

ADVANCING  
*our Clean Energy Transformation*



## About our Reporting

This report contains the best information available at time of publication. Environmental, social and governance (ESG) data can be challenging to accurately measure. We correct and report errors in prior-year data when found, and we work to continually improve our data measurement, gathering and reporting processes to increase the integrity of information presented.

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# DUKE ENERGY'S ESG SUMMARY

## Our Company

One of the **LARGEST** energy holding companies in the U.S.



# 8.2 MILLION

Retail electric customers in **six** states



# 1.6 MILLION

Natural gas customers in **five** states



# 28k\* EMPLOYEES

\* 27,605 employees as of December 31, 2021.

\*\* Investment over the next five years to accelerate the clean energy transition.



Headquarters: *Charlotte, N.C.*



We own and operate diverse power generation assets in North America, including a portfolio of **renewable wind, solar, energy storage, nuclear, hydro and microgrid projects.**

**10,500 megawatts** (MW) wind and solar owned, operated or contracted. With a goal of **24,000 MW** wind and solar by 2030.



# \$63 BILLION CAPITAL PLAN\*\*

**82%** (\$52 billion) include investments in our generating fleet's transition to low- and zero-carbon resources and a modernized grid.

## Awards

- Dow Jones Sustainability Index 16 years in a row
- Human Rights Campaign Foundation 2022 Corporate Equality Index
- HIRE Vets 2021 Gold Medallion Award
- 2022 Fortune's World's Most Admired Companies
- 2021 Forbes Best Employers for Diversity and Best Employers for Women
- No. 1 among U.S. utilities for investor transparency by Labrador Advisory Services
- Best company for the environment in our industry by JUST Capital

**Forbes**

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

**FORTUNE**





## A MESSAGE FROM OUR CEO

Duke Energy is a mission-driven company, and our mission today is nothing short of leading the industry's most ambitious clean energy transition.

Thanks to the accomplishments of our more than 27,000 employees, we advanced our clean energy strategy, solidified our leadership, and found new ways to deliver value to our stakeholders in pursuit of that mission.

For the past 15 years, we published a Sustainability Report outlining the contributions that improved the lives of our customers, communities, employees and society. This year, we've renamed and expanded the report to align with our company's focus on environmental stewardship, social responsibility and corporate governance, or ESG.

For us, ESG is not an aspiration. Rather, it's fundamental to our corporate purpose and our business strategy. Our entire company is focused on achieving our goal of net-zero emissions by 2050, while maintaining affordability and reliability for our customers and delivering returns to our shareholders. We are collaborating with stakeholders and transforming and readying the system to decarbonize our generation fleet.

We also place great value on social responsibility. We're creating a diverse and inclusive workforce and investing to provide employees new opportunities to grow, develop and advance. Equitable solutions also remain a top priority as we strengthen our focus on environmental justice and a just transition to cleaner energy. And to bolster governance excellence, we've adopted a management approach to ESG that engages all levels of the company to ensure we're delivering results the right way and with transparency.



**Our entire company is focused on achieving our goal of net-zero emissions by 2050, while maintaining affordability and reliability for our customers and delivering returns to our shareholders.**

## 2021 Highlights

This ESG focus will continue to define our success, and our achievements in 2021 speak to the incredible progress we've made:

- Reduced Scope 1 carbon emissions from electricity generation by 44% since 2005 – the equivalent of taking more than 13 million vehicles off the road. And we recently expanded our net-zero goal to include Scope 2 and certain Scope 3 emissions.
- Continued to lead the largest planned coal exit in the country. Since 2010, we retired 7,500 megawatts of coal. We're targeting energy from coal to represent less than 5% of our total generation by 2030 and a full exit by 2035, subject to regulatory approvals.
- Surpassed more than 10,000 megawatts of owned, operated or purchased renewables and remain on track to reach 16,000 megawatts by 2025 and 24,000 megawatts by 2030.
- Supported comprehensive energy legislation in North Carolina that prioritizes affordability and reliability and introduces regulatory reforms to align utility investments with customer needs and improve rate certainty.
- Submitted our first subsequent license renewal application – for Oconee Nuclear Station, our largest nuclear plant – and intend to file for all 11 units to keep our assets operating up to 80 years.
- Brought 225 megawatts of solar online in Florida as part of a combined \$2 billion investment to add nearly 1,500 megawatts of solar to our Florida generation portfolio by the end of 2024.
- Completed our multiyear Park and Plug pilot program, installing over 625 charging stations in Florida. We plan to invest \$100 million over the next three years on additional pilot programs that will help decarbonize the transportation sector.
- Committed more than \$44 million from our company and our Foundation to address the greatest needs of our communities, including \$6 million for social justice and racial equity efforts and more than \$3 million for pandemic relief.
- Supported vulnerable customers, offering flexible payment arrangements and establishing a dedicated team to partner with nonprofit organizations to help customers receive more than \$100 million in financial support.
- Improved leadership and workforce diversity, expanded training and built awareness around key diversity and inclusion priorities. We were one of few companies in our industry to disclose data from an Employment Information Report (EEO-1) last year.
- Developed a Sustainable Financing Framework to help fund investments in eligible green and social projects, while providing greater transparency around our investments and priorities.
- Conducted a review of our political expenditures and lobbying policies and practices, adding additional oversight and releasing the industry's first Trade Association Climate Review.

## Advancing Our Clean Energy Transformation

We're taking aggressive action and are working alongside regulators, policymakers, investors and other stakeholders to make even greater progress in combating climate change, ensuring the best outcomes for our company and communities. We look forward to updating you on our progress at our fall ESG Investor Day.

Duke Energy's purpose is to power the lives of our customers and the vitality of our communities, and the contents of our 2021 ESG Report show how we're delivering on this purpose.



Lynn J. Good  
Chair, President and Chief Executive Officer

April 26, 2022



## A MESSAGE FROM OUR CSO

In 2021, change, adaptation and agility continued to be a part of our “next normal.” In keeping with that theme, it’s only fitting that after 15 years of publishing a Sustainability Report, we’ve retitled our annual reporting document to reflect our progress more accurately along the dimensions of environmental, social and governance (ESG).

ESG is essential to who we are. Our ESG strategy is focused on how we create value while at the same time mitigate the risks associated with our business. We are committed to a future that offers reliable, accessible and affordable clean energy for all customers and areas we serve. Achieving this vision will require us to transition to low- and zero-emissions energy, to invest in our communities, and to develop and prepare a diverse workforce. Taken together, these efforts will deliver long-term value for our customers, employees, suppliers, investors and other stakeholders.

We undertook an intensive research and stakeholder benchmarking exercise in 2021 to ensure we are focused on the ESG issues that provide our company with the opportunity to make the biggest impact and where we are uniquely positioned to make a positive difference. Keeping stakeholder engagement at the forefront of all we do, our ESG priorities center on the clean energy transition and fall into four themes, each of which have subcomponents and all of which are interconnected:

- Justice, equity and inclusion
- Climate resiliency
- Vibrant economies
- Employee, customers and communities

We use a data-driven and dynamic process for ESG risk identification and monitoring and will continue to solicit feedback from stakeholders as we make progress on our clean energy transformation and net-zero goals.



**We are committed to a future that offers reliable, accessible and affordable clean energy for all customers and areas we serve.**

## Key highlights in this year's report include:

**Our clean energy transition:** We have retired 56 coal units since 2010 and reduced our carbon emissions from electricity generation by 44% from 2005 levels. And we are on pace to achieve our goal of at least 50% reduction by 2030 and net-zero by 2050 from electricity generation and net-zero methane emissions from our natural gas business by 2030. In February 2022, we took additional steps toward action on climate change by targeting energy generated by coal to represent less than 5% of total generation by 2030 and to fully exit coal by 2035, pending regulatory approval, as part of the largest planned coal fleet retirement in the industry. We also expanded our 2050 net-zero goals to include Scope 2 and certain Scope 3 emissions.

**Environmental justice and the just transition:** Our long-term success is deeply intertwined with the health and well-being of the communities we serve. We believe environmental justice is a business imperative, fundamental to our operations and a pillar of meaningful stakeholder engagement. In 2021, we published the principles that guide our work. And, as we navigate the largest planned coal retirement in the industry, we are meaningfully addressing the impacts to employees and communities, building from our past work. Our focus in 2021 was deep research to determine best practices and we are leaning in to better understand what the needs are across a diverse set of stakeholders. We want to create solutions that work for employees, customers and communities.

**Human capital management:** We are being intentional as we continue to develop an innovative, talented team of professionals who also represent the diversity of our customers and communities. This is foundational to our success. We launched a talent marketplace for employees to find short-term development opportunities to share their skills and more than 400 gig positions

have been filled. We had our most diverse recruiting year ever with 35% female and 34% people of color as new hires. We are actively recruiting from historically Black colleges and universities. Internally, we had nearly 6,000 employees attend 50 sessions of our “Let’s Talk About It” series that continues to help us build a more inclusive workplace.

**Governance:** We have adapted a management approach to ESG that engages all levels of the company from the Board of Directors to our employees. Our newly formed ESG Strategy and Disclosures Committee provides additional oversight of ESG strategy, disclosure controls and process, and helps to align the business units with ESG risks and opportunities. And we’ve enhanced our transparency around political involvement.

Change is our constant and the challenges and opportunities facing the energy sector require all of us to come together to take action. We believe business accelerates at the speed of trust. Transparently addressing issues like climate change and human capital management through reporting and disclosure is top of mind not just for our company but increasingly for policymakers, investors and other stakeholders. And we aim to continue to provide our stakeholders with insight into our practices so they can chart our progress and help hold us accountable. Trust begins with transparency. We look forward to working together on a brighter and more equitable energy future!



