

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; climate change risks; conventional air emissions; water issues; greenhouse gas emissions; waste management; habitat and biodiversity; environmental justice; safety and health; human resource management; local communities; ethics and integrity; transparency and accountability; corporate governance; stakeholder engagement. The business case for these issues is disclosed on pages 101 of Entergy's [2020 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, social and governance 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. In 2020, our sustainability working group comprised of subject matter experts representing key focus areas across the company provided a thorough review and update of all material ESG issues. The group intends to conduct a similar review annually.

x 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 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.

X Material governance issues are identified by monitoring emerging trends and best practices in

corporate governance, such as those relating to board effectiveness and oversight; controlling risk, safeguarding stakeholders, and creating long-term value for our stakeholders; practicing fairness, accountability, and transparency; and ensuring that leaders and employees conduct their work with the highest ethical standards

For 2020 reporting, Entergy engaged external third parties to provide assurance on economic, social 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. In 2020, we made publicly available a detailed overview of our stakeholder engagement strategy, available [here](#).

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/disclosures/. In 2020 we compared Entergy's public information to the Sustainability Accounting Standards Board recommendations. A report on our results is available [here](#).

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	Governance
	Financial performance	Climate change risks	Safety and health	Ethics and integrity
	Customer satisfaction	Conventional air emissions	Human resource management	Transparency and accountability
	Energy reliability	Water issues	Local communities	Corporate governance
	Energy efficiency	Waste management		Stakeholder Engagement
	Energy affordability	Habitat and biodiversity		
	Economic development	Environmental Justice		
	Fuel diversity			
	Security			
	Cybersecurity			
	Regulatory policies			
Material issues addressed in 2020 integrated report. Additional reporting on material issues at entergy.com .				
Significance of economic, environmental and social impacts >>>>				

Materiality Matrix (based on Global Reporting Index Standards): Entergy's most material issues are covered in our annual web-based and integrated reporting.
[https://cdn.energy.com/userfiles/content/investor_relations/pdfs/2020 Integrated Report.pdf](https://cdn.energy.com/userfiles/content/investor_relations/pdfs/2020_Integrated_Report.pdf), pages 103-107.

The company's most material economic, social, and environmental issues and the business case for those issues is reported in the 2020 Integrated Report, beginning on page 103, and are summarized below.

Economic

Our material economic issues for 2020 are summarized in the following table.

Issue	Why it Matters
Financial Performance	Generating steady, predictable financial returns for our owners affords us access to capital needed to invest in our business; to provide safe, affordable, reliable, and increasingly clean power for our customers; to compensate our employees; and to invest in our communities. Our ability to deliver strong, long-term financial performance depends on, among other things, our utility industry business model resilience as well as our ability to innovate to better serve our customers.
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. Customer satisfaction can also affect approved rates of return and other regulations.
Energy Reliability	Understanding the outcomes customers need and desire from their power consumption, we can develop new customer solutions that achieve those outcomes — and make their lives better. Meeting customers' expectations for service to be available on demand requires the ability to invest in our system, up-to-date technologies, and robust supply solutions.
Energy Affordability	Maintaining affordable prices supports economic development and attracts new businesses to our service areas. Low rates are particularly important in the states served by Entergy utilities, where average customer usage is high and many customers live in poverty.
Energy Efficiency	Offering energy-efficiency programs helps customers manage their bills and supports environmental goals. Energy efficiency can also free up capital for other productive investments that enhance our customer experience. Our ability to respond to the reduced customer usage from energy efficiency and secure fair cost-recovery mechanisms affects our financial performance.
Economic Development	Promoting economic development generates energy demand growth and strengthens our communities, helps maintain rate stability, funds investments to modernize our operations, increases efficiency, enhances reliability, and serves new demand.
Fuel Diversity	Balancing fuel diversity and other resource attributes supports price stability, risk mitigation, energy affordability, and reliability. Nuclear and renewable energy play an important role in fuel diversity.
Security	Maintaining continuous and reliable business operations depends on our ability to maintain the safety and security of Entergy's assets and operations.
Cybersecurity	Entergy's complex, interconnected network of generation, transmission, distribution, and control and communication technologies is a crucial part of the national critical infrastructure. Protecting this infrastructure by remaining vigilant against cyberattacks and safeguarding the privacy and confidentiality of sensitive stakeholder data is a top priority for Entergy.
Regulatory Policies	Complying with existing regulations and advocating for the development of constructive new regulations impact operational and investment decisions, continued operation of nuclear plants, and our financial results.

Environmental

Our material environmental issues for 2020 are summarized in the following table.

