the communities we serve. This activity also defines our role as a utility in transition to a lower carbon economy. A low and decreasing emission rate results in net carbon emission reductions as other industry sectors transition to electrical power.   |
| Habitat and biodiversity   | Having a goal to fully comply with all environmental regulations, including those that govern wildlife conservation, reduces environmental risks, including threats and impacts to biodiversity as identified in our investment approval and permitting process. Requiring that proposed projects avoid, minimize or mitigate biodiversity-related risks during construction, commissioning and operation is our responsibility as strong environmental stewards.  |

## Social

Material social issues are identified by monitoring trends and developments such as those among our employees, owners, regulators, communities and markets, as well as from our own activities in operations, financial, legal, compliance and supply chain.

Our material social issues for 2018 were:

| ISSUE                     | WHY IT MATTERS   |
|---------------------------|--|
| Safety and health         | Ensuring strong operational safety and top-tier workforce safety practices are fundamental drivers of our business performance.  |
| Human resource management | Relying on an aligned, engaged and capable employee culture is fundamental to meeting our objectives. Diverse cultural backgrounds and perspectives of employees and supply chain partners provide us with a strategic advantage.  |
| Local communities         | Sustaining business growth depends on healthy and vibrant communities. Entergy's support of local communities through employment, tax base and community outreach is reciprocated by community support for ongoing company operations. Community engagement in areas such as emergency planning is especially important where we have nuclear generating facilities. |

Material economic, environmental and social issues are integrated into Entergy's enterprise risk management processes. Our ERM processes identify, monitor and mitigate risks that have the potential to impact Entergy's ability to meet our objectives. More information on our ERM processes is available in the Risk Management section of this report.

### OPPORTUNITIES AND RISKS

Sustainability of our business depends on our ability to:

- Maintain the safety and security of all Entergy assets, employees and operations.
- Maintain a reputation of excellence among our stakeholders.

To preserve these abilities, Entergy proactively manages risk using a hierarchy that ties directly to Entergy's mission of creating sustainable value for our key stakeholders — customers, employees, communities, and owners. For each group, we consider expectations and key deliverables that are integral in meeting our sustainability mission and then identify short-term and long-term actions to help us better anticipate and mitigate risks throughout our operations. We map these risks and actions to our stakeholders as illustrated in the following risk management matrix.

## Risk management

Material economic, environmental and social issues are integrated into Entergy's enterprise risk management processes. Our ERM processes identify, capture and mitigate risks that have the potential to impact Entergy's ability to meet our objectives. More information on ERM is available in the Risk Management section of the 2018 Integrated Report, [http://entergy.com/content/investor\\_relations/pdfs/2018\\_Integrated\\_Report.pdf](http://entergy.com/content/investor_relations/pdfs/2018_Integrated_Report.pdf) pages 62-65.

## Board oversight

The board of directors provides effective oversight of the risks Entergy faces, risk assessment and risk management processes. The board reviews the company's processes for identifying and managing risks to ensure processes are effective.

Like other companies, Entergy is subject to many diverse risks. These include financial and accounting risks, market and credit risks, capital deployment risks, operational risks, compensation risks, liquidity risks, litigation risks, strategic risks, regulatory risks, reputation risks, natural-disaster risks and technology risks. Some critical risks having enterprise-wide significance, such as corporate strategy and capital budget, require the full board's active oversight, but our board committees also play a key role because they can devote more time to reviewing specific risks within their respective areas of responsibility.

In accordance with NYSE requirements, the Audit Committee has primary responsibility for overseeing risk management. To assist the Audit Committee in discharging its oversight responsibility, management provides regular reports on specific risk areas including environmental compliance, corporate compliance, significant legal matters, company insurance programs, market and credit risk and cyber security risks.