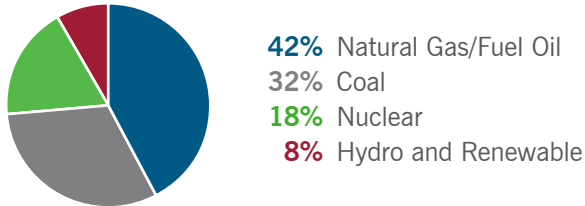
Katherine Neebe  
Chief Sustainability Officer  
Vice President, National Engagement and Strategy  
President, Duke Energy Foundation

April 26, 2022

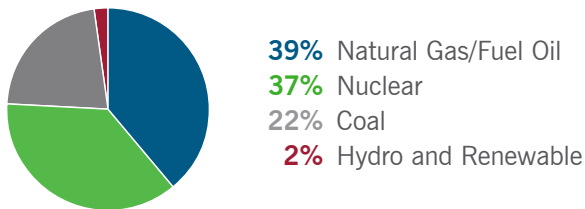
# DUKE ENERGY AT A GLANCE

## Electric Utilities and Infrastructure

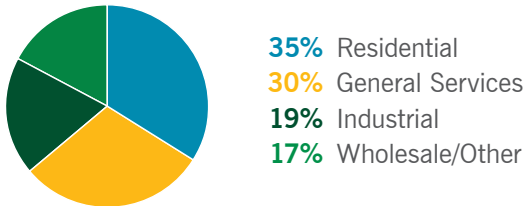
Generation Diversity (percent owned capacity)<sup>1,2</sup>



Generated (net output gigawatt-hours (GWh))<sup>2,3</sup>



Customer Diversity (in billed GWh sales)<sup>3</sup>



Electric Utilities and Infrastructure conducts operations primarily through the regulated public utilities of Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Indiana, Duke Energy Ohio and Duke Energy Kentucky.

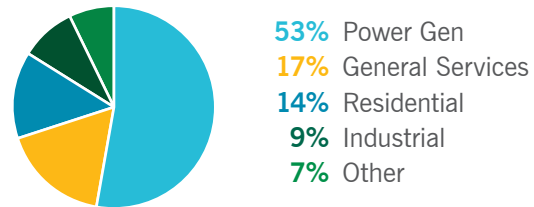
### Electric Operations

- Owns approximately 50,259 megawatts (MW) of generating capacity
- Service area covers about 91,000 square miles with an estimated population of 26 million
- Service to approximately 8.2 million residential, commercial and industrial customers
- 283,200 miles of distribution lines and a 31,300-mile transmission system
- 22% of coal generation capacity has dual fuel capability

## Natural Gas Customer Diversity

Gas Utilities and Infrastructure conducts natural gas distribution operations primarily through the regulated public utilities of Piedmont Natural Gas, Duke Energy Ohio and Duke Energy Kentucky.

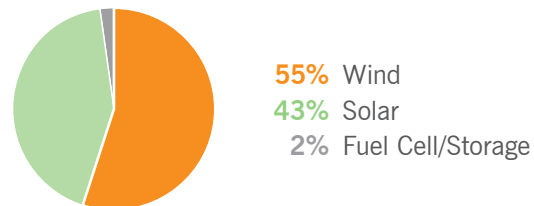
Natural Gas Operations (throughput)<sup>3</sup>



- Regulated natural gas transmission and distribution services to approximately 1.6 million customers in the Carolinas, Tennessee, southwestern Ohio and Northern Kentucky
- Maintains more than 34,800 miles of natural gas transmission and distribution pipelines and 27,700 miles of natural gas service pipelines and 4 BCF on-system liquified natural gas (LNG) storage

## Commercial Renewables

Generation Diversity (percent owned capacity)<sup>1,4</sup>



Commercial Renewables primarily acquires, develops, builds and operates wind and solar renewable generation throughout the continental U.S. The portfolio includes nonregulated renewable energy and energy storage businesses. Commercial Renewables also enters into strategic partnerships including minority ownership and tax equity structures in wind and solar generation.

Commercial Renewables' renewable energy includes utility-scale wind and solar generation assets, distributed solar generation assets, distributed fuel cell assets and battery storage projects, which total 3,554 MW across 22 states from 23 wind facilities, 178 solar projects, 71 fuel cell locations and two battery storage facilities. The power produced from renewable generation is primarily sold through long-term contracts to utilities, electric cooperatives, municipalities and corporate customers.

<sup>1</sup> As of December 31, 2021.

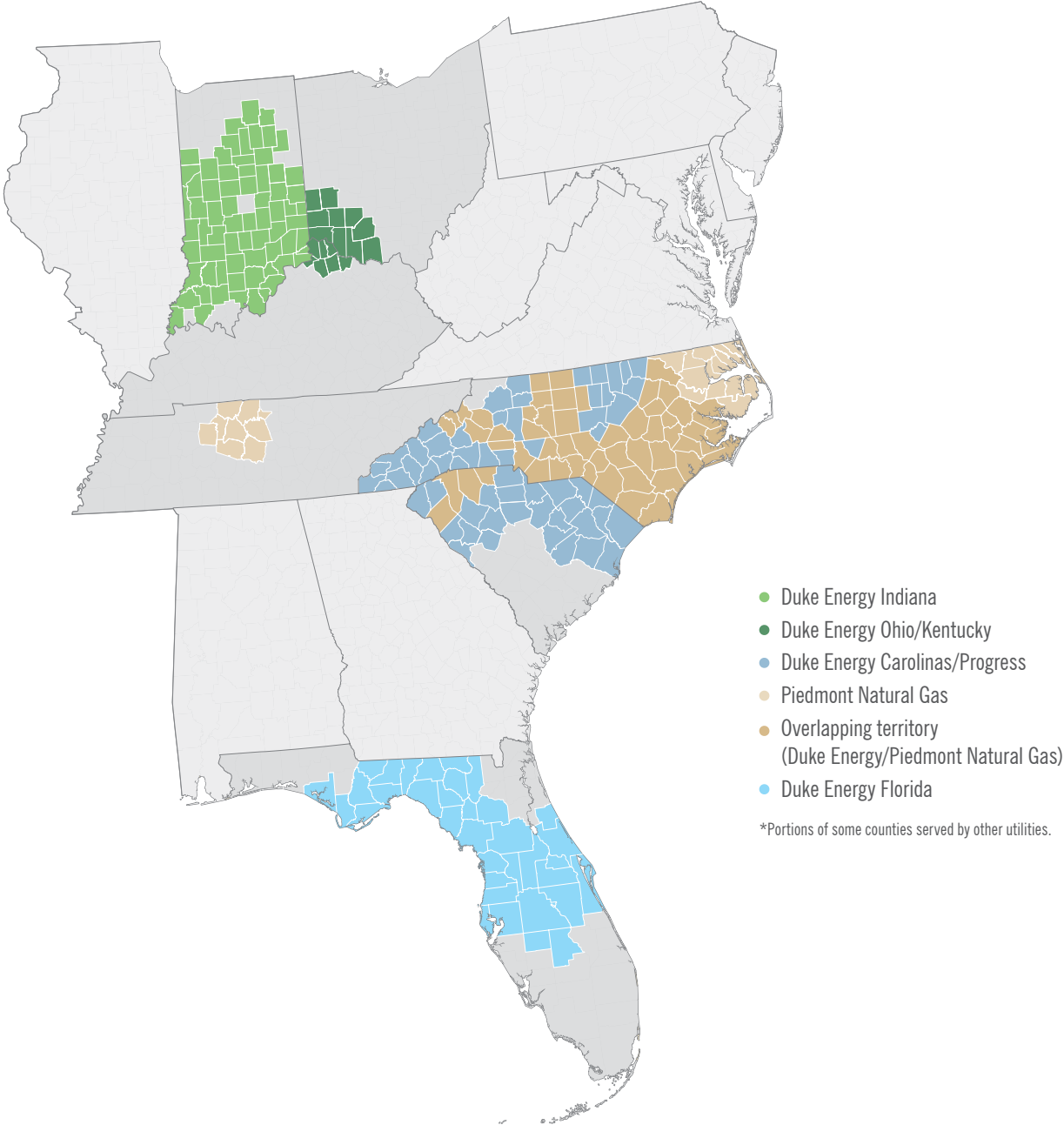
<sup>2</sup> 2021 data excludes 9,088 GWh of renewables purchased through Power Purchase Agreements. This is equivalent to ~4% of Duke Energy generation.

<sup>3</sup> For the year ended December 31, 2021.

<sup>4</sup> Contains projects included in tax equity structures where investors have differing interests in the projects' economic attributes (100% of the tax equity projects' capacity is included).



# Utility Service Territories\*



\*As of December 31, 2021.

# Duke Energy Commercial and Regulated Renewable and Storage Facilities



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# CLEAN ENERGY TRANSITION

We are taking additional steps toward action on climate change while maintaining our commitment to reliable, accessible and affordable energy for customers and communities. As one of America's largest electric and gas utilities, we along with many of our stakeholders share the view that the company can take a leadership role in tackling the greenhouse gas emissions associated with our business and value chain.

This includes:

- Targeting energy generated from coal to represent less than 5% of total generation by 2030 and to fully exit coal by 2035<sup>1</sup> as part of the largest planned coal fleet retirement in the industry.
- Expanding our 2050 net-zero goals to now include Scope 2 and certain Scope 3 emissions.
  - In the electric business, our net-zero goal will include greenhouse gas emissions from the power we purchase for resale, from the procurement of fossil fuels used for generation and from the electricity purchased for our own use.
  - For the natural gas business, it means adding a new net-zero by 2050 goal that includes upstream methane and carbon emissions related to purchased natural gas and downstream carbon emissions from customers' consumption.

We are currently working to determine the emissions associated with relevant Scope 3 categories. Then we will prioritize the categories for which we have adopted goals and identify what actions the company can take over time to reduce these emissions.

Already, we have reduced Scope 1 carbon emissions from electricity generation by 44% from 2005 levels, the equivalent of removing 13 million vehicles from the road. And are on pace to achieve our goals of at least 50% reduction by 2030 and net-zero by 2050 from electricity generation and net-zero methane emissions in the natural gas business by 2030.

Actions in our electricity business include:

- Retired 56 coal units, representing approximately 7,500 MW since 2010.
- Filed integrated resource plans with preferred scenarios that support exiting coal generation by 2035.
- Submitted an application to the Nuclear Regulatory Commission for a subsequent license renewal for Oconee Nuclear Station to keep this carbon-free energy source running for an additional 20 years. We plan to pursue similar license renewals for each of our nuclear units.
- Surpassed more than 10,000 MW of owned, operated or purchased renewable energy and remain on track to reach 16,000 MW by 2025 and 24,000 MW by 2030.
- Partnered with Siemens and Clemson University on a Department of Energy-supported study to evaluate hydrogen integration and utilization at the Duke Energy-owned and operated Clemson University combined heat and power plant. It and other opportunities are continuing to be explored to demonstrate hydrogen for energy generation.
- Partnered with TerraPower and the Sodium Reactor team to provide consulting and in-kind services for the demonstration of this advanced nuclear reactor with integrated thermal storage.
- Partnered with Honeywell to test its new flow battery technology, which can store and discharge electricity for up to 12 hours, exceeding the duration of lithium-ion batteries, which can only discharge for up to four hours.

<sup>1</sup> Subject to regulatory approvals. Contemplates retiring Edwardsport coal gasifiers by 2035 or adding carbon capture utilization and storage to reduce carbon emissions.