Issue	Why it Matters
Climate Change Risks	Identifying and mitigating climate change financial and physical risks influence operational and investment decisions 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.
Conventional Air Emissions	Meeting or exceeding compliance with evolving federal and state regulation of air pollutants informs our business decisions regarding generation dispatch and design and the location, retirement, purchase, operation, and construction of electric generating units. The benefits of replacing our legacy units with cleaner technology include improved system reliability, increased environmental efficiency, and reduced costs for our customers by using less fuel and improving fleet efficiency.
Greenhouse Gas Emissions	Reducing greenhouse gas emission intensity helps us reduce the risk of climate change impacts to our assets and our communities. Our actions taken to reduce emissions define our leadership role in industry-wide decarbonization efforts. Net reduction in carbon emissions can result from beneficial electrification of industry sectors served by our system.
Water Issues	Risks to water supply issues are mitigated by using water-saving technologies, monitoring available supplies, and minimizing our water withdrawal in water-stressed areas. We also recycle water in some of our cooling systems and operate one air-cooled combined-cycle gas unit. 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 and the environment. Waste-related risks are mitigated by programs that support source reduction, recycling, and repurposing. This includes recovering the value of obsolete parts and equipment through investment recovery sales and recycling ash for beneficial use. All of these efforts result in diversion of waste from landfills and the reduction of liability for hazardous substance management and disposal.
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. Our investment review process identifies potential biodiversity risks as well as plans to avoid, minimize, or mitigate any risks identified for construction, commissioning, and/or operation. We view this as our responsibility as strong environmental stewards.
Environmental Justice	To ensure we minimize any potential adverse effects of our activities on the local communities we serve, including the communities of our low-income customers, we consider environmental justice impacts in our policies, including climate change policies. We also maintain open communication and seek opportunities to partner with our stakeholders on environmental justice concerns.

Social

Our material social issues for 2020 are summarized in the following table.

Issue	Why it Matters
Safety and Health	Ensuring strong operational and workforce safety practices is fundamental to our business.
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. Our support of local communities through employment, tax payments, financial investment, 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.

Governance

Our material governance issues for 2020 are summarized in the following table.

Issue	Why it Matters
Ethics and Integrity	Promoting a culture in which leaders and employees conduct business ethically fosters an environment where employees know leaders are approachable, engaged, and open to seeking the opinions of others to create a sense of teamwork, inclusion, and mutual support. Teams where members feel valued and are confident that their peers and leaders act with integrity are more effective and productive. When employees are comfortable speaking up about potential concerns, without fear of retaliation and with confidence that their concerns will be addressed, we are able to address concerns promptly and effectively and prevent issues that can negatively impact the company.
Transparency and Accountability	Creating an environment where all employees, from senior leaders to entry level, are open and honest about their actions and motivations builds confidence among all stakeholders (customers, employees, communities, and owners) that the company's actions will not adversely affect our reputation or industry standing.
Corporate Governance	Corporate governance includes policies, processes, procedures, and practices that direct, control, and order corporate behavior. Strong corporate governance helps ensure fairness, transparency, and accountability and is critical to creating and maintaining investors' and other stakeholders' trust and confidence in Entergy and our ability to achieve strategic objectives, manage risks, and create long-term value for stakeholders. Corporate governance starts with the Board of Directors and is more likely to be effective when the Board is diverse, participates in regular self-evaluations, engages in a refreshment process that aligns with our strategic direction, and sets a strong tone at the top. Effective corporate governance extends to senior management and cascades throughout the organization.
Stakeholder Engagement	Stakeholders are groups, entities, and individuals who hold an investment in the company or an interest in how we operate. From the customers that we have the privilege to serve, to the communities in which we operate, to our employees and our owners, our stakeholders are central to everything we do. By engaging with our stakeholders and gathering diverse points of view, we strive to build strong, trusted connections that result in solutions with broad support. Stakeholder feedback and engagement help us create smart, forward-thinking plans that benefit our stakeholders and encourage sustainable practices throughout our organization. Further, Entergy's engagement with regulatory, government, and public policy officials and organizations, including through lobbying and political contributions, must be conducted with the highest ethical standards and in compliance with laws, regulations, and company policies and values.

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 2020 Integrated Report, https://cdn.entergy.com/userfiles/content/investor_relations/pdfs/2020_Integrated_Report.pdf pages 106-110.

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 has responsibility for oversight of the company's overall sustainability strategy, policies, and practices; corporate social responsibility; corporate governance issues; governmental, regulatory, public policy, and public relations matters; public advocacy activities; shareholder concerns. ; 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. More details about our board committees appears on page 78 of our [2020 integrated report](#).

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 <https://www.energy.com/sustainability/disclosures/>. In 2019, we added EEI's AGA ESG Gas Quantitative Template, also available at <https://www.energy.com/sustainability/disclosures/>.

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](#).

Adopting the IPIECA Human Rights Due Diligence Process as a guide, 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 human rights statement, shared values and existing policies, management systems and business practices provide a sound approach for our company to address these human rights issues that may have relevance to our business.

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 and outlining our commitment to respect human rights helps mitigate any future risk as well as underscore for our stakeholders our commitment to respect human rights.

This publicly available, company-specific statement strengthens our policy commitment and approach for addressing human rights issues with the greatest relevance to our business. Our human rights statement clearly expresses for all stakeholders our commitment to respect human rights. Our statement was developed with guidance from our corporate compliance committee and support from our chairman of the board and chief executive officer, Leo P. Denault, 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.