Our standing board committees also regularly consider risks arising within their respective functional areas of responsibility, with broad operational risks reviewed by the full board. Thus, under their respective committee charters, the Finance Committee evaluates risks associated with strategic decisions and major transactions; the Audit Committee reviews risks relating to the financial reporting process and the company's internal controls; the Corporate Governance Committee considers risks relating to the company's corporate governance and legislative and regulatory policy; the Personnel Committee considers risks relating to compensation, safety, employee matters and succession planning; and the Nuclear Committee considers risks relating to safety and other matters unique to our nuclear fleet. Each of these committees receives regular reports from management, which assist in oversight of risk in each respective area of responsibility.

#### Validation/participation in external forums

We partnered with the Edison Electric Institute to create a reporting template that helps EEI member companies provide more uniform, consistent metrics and supporting information for investors. The information voluntarily provided by member companies is publicly available and meets the qualitative and quantitative guidelines of the template. Entergy's template can be accessed at [entergy.com/sustainability](http://entergy.com/sustainability).

The company co-sponsored a previous EPRI Material Sustainability Issues for the North American Electric Power Industry technical study. The research initiative was directed toward identifying which sustainability issues affecting the power companies in North America are considered to be the most material and gathering perspectives on those issues from the industry and its stakeholders. The research team collected information from direct interviews with utility managers and stakeholders at government, private sector, non-profit, environmental and academic organizations. As an extension of the EPRI ESIG materiality study, a benchmarking forum has been established. The forum's goal is to identify appropriate benchmarking metrics to communicate, predict and compare electric utilities. An abstract of the initiative can be obtained from the link below.

<http://www.epri.com/abstracts/Pages/ProductAbstract.aspx?ProductId=3002004649>

The full EPRI Material Sustainability Issues technical study is available at:

<http://www.epri.com/abstracts/Pages/ProductAbstract.aspx?ProductId=000000003002000920>

In addition, through our participation in external organizations and industry peer groups, we identify and obtain insights and information on material social issues.

## **Human Rights**

Entergy's shared values and existing policies provide our policy commitment and a sound approach for our company to address the human rights issues with the greatest relevance to our business. Along with our [shared values](#), four primary corporate policies underpin our commitment to human rights: [Code of Entegrity](#), Safety and Occupational Health Policy, Environmental Management Policy and [Suppliers' Code of Conduct](#).

We have conducted a self-assessment of the potential human rights issues that have the greatest relevance to our business, as well as their impact on our business and our vulnerable stakeholders. The issues that were assessed are: Workers / Employees; Communities; Security and Business Relationships / Suppliers. Vulnerable stakeholders include: low-income customers, diversity workforce, children, indigenous people and migrant labor. We conducted the assessment across all Entergy businesses and we evaluated our policies, mitigating actions and monitoring procedures to address these issues.

As a result of this assessment, we have determined that our business activities are not at risk for these issues. We believe that our shared values and existing policies, management systems and business practices provide a sound approach for our company to address these human rights issues with the greatest relevance to our business.

Even so, we believe that in addition to our shared values and existing policies, management systems and business practices, which provide a sound approach for our company to address the human rights issues with the greatest relevance to our business, a publically available, company-specific statement in accordance with the UN Guiding Principles on Business and Human Rights outlining our commitment to respect human rights will help mitigate any future risk as well as underscore for our stakeholders our commitment to respect human rights.

To strengthen this policy commitment and approach for addressing human rights issues with the greatest relevance to our business, we developed a publicly available, company-specific statement in accordance with the UN Guiding Principles on Business and Human Rights. This statement clearly expresses for all stakeholders our commitment to respect human rights. With guidance from our corporate compliance committee and support from our chairman of the board and chief executive officer, Leo P. Denault, our human rights statement was developed and is available [here](#) on entergy.com.

In addition, Denault is a signatory to the [CEO Action of Diversity and Inclusion](#), outlining participating companies' commitment to better engagement and support of all underrepresented groups within business to increase equity for all, including Blacks, Latinos, Asians, Native Americans, LGBTQ, disabled, veterans and women. The commitment is to three initial goals: continue to make workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion; implement and expand unconscious bias education; share best—and unsuccessful—practices.