Our natural gas business continues to decarbonize to meet its climate goals. With the expanded Scope 3 net-zero goal, we have an opportunity to shape the industry through making our own investments, offering customer programs and working with suppliers to reduce methane and carbon emissions. Work underway includes:

- Partnered with Accenture and Microsoft on a unique satellite leak detection platform designed to measure actual baseline methane emissions from natural gas distribution systems.
- Replaced more than 1,400 miles of cast iron and bare steel pipe, resulting in eliminating more than 95% of the methane emissions previously attributed to the cast iron and bare steel infrastructure.
- Using new technologies to improve measurement and monitoring of methane emissions, including satellite technology and real-time measurement devices to pinpoint and repair leaks faster.
- Analyzing the potential procurement of responsibly produced and transported natural gas from suppliers that balance low methane emissions with affordable energy for our customers, whenever possible.
- Investing in renewable natural gas (RNG) projects and continuing to work with our jurisdictions to expand RNG availability for our customers.
- Sourcing RNG for our compressed natural gas stations, with a pilot project underway. We plan to extend RNG to our publicly accessible fueling stations, further increasing the environmental benefit of CNG.

We will achieve our transformative goals by adopting the use of new and existing energy technologies, alternative fuels like RNG and hydrogen, and by collaborating with policymakers, industry peers and external partners on how best to meet this challenge.

## ACCELERATING TOWARD A CLEAN ENERGY FUTURE

Here's how we're taking action for our communities, while keeping energy affordable and reliable.

 <b>BOOSTING RENEWABLES</b>	 <b>ELECTRIFYING TRANSPORTATION</b>	 <b>CHAMPIONING NEW TECHNOLOGIES</b>	 <b>MAINTAINING CRITICAL SUPPORT</b>
 24,000 MW of renewable energy by 2030  <b>13,000 MW</b> of energy storage by 2050   Renewables 40% or more of our energy mix by 2050	<b>\$100 million</b> investing to help decarbonize transportation   Electric vehicle infrastructure pilots   Electrifying our fleet and helping other companies electrify theirs	 Advancements in emission monitoring  <i>Advocating for new, zero-emission technologies such as:</i> <ul style="list-style-type: none"> <li> Advanced nuclear</li> <li> Hydrogen</li> <li> Energy storage technologies</li> </ul>	 Pursuing subsequent license renewals for carbon-free nuclear  Leveraging the benefits of <b>RELIABLE</b> natural gas to support emission reductions and more renewables

*Net-zero methane emissions from natural gas business by 2030. Net-zero emissions by 2050 from electric generation and natural gas businesses including Scopes 1 and 2 and certain Scope 3 emissions.*

*Decarbonizing for our communities*

# OUR PURPOSE

Duke Energy’s purpose is to power the lives of our customers and the vitality of our communities. Our core values are focused on safety, integrity and service, as well as our leadership imperatives that define our behavioral expectations and challenge us to become better. Together, our values and leadership imperatives influence how we make decisions and interact with each other, as well as with our customers and communities.

Live Our Purpose	Transform for the Future	Deliver Results the Right Way	Work as One	Inspire Our People
Delivers excellence by putting customers first and living our purpose: “Power the lives of our customers and the vitality of our communities.”	Establishes a compelling vision and demonstrates agility in driving change while managing inherent risks to deliver innovative solutions and transform the business.	Drives results with the highest integrity by creating a safe and accountable environment that fosters sustainable business operations.	Works across and removes boundaries by sharing and obtaining information, communicating openly, and building trust to achieve common goals.	Builds and develops a diverse and inclusive workforce of capable, engaged, and enabled talent that sustains and celebrates company success.

## Our ESG Approach

ESG is essential to who we are. It is fundamental to the objectives and makeup of our entire company, from how we generate power and decarbonize our fleet, to the role we play in society. This focus defines our success as we put capital to work to deliver sustainable value to our stakeholders and shareholders.

We are committed to a future that offers reliable, accessible and affordable clean energy for all customers and areas we serve. Achieving this vision will require us to transition to low- and zero-emissions energy, to invest in our communities, and to develop and prepare a diverse workforce. Taken together, these efforts will deliver long-term value for all our stakeholders.

## ESG Priorities

Upon careful review based on data and stakeholder feedback, we have prioritized the ESG issues that provide Duke Energy with the best opportunity to make the biggest impact. These are the issues that are relevant to our business and stakeholders and where we can do the most good. Based on our most recent ESG priority assessment, we have organized our work into four themes: justice, equity and inclusion; climate resiliency; vibrant economies; and employees, customers and communities. Stakeholder engagement is a critical enabler underpinning these priorities.

Justice, equity and inclusion	Climate resiliency	Vibrant economies	Employees, customers and communities
<ul style="list-style-type: none"> <li>■ Just transition</li> <li>■ Environmental justice</li> <li>■ Respect for human rights</li> <li>■ Enhanced energy equity programs</li> <li>■ Social justice and racial equity</li> </ul>	<ul style="list-style-type: none"> <li>■ Climate change and risk management</li> <li>■ Disaster preparedness and relief</li> <li>■ Biodiversity and natural capital</li> </ul>	<ul style="list-style-type: none"> <li>■ Supply chain</li> <li>■ Workforce development and job creation</li> <li>■ Economic development</li> </ul>	<ul style="list-style-type: none"> <li>■ Employee health and safety</li> <li>■ Employee diversity, equity and inclusion</li> <li>■ Talent development</li> <li>■ Charitable giving</li> </ul>

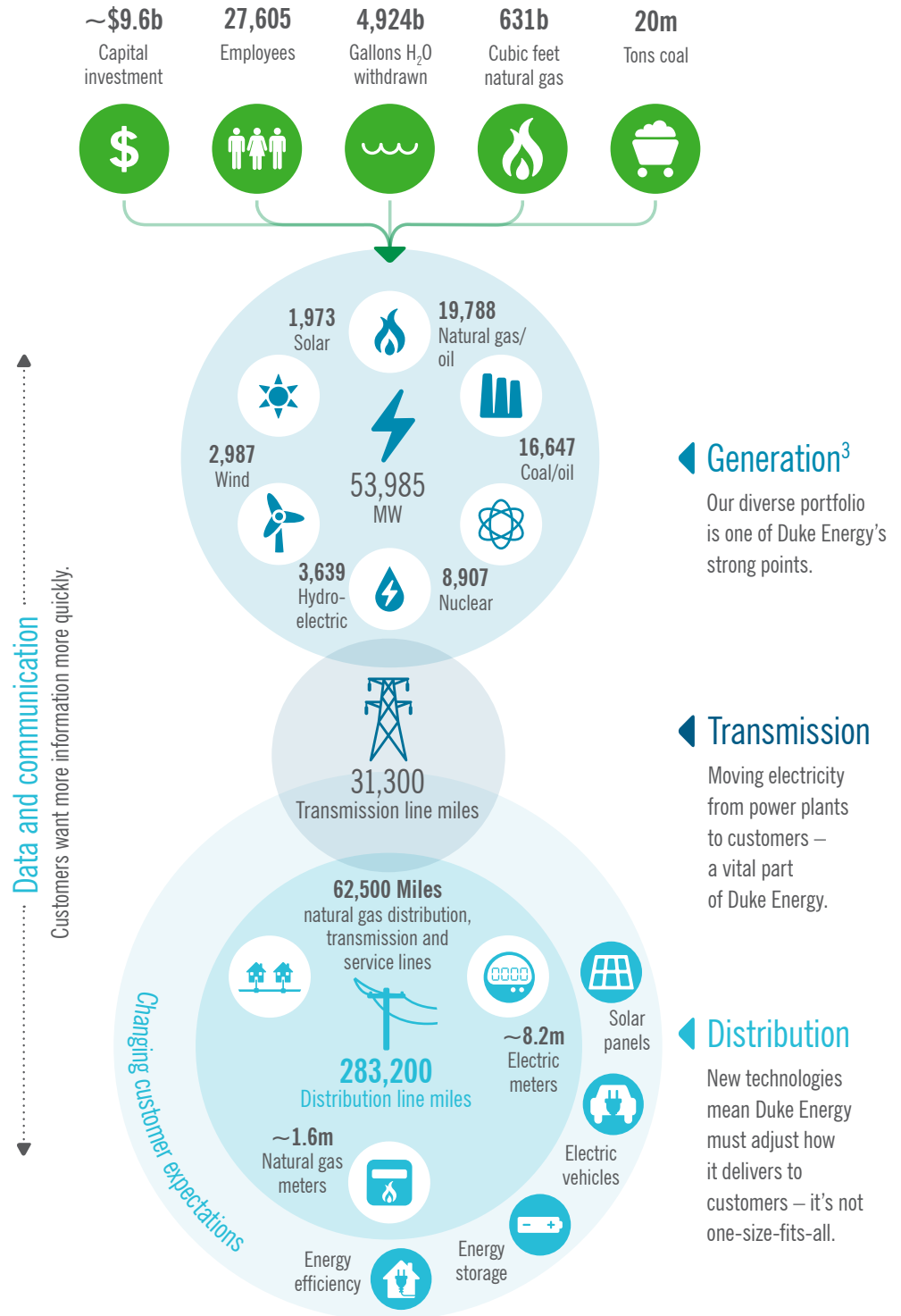
# OUR VALUE CREATION MODEL

## Major Resources<sup>1</sup>

Duke Energy's value creation starts with the basics: A combination of natural resources, technology and talent creates an essential product that enhances the world.

## Evolving Business Model<sup>2</sup>

As technology advances and customer expectations rise, Duke Energy must evolve. The company sells electricity, natural gas and energy services. It also encourages customers to better manage energy use – and reduce consumption where possible.



<sup>1</sup> For the year ended December 31, 2021.

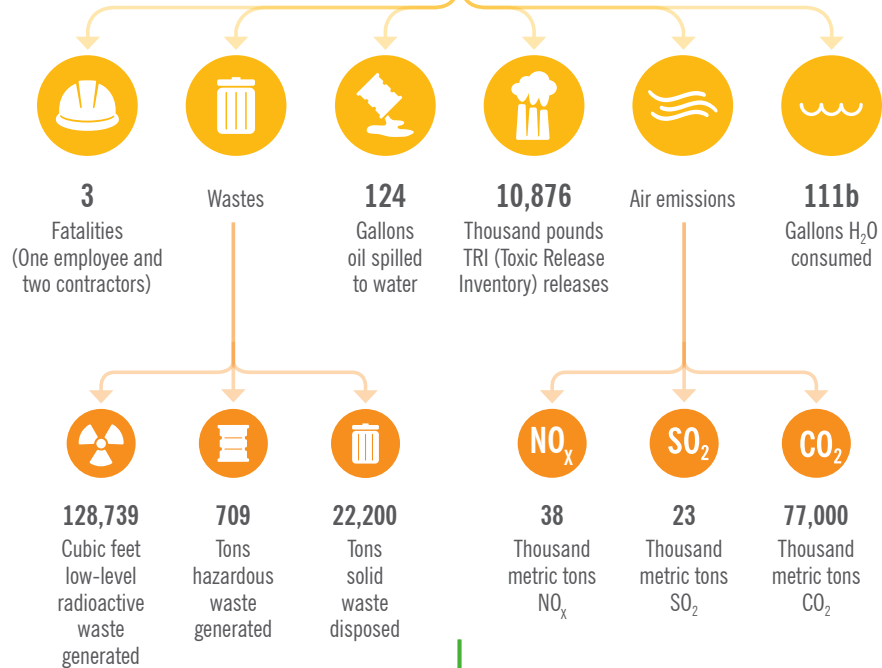
<sup>2</sup> As of December 31, 2021.

<sup>3</sup> Data excludes 4,212 MW of purchased capacity from solar, wind and hydro resources, equivalent to approximately 8% of Duke Energy's generation capacity.

Impacts and Value Created on next page

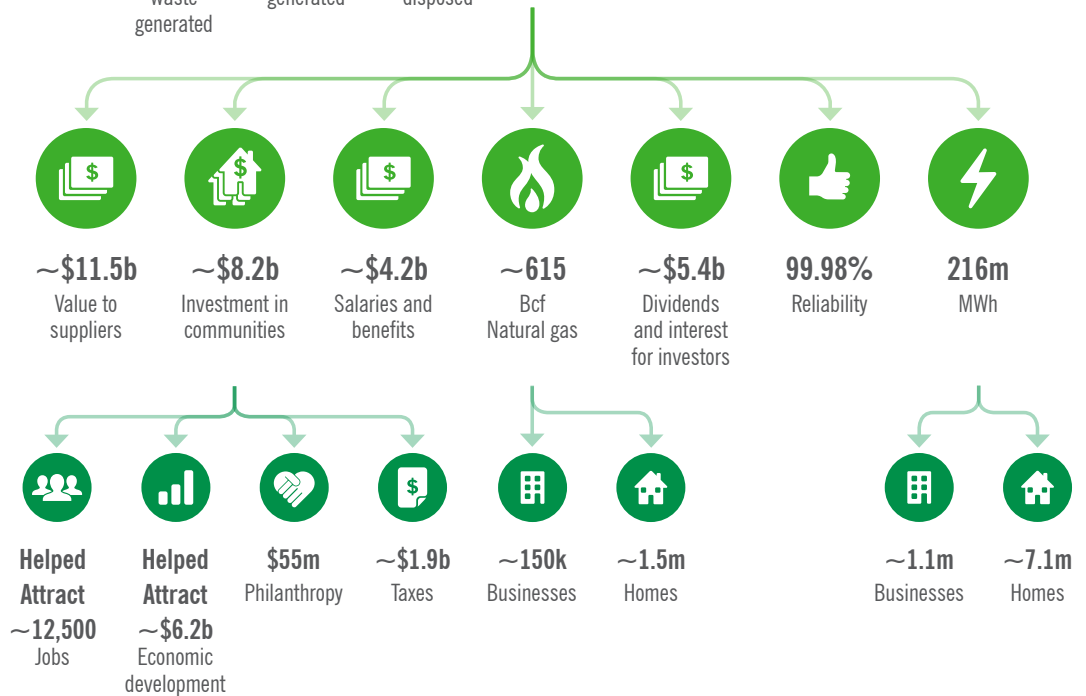
## Mitigating Impacts<sup>1</sup>

Duke Energy aims to reduce its environmental impacts. Our mission is to do better.



## Creating Value<sup>1</sup>

Duke Energy powers lives, supports communities and fuels the economy. We create value when our business objectives help advance societal issues. The company builds strong communities by contributing to local economies through the taxes we pay, attracting companies and jobs to the towns where we operate and making philanthropic investments and volunteering our time where we live.



<sup>1</sup> For the year ended December 31, 2021.

The information presented here is meant to provide an overview of Duke Energy and is not meant to be precise or inclusive of all the company's inputs and outputs. Please see the 2021 Duke Energy Annual Report on Form 10-K for detailed notes and further explanations of financial information and this ESG Report for more social and environmental information.

# KEY STAKEHOLDER ISSUES

## The Importance of Our Stakeholders

We are committed to a future that offers reliable, accessible and affordable clean energy for all customers and areas we serve and to making a positive impact on our communities. This requires that we consider the needs and concerns of a diverse stakeholder audience, which includes customers, shareholders, regulators, environmental organizations, social advocates, community agencies, elected officials, employees, and many others. Doing so requires that we get their perspectives early and often and work together to develop and deliver smart energy solutions. We engage and interact (both remotely and one-on-one). We hold open houses. We listen before we act.



**Customers:** Access to affordable, reliable and increasingly clean energy



**Communities:** Collaborative partners in creating stronger, more inclusive and vibrant economies



**Suppliers:** Collaborators in the clean energy transition



**Investors:** Creating long-term returns through financial and ESG leadership



**Employees and Alumni:** Creating opportunities and mission-driven work



**Policymakers:** Critical to ensuring balanced public policy helps drive change for climate action in a way that maintains reliability and affordability for customers



**NGOs (non-governmental organizations):** Provide feedback on ESG-related issues and priorities and help hold us accountable



**Thought Leaders:** Key to communicating the clean energy transition and different dimensions that matter to other relevant stakeholders





## Strategic Framework

Having the right data and insight is key to understanding the issues that are most important to our stakeholders and to us. Our goal is to better identify, assess and prioritize issues, and ensure that we continue to build an ESG focus that responds to external events, evolving business priorities, stakeholder expectations, and our own performance results.

Using new and dynamic data gathering technology is our way forward and it will empower the decisions we make. That said, we continue to rely on insight gleaned from sources such as stakeholder feedback, surveys, reporting and rating frameworks, thought leader perspectives, social and traditional media coverage.

## Mapping it all out

We have mapped our priority issues to the United Nations Sustainable Development Goals (SDGs), which aim to “end poverty, protect the planet and ensure prosperity for all.” Since their development in 2015, the 17 SDGs have gained traction with stakeholders concerned about sustainability issues. While there was alignment between our priorities and several of the SDGs, goals such as “Seven: Affordable and Clean Energy,” and “Thirteen: Climate Action,” are especially applicable to our company.

We use a data-driven and dynamic process for ESG risk identification and monitoring, focusing on these important topics and key priorities:



### Justice, Equity and Inclusion

- Just transition
- Environmental justice
- Respect for human rights
- Enhanced energy equity programs
- Social justice and racial equity



### Climate Resiliency

- Climate change and risk management
- Disaster preparedness and relief
- Biodiversity and natural capital



### Vibrant Economies

- Supply chain
- Workforce development and job creation
- Economic development



### Employees, Customers and Communities

- Employee health and safety
- Employee diversity, equity and inclusion
- Talent development
- Charitable giving

*Stakeholder engagement is a critical enabler underpinning these priorities.*



# ESG GOALS

## Environmental

Seizing the opportunity to deliver cleaner energy.

GOAL STATUS

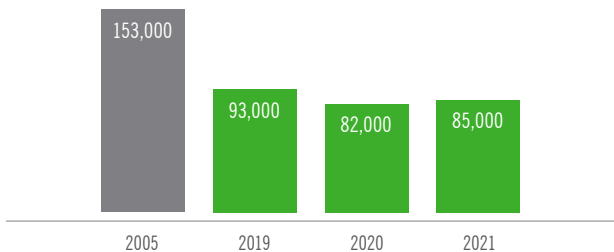
- Achieved or on track
- Currently not on track due to pandemic
- Target not achieved

### ENVIRONMENTAL GOALS:

- **Carbon emissions:** Reduce the carbon dioxide (CO<sub>2</sub>) emissions from our generation fleet (Scope 1 emissions) by at least 50% from the 2005 level by 2030 (equates to a reduction from 153 million short tons to 75.5 million short tons), and attain net-zero emissions by 2050.

**2021 status:** Our generation fleet emitted about 85 million short tons (77 million metric tons) of CO<sub>2</sub>, a reduction of over 44% from the 2005 level. In 2021, CO<sub>2</sub> emissions were somewhat higher than in 2020 due to increased generation as the economy began to rebound, though the long-term reduction trend continued.

**Carbon Dioxide Emissions from Electric Generation**  
(thousand short tons)



- **Methane emissions:** Achieve net-zero methane emissions from our natural gas distribution business by 2030 (Scope 1 emissions).

**2021 status:** See [Methane Detection and Reduction of Emissions](#).

#### New goals for the Electric Utilities:

- Reduce emissions from electricity purchased for company use (Scope 2 emissions) to net-zero by 2050.
- Reduce greenhouse gas emissions from the power we purchase for resale (Scope 3 emissions) to net-zero by 2050.
- Reduce greenhouse gas emissions from the procurement of fossil fuels used for generation (Scope 3 emissions) to net-zero by 2050.

#### New goals for the Natural Gas Local Distribution Business:

- Reduce greenhouse gas emissions from upstream methane and carbon emissions related to purchased natural gas (Scope 3 emissions) to net-zero by 2050.
- Reduce downstream carbon emissions from customers' consumption of natural gas (Scope 3 emissions) to net-zero by 2050.

### OUR GREENHOUSE GAS EMISSION REDUCTION GOALS

2030	Electric Utilities	<ul style="list-style-type: none"> <li>■ At least 50% reduction in CO<sub>2</sub> emissions from 2005 levels from electricity generation (Scope 1 emissions).</li> </ul>
	Natural Gas Local Distribution Business	<ul style="list-style-type: none"> <li>■ Net-zero methane emissions (Scope 1 emissions).</li> </ul>
2050	Electric Utilities	<ul style="list-style-type: none"> <li>■ Net-zero CO<sub>2</sub> emissions from electricity generation (Scope 1 emissions).</li> <li>■ Net-zero emissions from electricity purchased for company use (Scope 2 emissions).</li> <li>■ Net-zero greenhouse gas emissions from the power we purchase for resale and from the procurement of fossil fuels used for generation (Scope 3 emissions).</li> </ul>
	Natural Gas Local Distribution Business	<ul style="list-style-type: none"> <li>■ Net-zero emissions from upstream methane and carbon emissions related to purchased natural gas and downstream carbon emissions from customers' consumption (Scope 3 emissions).</li> </ul>

## ENVIRONMENTAL GOALS CONTINUED:

- **Renewables:** Own, operate or contract 16,000 MW of wind and solar by 2025, and 24,000 MW by 2030. (This goal includes nameplate capacity of connected renewables in Duke Energy's regulated service territories (utility-owned, purchased power agreements (PPAs) and net-metered generation). It also includes nameplate capacity of commercial wind and solar, with majority-owned assets that Duke Energy operates presented at 100% capacity.)

**2021 status:** As of year-end 2021, Duke Energy-owned, operated or had under contract over 10,500 MW of wind and solar.

- **Electric vehicles (EVs):** Convert 100% of our light-duty vehicles to electric and 50% of our combined fleet of medium-duty, heavy-duty and off-road vehicles to EVs, plug-in hybrids (PHEVs) or other zero-carbon alternatives by 2030.

**2021 status:** By year-end 2021, Duke Energy's light-duty vehicle fleet, and medium- and heavy-duty off-road vehicle fleet were 4% and 22% EV, PHEV and other zero-carbon-powered, respectively.

- **Water withdrawals:** Reduce water withdrawals by our generation fleet by 1 trillion gallons by 2030 from the 2016 level (5.34 trillion gallons).

**2021 status:** Water withdrawals were approximately 4.92 trillion gallons, a reduction of 0.42 trillion gallons.

- **Releases to water:** Reduce releases of TRI (Toxic Release Inventory) chemicals to water by half by 2030 from the 2016 level (212,000 pounds).

**2021 status:** Releases of TRI chemicals to water were approximately 159,000 pounds in 2020. These releases are expected to decrease significantly as coal ash basins are closed. (Data for 2021 will be available in August 2022.)

- **Solid waste:** Maintain the percentage of solid waste that is recycled at 80%. (This goal excludes Duke Energy Sustainable Solutions (DESS), which has a relatively small waste stream.)

**2021 status:** Approximately 79% of solid waste generated in 2021 was recycled. See the Waste table in [Environmental Performance Metrics](#).

- **Coal ash management:** Meet the federal and state regulatory requirements, while safely closing ash basins.

**2021 status:** See [Coal Ash Management](#).

## Social

Improving the lives of our customers and communities.  
Building a safe, diverse and engaged workforce.

### GOAL STATUS

- Achieved or on track
- Currently not on track due to pandemic
- Target not achieved

## CUSTOMER GOALS:

- **Affordable energy:** Maintain electric rates lower than the national average.

**2021 status:** As of summer 2021, Duke Energy's electric rates in all six states we serve were lower than the national average in all three customer categories (residential, commercial and industrial). (See related graphic on page 41: "[Duke Energy's Electric Rates](#).")

- **Energy efficiency – consumption:** Achieve a cumulative reduction in customer energy consumption of 24,000 GWh (equivalent to the annual usage of 2 million homes) by year-end 2025.

**2021 status:** As of year-end 2021, energy consumption was reduced by over 21,300 GWh.

- **Energy efficiency – peak demand:** Maintain a cumulative reduction in summer peak demand of 7,000 MW (equivalent to 11.5 600-MW power plants) and create significant incremental winter peak-demand reductions by year-end 2025.

**2021 status:** As of year-end 2021, peak demand was reduced by almost 6,900 MW (nearly all summer reductions).

Potential changes in state energy efficiency rules and requirements, and changes to utility avoided costs may have an impact on our future energy efficiency goals.

- **Reliable energy:** Maintain the high reliability of our electric and natural gas system during 2021, with a Reliability Index of 100.

**2021 status:** The 2021 Reliability Index was 107.75.

## COMMUNITY GOALS:

- **Economic development:** Stimulate growth in our communities and help attract at least 65,000 jobs and \$30 billion in capital investments from 2017 through 2021.  
**2021 status:** Since 2017, Duke Energy has helped our communities attract more than 72,000 jobs and over \$33 billion in capital investment to our service territories. (See related graphic on page 44: [“Economic Development.”](#))  
**Updated goal:** Stimulate growth in our communities and help attract at least \$25 billion in capital investments and 50,000 jobs from 2022 through 2026.
- **Charitable giving:** The Duke Energy Foundation will invest more than \$30 million annually in charitable giving.  
**2021 status:** Total Charitable Giving by Duke Energy and its Foundation was \$44.8 million. (See related graphic on page 47: [“2021 Charitable Giving.”](#))

## EMPLOYEE GOALS:

- **Safety – incident rate:** During 2021, achieve an employee Total Incident Case Rate (TICR) of 0.36.  
**2021 status:** Total company employee TICR was 0.36.
- **Safety – fatalities:** During 2021, achieve zero work-related fatalities.  
**2021 status:** Tragically, there was one employee and two contractor work-related fatalities.
- **Employee engagement:** Increase the likelihood of employees to recommend Duke Energy as a place to work to a friend or colleague.  
**2021 status:** With a survey response rate of 40%, our 2021 full-year, weighted eNPS (employee net promoter score) was 30, up from 25 in 2020. eNPS is a scoring system designed to help employers measure employee satisfaction and loyalty and we use it as our principal engagement indicator.
- **Diversity and inclusion:** We continue to aspire to increase our workforce representation of females and race/ethnicity to 25% and 20%, respectively.  
**2021 status:** Our 2021 progress has been positive compared to 2020, and our representation of diverse workforce (female and race/ethnicity) is the highest it has been in current company history, supported by 51% diverse external hires. Female representation was 23.9%, up 0.6 percentage points from 2020, and racial/ethnic representation was 19.6%, up 0.8 percentage points from 2020. We remain committed to our journey of improving the diversity of our workforce and strengthening the culture that supports it.  
The COVID-19 pandemic and subsequent labor market challenges impacted our ability to meet this goal as planned by year-end 2020. As we progress toward achieving the goal, we will reassess labor market availability across our jurisdictions to ensure we continue advancing our workforce representation to reflect the communities we serve. This commitment to diversity and inclusion includes outreach, recruitment, hiring and retention as creating a more diverse and inclusive working environment makes Duke Energy a strong company, and a better place to work.

## Governance

### Delivering results with transparency and accountability.

#### GOAL STATUS

- Achieved or on track
- Currently not on track due to pandemic
- Target not achieved

## GOVERNANCE GOALS:

- **Total shareholder return (TSR):** Outperform the TSR of other investor-owned utilities, annually and over a three-year period, as measured by the Philadelphia Utility Index (UTY).  
**2021 status:** Duke Energy's TSR results were:
  - 19.1% in 2021, compared to the UTY return of 18.2%.
  - 37.6% over the three years ended December 31, 2021, compared to 54.0% for the UTY over the same three-year period.
- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.  
**2021 status:** As of February 11, 2022, Duke Energy had a Bloomberg ESG Disclosure Score of 64.9, the highest score listed by Bloomberg on that date for our peer U.S. utilities.

# ESG OVERSIGHT AND MANAGEMENT

Leadership of ESG issues starts with our Chief Executive Officer with oversight from the Board of Directors. The Chief Executive Officer is responsible for the company's ESG performance and long-term success. The Chief Sustainability Officer helps define the ESG strategy and partners with business units to develop ESG goals. Senior business leaders are accountable for applicable ESG priorities and goals and integrating those into respective areas. And, employees help implement departmental initiatives and identify local ESG/sustainability opportunities.

Additional governance is provided by an employee management committee, the ESG Strategy and Disclosures Committee. It was formed to provide additional oversight of ESG strategy, disclosure controls and processes to help align the business units with ESG.

## ESG Disclosures

Trust starts with transparency, and we aim to provide our stakeholders with insight into our practices so that they can chart our progress and help hold us accountable. We have published our sustainability progress for 16 years. And were named to the Dow Jones Sustainability Index for North America for the 16th year in 2021.

In addition to this ESG Report, formerly known as the Sustainability Report, we have prepared:

- 2017 and 2020 Climate Reports, which are aligned with the recommendations of the TCFD
- Semiannual Corporate Political Expenditures Report
- Annual Trade Associations Climate Review
- SASB disclosures
- EEI/AGA template disclosure
- GRI disclosures

Also, we annually submit responses to the CDP Climate and CDP Water as well as the Dow Jones Sustainability Index.

Many of Duke Energy's ESG disclosures are located on the company's ESG website at [duke-energy.com/our-company/esg](https://duke-energy.com/our-company/esg).





# ENVIRONMENTAL

*Seizing the opportunity  
to deliver cleaner energy.*



## ENVIRONMENTAL

Duke Energy is leading one of the most ambitious clean energy transformations in our industry. We have a \$63 billion five-year capex plan of which 82% (\$52 billion) includes investments in our generating fleet's transition to low- and zero-carbon resources and a modernized grid. We have set goals for achieving at least a 50% carbon reduction from 2005 levels for electricity generation and to reduce our methane emissions from natural gas distribution to net-zero by 2030. We have also set an ambitious goal to reach net-zero carbon emissions from electricity generation by 2050. In February 2022, we broadened our greenhouse gas emission reduction goals by incorporating Scope 2 and certain Scope 3 emissions. For the electric business, this means we will include CO<sub>2</sub> emissions from purchased power for our use, greenhouse gas emissions from purchased power for resale, and the upstream emissions related to purchased fossil fuels for generation.

Additionally, we set an enterprisewide goal of exiting coal generation by 2035 as evidenced by the preferred scenarios of our recent integrated resource plans. And we will file the first Carbon Plan in North Carolina pursuant to House Bill 951 that will recommend several pathways toward meeting the state's carbon reduction goal of 70% by 2030. We will continue to execute our clean energy plan with rate cases to

accelerate coal retirements, call for more renewables and extend the life of the largest regulated nuclear fleet in the country.

We are increasing our renewable resources and are a top 10 U.S. renewable company by capacity, for our combined regulated and commercial business, with operations in 25 states. We are also expanding our renewable footprint and own, operate or purchased over 10 gigawatts (GW) of renewables (solar and wind) in 2021, targeting 24 GW by 2030.

For the natural gas business, we recently added a new goal of net-zero methane and carbon emissions by 2050 for upstream emissions related to purchased natural gas and downstream carbon emissions arising from our customers' consumption.

Our first step will be to take a full inventory of Scope 3 emissions to establish our baseline and identify what steps we may be able to take over time to reduce these emissions. Additionally, we are incorporating advanced methane leak technologies and recently launched a satellite pilot program for methane detection on natural gas infrastructure. This pilot program can identify leaks as small as a leak on a natural gas meter, enabling us to identify and rapidly eliminate leaks on the distribution system. We continue to innovate, test, and deploy other methane detection technologies.

We look to identify the concrete actions we can take in the short, medium and long term to reduce our emissions as we strive for a cleaner energy future.



Combining no-emission sources like hydro, nuclear, solar and wind generation, approximately 55% of our generation will be carbon-free by 2030.

## Clean Energy Transition

### Net-Zero Carbon

Climate change is a critical issue that our employees, customers, communities and other stakeholders are passionate about – as are we. That is why our climate strategy is our business strategy. And central to this business strategy is delivering increasingly clean energy while maintaining reliability, accessibility and affordability for our customers.

To address the role of carbon emissions in climate change, Duke Energy is taking bold action, with an ambitious goal to achieve net-zero carbon emissions by 2050. Our goal is aligned with the ambitions of the Paris Agreement and, in January 2021, we publicly announced our support of President Biden’s decision to reenter the agreement.

Attaining our goal in the future requires taking strategic action today, which is why we [recently announced](#) our commitment to the largest planned coal fleet retirement in the industry. Subject to regulatory approval, we are targeting energy from coal to represent less than 5% of our total generation by 2030 and to fully exit coal by 2035.

While this 2035 announcement is new, it reflects a very deliberate, purposeful road map that has been years in the making. Since 2010, we’ve retired 56 coal units representing approximately 7,500 MW. Already, the company has reduced carbon emissions from electricity generation by 44% from 2005 levels – the equivalent of removing 13 million vehicles from the road. By the end of 2035, we expect to retire almost 16 GW of coal generation – almost a GW a year.

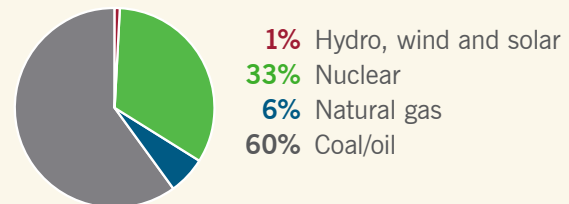
In the Carolinas we are going even bolder, targeting 70% carbon reduction in the 2030 time frame – a goal outlined by North Carolina’s new clean energy legislation, which was signed into law in October 2021 with bipartisan support. After gathering feedback from stakeholders in both North Carolina and South Carolina, we’re incorporating this public input into

our proposed [Carolinas Carbon Plan](#) – a road map for modernizing our two-state energy system in a manner that reduces risks for customers while also lowering emissions and balancing affordability and reliability.

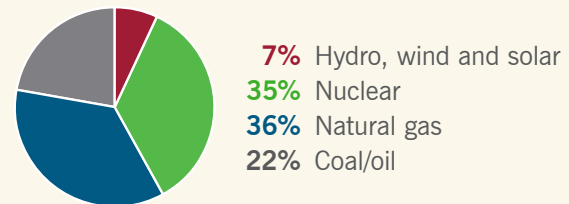
### Moving Toward a Cleaner Generation Fleet and Increased Fuel Diversity (Represents total company view)

Transforming the way we produce power (Generation (MWh) by fuel type)

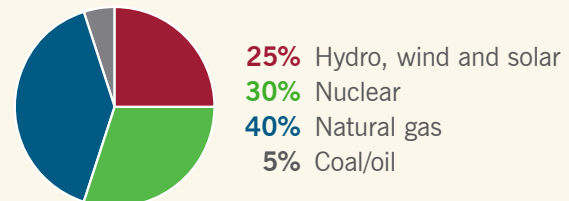
2005<sup>1</sup>



2021<sup>1,2</sup>



2030E<sup>3</sup>



1 2005 and 2021 data based on Duke Energy’s ownership share of U.S. generation assets as of December 31, 2021.  
 2 2021 data excludes 9,088 GWh of purchased renewables, equivalent to ~4% of Duke Energy’s output (PPAs).  
 3 2030 estimate will be influenced by customer demand for electricity, weather, fuel and purchased power prices, and other factors.





Trenton Solar Facility / Trenton, Florida

We are well on our way to achieving our systemwide target of at least 50% carbon reduction by 2030. Achieving our net-zero vision requires us to transition to low- and zero-emissions energy, while also making strategic investments in grid modernization to integrate more renewable energy and energy storage. Our road map centers around the following elements:

- Deploying renewables such as solar, wind and energy storage at unprecedented rates, expanding the renewables we own, operate or purchase from 10 GW in 2021 to 24 GW in 2030.
- Maintaining and optimizing our carbon-free nuclear fleet for peak performance.
- Leveraging natural gas facilities that are hydrogen-capable, enabling further carbon reductions as hydrogen technology evolves.
- Capitalizing on emerging technologies such as hydrogen, longer-duration storage, advanced nuclear and carbon capture.
- Encouraging supportive public policy at both the federal and state levels, as demonstrated by North Carolina’s forward-thinking policymakers.

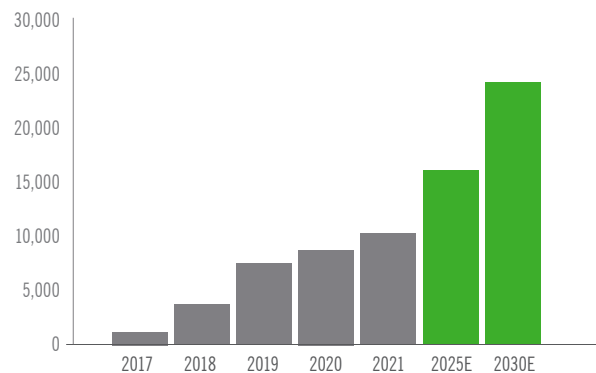
We can grow our business while also addressing the greenhouse gas emissions across our value chain, focused on methane and carbon.

We are committed to bringing our customers and communities affordable, reliable and clean carbon-free energy as quickly as possible. You can read more about Duke Energy’s strategy to address climate risks and deliver a clean energy future on the company’s [Global Climate Change page](#).

## Regulated and Commercial Renewable Energy

Duke Energy is a top 10 U.S. renewable company by capacity, with operations in 25 states. By 2050, we project renewables will be the largest source of energy in our regulated utilities.

Renewable Portfolio (Megawatts (MW))



Meeting our goals means the company must work with stakeholders and regulators in our communities to build and connect projects through our regulated and commercial renewables businesses.

With a total renewables portfolio of over 3,000 MW, Duke Energy’s Sustainable Solutions, our commercial renewable business, brought new wind projects online in Oklahoma and Texas during 2021.

In Oklahoma, the company expanded its Frontier Windpower project – its largest with 550 MW of



Trenton Battery Storage Facility / Trenton, Florida

capacity. In Texas, the company began operation at the 182-MW Maryneal Windpower project.

The company's DESS solar portfolio also continues to grow – totaling nearly 180 projects in 16 states.

One of the nation's and Duke Energy's fastest-growing areas for solar power is Florida and in 2021, the company expanded solar through its regulated utility in the Sunshine State with the addition of 225 MW through three new solar power plants. With a combined investment of over \$2 billion, by 2024, Duke Energy Florida's solar generation portfolio will include 25 grid-tied solar power plants, which will benefit all Florida customers and will provide about 1,500 MW of emission-free generation with approximately 5 million solar panels installed.

In both North Carolina and South Carolina, we have more than 4,500 MW of solar capacity connected to its grid – including company-owned and independent projects. We continue to grow our solar portfolio in the regulated and commercial businesses as we continue on our clean energy transition.

## Energy Storage

There are many facets to energy storage – from traditional hydroelectric pump storage to new technologies around battery storage. We are projecting more than 13,000 MW of energy storage on our system by 2050.

Our approach is to enhance our long-serving hydroelectric assets while actively deploying the advancement of battery storage. We plan to invest more than \$600 million in battery energy storage by 2025, which will help to support our renewables portfolio.

### Commercial

The company has almost a decade of experience with large-scale battery storage. In 2013, our commercial business, DESS, installed one of the largest batteries in the nation at its Notrees Wind facility in Texas. DESS has about 40 MW of total capacity, with additional battery storage sites in Ohio.

### Regulated

The company has over 60 MW of battery energy storage in service. By the end of 2022, we will have at least 50 MW of battery energy storage in Florida, including a battery on Cape San Blas on the Gulf of Mexico. In North Carolina, the Hot Springs Microgrid was placed in service, which combines a 2-MW solar array with a 4.4 MW of battery. This will be the company's largest microgrid – supporting reliable power to a small town.

We are testing long duration energy storage technologies at our Duke Energy Emerging Technology and Innovation Center in Mount Holly, North Carolina. Multiple new battery chemistries will be tested in the 2022-2023 time frame that will influence our future deployments at scale.



Catawba Nuclear Station / York County, South Carolina

## Nuclear

Duke Energy's 11 nuclear stations provide the company's largest source of carbon-free generation as well as baseload, dependable capacity. Continual investment in new technologies means our plants remain reliable and efficient:

- Our nuclear fleet matched its record capacity factor of 95.72% in 2021, marking the 23rd consecutive year with a fleet capacity factor greater than 90%.
- In 2021, approximately 83% of Duke Energy's carbon-free generation was from nuclear energy, and about 37% of our total generation was from nuclear energy.
- The Duke Energy nuclear fleet generated more than 75 billion kilowatt-hours of electricity and avoided the release of over 50 million tons of carbon dioxide, which equates to about 10 million cars no longer on the road.

Marking a significant milestone, we submitted the subsequent license renewal application to the U.S. Nuclear Regulatory Commission for Oconee Nuclear Station in June 2021. Oconee is the company's largest nuclear station with three generating units that produce more than 2,500 MW and can provide electricity for 1.9 million homes. We plan to pursue subsequent license renewals for the entire fleet, so these plants can safely and reliably continue providing carbon-free electricity to customers for decades to come.

In addition, we are supporting and actively involved with industry groups and companies researching the deployment of advanced nuclear technologies. For example, we have partnered with TerraPower and the Sodium Reactor team to provide consulting and in-kind

advisory services for demonstration of the Sodium technology, which will provide zero-carbon electricity with integrated thermal storage. This project is targeting to be operational by 2028.

## Natural Gas

As we transition our fleet, we continue to see the need for dispatchable resources to ensure that the lights come on when our customers flip the switch. This is where natural gas plays an important role and will enable the acceleration of our coal fleet retirement.

With our net-zero methane emissions goal for our natural gas business by 2030 and our net-zero Scope 3 upstream and downstream emissions goal by 2050 set in early 2022, we have an opportunity to lead the industry through our own investments, customer programs and relationships with suppliers to make meaningful reductions in methane and carbon emissions.

This work is essential and consistent with our business model to supply reliable, affordable, accessible and increasingly clean energy to our communities. We can grow our business while also addressing greenhouse gas emissions across our value chain, while embracing technology and innovation to meet our environmental goals.

And, our investments in renewable natural gas production facilities provide sought-after renewable natural gas supplies to the market, taking advantage of the benefits of removing methane from the agriculture and waste sectors, and repurposing it for use by end users through the existing natural gas pipeline network.



## Methane Detection and Reduction of Emissions

Our approach to reduce methane is to first identify and measure where methane may be emitted within our own natural gas operations and eliminate leaks on our system. Meanwhile, we are working upstream and downstream with suppliers and customers to reduce methane and carbon emissions.

### Methane Detection

Duke Energy announced a new partnership with Microsoft and Accenture on the development of a technology platform designed to measure actual baseline methane emissions from natural gas distribution systems. The platform was featured at Accenture's COP26 pavilion in Glasgow, Scotland.

This unique platform provides near-real-time data collection, allowing Duke Energy's field response teams to more rapidly identify and repair methane leaks. It also tracks and prioritizes data associated with leaks using advanced detection methods such as satellites, fixed-wing aircraft and ground-level sensing technology. Ongoing satellite captures have proved successful, and the company plans on expanding this technology into other service territories.

We also have a pilot underway utilizing natural gas-cloud imaging cameras to continuously monitor and measure methane leaks at a Liquefied Natural Gas

facility and a compressor station. This technology can provide immediate alerts and measurement of methane leaks if they occur, so that we can take action.

### Methane Reduction

We've eliminated cast iron and bare steel pipe from our system. These pipeline replacements have resulted in eliminating more than 95% of the methane emissions previously attributed to cast iron and bare steel pipe infrastructure.

We've also increased the cadence of our leak surveys, moving from a requirement for leak surveys every five years to performing surveys every three years. We are identifying leaks faster and repairing them faster – eliminating emissions much more rapidly.

Cross-compression technology is being used in certain operational activities such as decommissioning a pipe or in-line inspections to eliminate the release of natural gas to the atmosphere or flaring the natural gas. This technology moves natural gas from a pipeline being depressurized into another section of the natural gas system and has reduced methane emissions through these activities by nearly 99% and saved 2.4 million cubic feet of natural gas thus far.

As part of our expanded net-zero emissions efforts, we continue to work with ONE Future, a coalition of natural gas companies across the natural gas supply chain, to find solutions to make meaningful methane emission reductions.

## Coal Plant Retirements

(Plans as of date of publication, subject to change due to regulatory actions.)

### Retirements of Coal Capacity (2010-2021)

	Location	Unit Number(s)	Total Capacity (megawatts)	Coal Capacity Retirement Date
Edwardsport Station	IN	6, 7, 8	160	2010
Cliffside Steam Station	NC	1, 2, 3, 4	198	2011
Buck Steam Station	NC	3, 4	113	2011
Weatherspoon Plant	NC	1, 2, 3	170	2011
Gallagher Station	IN	1, 3	280	2012
Cape Fear Plant	NC	5, 6	316	2012
Beckjord Station	OH	1	94	2012
Dan River Plant	NC	1, 2, 3	276	2012
H.F. Lee Plant	NC	1, 2, 3	382	2012
Robinson Plant	SC	1	177	2012
Buck Steam Station	NC	5, 6	256	2013
Riverbend Steam Station	NC	4, 5, 6, 7	454	2013
Sutton Plant	NC	1, 2, 3	553	2013
Beckjord Station	OH	2, 3	222	2013
Beckjord Station	OH	4, 5, 6	543	2014
W.S. Lee Steam Station	SC	1, 2, 3	370	2014
Miami Fort Station	OH	6	163	2015
Wabash River Station	IN	2, 3, 4, 5, 6	668	2016
Crystal River Energy Complex	FL	1, 2	766	2018
Asheville Plant	NC	1, 2	378	2020
Gallagher Station	IN	2, 3, 4	280	2021
Allen Steam Station	NC	2, 3, 4	677	2021
<b>Total</b>		<b>56</b>	<b>7,496</b>	

### Planned Coal Capacity Retirements (subject to regulatory approval) (2022-2035)

	Location	Unit Number(s)	Total Capacity (megawatts)	Planned Coal Capacity Retirement Date(s)
Allen Steam Station <sup>1</sup>	NC	1, 5	421	2023
Rogers Energy Complex (Cliffside Steam Station) <sup>2</sup>	NC	5	544	2025 - 2032
Gibson Station <sup>3</sup>	IN	5	310	2025
Roxboro Steam Plant	NC	3, 4	1,392	2027 - 2033
Cayuga Station	IN	1, 2	995	2027
Roxboro Steam Plant	NC	1, 2	1,047	2028
Mayo Plant	NC	1	704	2028 - 2035
Gibson Station	IN	3, 4	1,252	2029
Crystal River Station	FL	4, 5	1,410	2034
Marshall Steam Station <sup>2</sup>	NC	1, 2	740	2028 - 2034
Marshall Steam Station <sup>2</sup>	NC	3, 4	1,318	2034
Gibson Station	IN	1, 2	1,260	2035
Belews Creek Steam Station <sup>2, 4</sup>	NC	1, 2	2,220	2035
East Bend Station	KY	2	600	2035
Edwardsport IGCC <sup>4, 5</sup>	IN	1	595	2035
Rogers Energy Complex (Cliffside Steam Station) <sup>2, 4</sup>	NC	6	844	2035
<b>Total</b>		<b>26</b>	<b>15,652</b>	

1 Allen unit 1 must retire by December 31, 2024, per a 2009 settlement agreement with the U.S. Environmental Protection Agency.

2 Coal units that have been or will be retrofitted to run fully or partially on natural gas.

3 Represents Duke Energy ownership share.

4 Unit expected to operate beyond listed date on natural gas only.

5 Contemplates retiring Edwardsport coal gasifiers by 2035 or adding carbon capture utilization and storage to reduce carbon emissions.

All capacity ratings (megawatts) are summer net.

## Coal Ash Management

Duke Energy continued to meet the federal and state requirements for its coal ash basins and landfills, including the EPA's Coal Combustion Residuals Rule, the North Carolina Coal Ash Management Act, as well as other state and local agreements and orders.

With all its ash basins removed from service, the company has excavated over 38 million tons of coal ash in the Carolinas and Midwest, and safely placed it into approved facilities. This includes 500,000 tons of ash for the concrete market from three newly constructed ash reprocessing units required by North Carolina House Bill 630. In addition to coal ash, Duke Energy recycled over 1,300,000 tons of gypsum to the wallboard industry.

In North Carolina, the Department of Environmental Quality has approved all permits required at this time to meet our closure plan schedule at sites not utilizing beneficiation or reprocessing facilities. These permits support the settlement agreement reached with the North Carolina Attorney General, the Public Staff and Sierra Club. This agreement continues to provide benefits to customers and long-term certainty for the company and its investors. All Indiana ash basin closure plans have been approved by the Indiana Department of Environmental Management, and closure activities are currently in progress on five basins, complete or nearing completion on eight other basins, with nine basins remaining to be closed. In South Carolina, half the basin ash has been excavated from the two retired coal sites, and the single ash pond in Kentucky has been excavated.

## Clean Energy Technologies and Zero-Emitting Load-Following Resources (ZELFRs)

We are taking our clean energy transformation to the next level through innovative partnerships and technologies. We need zero-emitting load-following resources (ZELFRs) that are low carbon or carbon-free and can respond to dynamic changes in both customer demand and renewable generation.

While existing clean energy resources like solar, wind and nuclear, continue to play an important role in our electric generation energy mix, we're engaged with others who are developing new technologies to be used at scale by the mid-2030s to achieve our net-zero carbon goals while maintaining reliable, affordable and accessible energy for the communities we serve. We are also actively incorporating advanced new methane leak technologies in our natural gas business.

In 2021, Duke Energy partnered with businesses, universities, government agencies and industry groups to advance new resources capable of following electric load over long durations like advanced nuclear, hydrogen and long-duration storage. With greater

integration of variable renewables into the grid, these technologies will become increasingly important to reliably meet energy needs. For example:

- **Advanced nuclear** – we have partnered with TerraPower and the Natrium Reactor team to provide consulting and in-kind advisory services for demonstration of the Natrium technology, which will provide zero-carbon electricity with integrated thermal storage.
- **Hydrogen** – Duke Energy, Siemens and Clemson University began examining how to produce and use hydrogen for energy storage and as a low- or no-carbon fuel source. In addition, Duke Energy sponsored a hydrogen study that included a multisector workshop to explore the potential for green hydrogen as a decarbonization technology in the Carolinas.
- **Long-duration storage** – a partnership with Honeywell and EOS Energy Storage to test new flow and zinc-based batteries in the Duke Energy Emerging Technology and Innovation Center in Mount Holly, North Carolina. In addition, we teamed up with Malta to begin studying converting coal units into clean energy storage systems.



Additionally, federal infrastructure legislation passed at the end of 2021 complements our emerging clean energy technology investments by funding additional research, development and demonstration projects and critical enabling infrastructure. The bipartisan effort represents the type of robust and sustained support essential to rapidly commercializing and deploying needed new technology at scale.

## Grid Modernization

Our generation transition relies upon modernizing and enhancing our energy grid – the largest in the nation.

That modernization will be a major form of investment in the future. We have underway a 10-year storm protection plan in Florida and a three-year grid improvement plan in North Carolina. This is in addition to infrastructure plans in our South Carolina, Ohio and Kentucky service territories. In Indiana, the company is also in the final year of a seven-year, \$1.4 billion transmission and distribution modernization plan, and has recently filed for a new six-year, \$2 billion modernization plan.

The investment will better prepare the company for extreme weather caused by climate change. Recent installations of flood protections around substations in North Carolina and South Carolina that have experienced historic flooding in recent years will help protect vulnerable communities from extended outages like they

experienced during hurricanes Matthew and Florence. When aligned with vegetation management, pole and line upgrades, targeted undergrounding of outage-prone lines and self-healing technology installation in many of the same areas, we can significantly increase resiliency and help better protect the local community and economy during extreme weather.

We are also leveraging data analytics and technology to achieve improvements in energy reliability and resiliency, while also supporting our clean energy goals.

For example, we are installing smart, self-healing technology that can automatically detect power outages, isolate the problem and then quickly reroute service to other available lines to restore power faster. In 2021, self-healing technology avoided more than 700,000 extended outages and saved customers nearly 1.2 million hours of total outage time.

This same technology also helps enable the two-way power flow needed to support growth of renewables and distributed technologies like battery storage and electric vehicles. When layered with improved system control technologies and voltage optimization capabilities, the improvements help increase not only resiliency, but also improve monitoring and protection against physical and cyber risks, enable the growth of company-owned and third-party renewables, and provide a foundation to help us achieve net-zero carbon by 2050.



**Duke Energy is installing smart, self-healing technology that can automatically detect power outages, isolate the problem and then quickly reroute service to other available lines to restore power faster.**



## Low-Emission Vehicles

According to the Edison Electric Institute, as many as 18 million electric vehicles (EVs) may be on the road by 2030. This gives us an opportunity to grow our clean energy portfolio – with part of that new generation helping lower emissions in the transportation sector.

We are a strong supporter of utility involvement in emission-free vehicles and are promoting greater access to EV charging for all. It's a major reason we introduced comprehensive initiatives to embrace and encourage the transition to greater transportation electrification.

Starting inside the company, we committed to electrifying our own fleet. We have pledged to convert 100% of our nearly 4,000 light-duty vehicles and 50% of about 6,000 combined fleet of medium-duty, heavy-duty and off-road vehicles to EVs, plug-in hybrids or other zero-carbon alternatives by 2030.

In Florida, the company's Park and Plug pilot has installed more than 600 EV public charging stations throughout the state. To date, drivers have used the Park & Plug network for almost 130,000 charging sessions, displacing more than 215,000 gallons of gasoline and installations are in easily accessible locations across Florida:

- 182 public Level 2 chargers at local businesses.
- 52 DC fast chargers in public locations.
- 220 Level 2 chargers in multiunit dwellings.
- 173 Level 2 chargers in workplaces.

The DC fast chargers are in strategic locations connecting major and key secondary corridors and

evacuation routes in Florida. This creates critical infrastructure needed for EV adoption and helps reduce range anxiety.

In the Carolinas, regulatory action in 2020 led to EV pilot programs being approved. We are now working on an expanded suite of EV programs, making it more affordable and convenient for customers to access EV charging infrastructure.

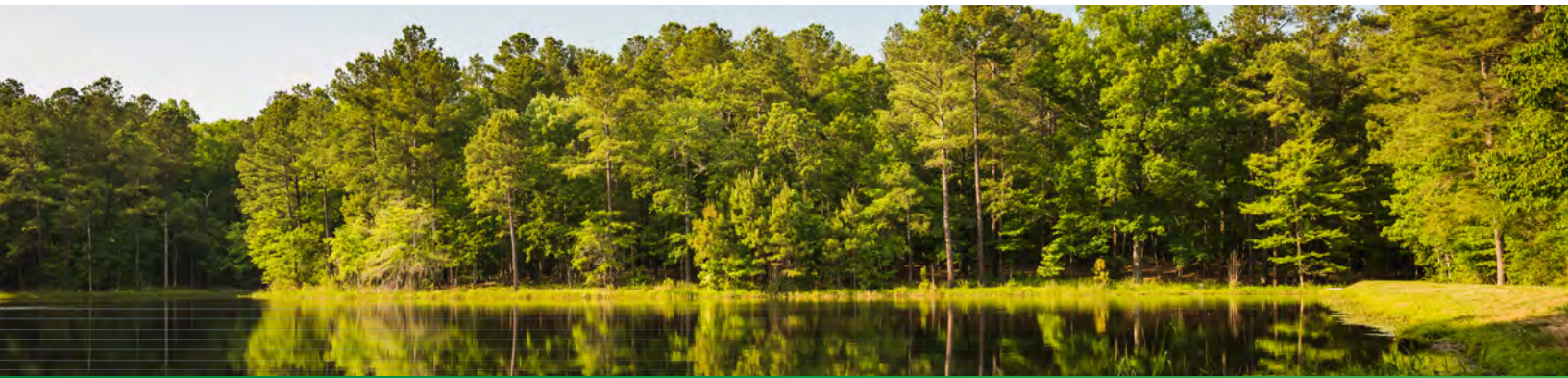
An additional pilot program is waiting regulatory action in North Carolina; pilot programs are under consideration by regulators in Ohio and Indiana.

The company is evaluating "Make Ready Credit" programs to provide credits to reduce the upfront cost of upgrading electrical systems to install charging infrastructure for homeowners and businesses. In addition, we aim to make sure future charging is equitable to rural and low- to middle-income areas.

We are a member of the National Electric Highway Coalition – a collaboration among electric companies committed to enabling installation of EV fast charging stations that will allow the public to drive with confidence along major U.S. travel corridors by the end of 2023.

Elsewhere, the company's wholly owned subsidiary, eTransEnergy, helps large businesses and municipalities with all the planning, financing, acquisition and deployment services to electrify their fleets. eTransEnergy provides unregulated services to assist school districts, transit agencies and companies across the country achieve their economic and sustainability goals as they transition to clean energy transportation options.





Harris Lake County Park / Wake County, North Carolina

We are also promoting compressed natural gas (CNG) vehicles, which help lower overall transportation emissions. Around 50% of the fleet at Piedmont Natural Gas runs on CNG – a total of almost 700 trucks and vehicles. The company owns and operates public CNG fueling stations across its three-state territory. We started offering RNG at some CNG stations and are working on expanding this offering.

## Natural Capital

Duke Energy's approach to protecting and enhancing biodiversity and natural capital benefits is guided by our corporate commitment to Biodiversity, Natural Resource Conservation Vision Statement, Corporate Environmental and Health & Safety (EHS) Management System. We believe we have an obligation to manage the natural assets where we operate, including associated procedures, mitigation hierarchy process, stewardship and conservation projects and Avian Protection Plan. We are committed to continue supporting biodiversity through the additional development and implementation of protective corporate policies, investment in conservation projects, environmental initiatives and research, and through relationships that will conserve biodiversity and important local, regional and national ecosystems and habitats.

## Water

The water supply in our communities is a public resource with multiple stakeholders responsible for its protection. We share that commitment with water users in the river basins where we operate power plants to ensure a resilient water supply is available to communities. This shared responsibility is particularly important during drought conditions.

As part of the relicensing process for many of Duke Energy's hydroelectric projects, partnerships were created to protect water supplies for all users. These groups, called drought management advisory groups, developed and use low inflow protocols to establish objective criteria and actions for reductions in water use, as well as communications pathways during periods of low inflow into the basins.

The goal is to take the actions needed in the basins to delay the point at which the available water storage inventory is fully depleted. This allows more time for rainfall to restore inflows to the lake system. We perform a monthly evaluation of different indicators and then issue a report to all large water users along each river basin. When certain conditions are reached, a drought stage is declared, and the users and stakeholders of the water supply take certain agreed-upon actions. There are five separate drought stages of increasing severity.



**Duke Energy shares that commitment with water users in the river basins where we operate power plants to ensure a resilient water supply is available to communities.**



Mountain Island Hydro Station / Gaston County, North Carolina

In the final four months of 2021, the Duke Energy rain gauges show several regions received less than half the long-term average rainfall for the same period. Due to this dry weather, the Low Inflow Protocol in the Catawba-Wateree River Basin was implemented. It helps major water users in the basin conserve water supplies during droughts. This proactive and forward-thinking approach to managing the shared water supply helps mitigate drought risks, and in the Catawba-Wateree case, risks that affect 26% of Duke Energy's generation operations that depend on that supply.

### Biodiversity

The company's [Corporate Commitment to Biodiversity](#) – published in 2021 – offers an outline of how we conduct business with respect to biodiversity. Under it, Duke Energy uses best management practices, procedures, and the mitigation hierarchy process (i.e., avoid, minimize, restore/rehabilitate) as an integral part of its project planning, siting, construction, operational and maintenance decisions.

Duke Energy also seeks to foster constructive working relationships and partnerships with stakeholders with respect to biodiversity. Putting that philosophy into action, Duke Energy developed the Catawba-Wateree (CW) and the Keowee-Toxaway (KT) Habitat Enhancement Programs (HEP) – cooperative initiatives

by Duke Energy, the North Carolina Wildlife Resource Commission and the South Carolina Department of Natural Resources.

The programs aim to deliver an effective means of allowing continued private recreational access while providing meaningful habitat creation, enhancement and protection activities for fish and wildlife along the shores of both the Keowee-Toxaway and the Catawba-Wateree Hydroelectric Project reservoirs.

Since its inception, the programs have provided over \$3 million in funding to support 108 environmental projects.

In 2021, the CW HEP funded land conservation efforts to remove invasive plants and establish native plants on Lake Norman, Mountain Island Lake and Lake Wylie. Avian nesting boxes were installed on Lake Cedar Creek, Great Falls Lake, Rocky Creek Reservoir and Fishing Creek Reservoir.

The KT HEP funded land acquisitions to permanently conserve valuable fish and wildlife habitat and place artificial fish habitat structures in Lake Keowee.

This collaborative program ensures the sustainability of water and natural resources and recreational opportunities for our growing population while also meeting energy production needs.

# ENVIRONMENTAL PERFORMANCE METRICS

## 2021 Electricity Generated and Generation Capacity<sup>1</sup>

	Electricity Generated (net megawatt-hours)		Generation Capacity (megawatts)	
	MWh (thousands)	Percent	MW	Percent
<b>Total Carbon-Free</b>	<b>89,910</b>	<b>41.7%</b>	<b>15,206</b>	<b>28.2%</b>
Nuclear	75,328	34.9%	8,907	16.5%
Wind <sup>2</sup>	7,387	3.4%	2,987	5.5%
Conventional Hydro <sup>2</sup>	2,870	1.3%	1,339	2.5%
Solar <sup>2</sup>	4,325	2.0%	1,973	3.7%
<b>Total Lower-Carbon</b>	<b>78,053</b>	<b>36.2%</b>	<b>19,832</b>	<b>36.7%</b>
Natural Gas	77,679	36.0%	19,788	36.7%
Fuel Cell	374	0.2%	44	0.1%
<b>Total Higher-Carbon</b>	<b>48,395</b>	<b>22.4%</b>	<b>16,647</b>	<b>30.8%</b>
Coal	48,181	22.3%	15,652	29.0%
Oil	214	0.1%	995	1.8%
<b>Pumped-Storage Hydro<sup>3</sup></b>	(614)	-0.3%	2,300	4.3%
<b>Total</b>	<b>215,745</b>	<b>100%</b>	<b>53,985</b>	<b>100%</b>
<b>Purchased Carbon-free Generation (Includes PPAs)<sup>2</sup></b>	<b>9,088</b>	<b>Equivalent to 4%</b>	<b>4,212</b>	<b>Equivalent to 8%</b>

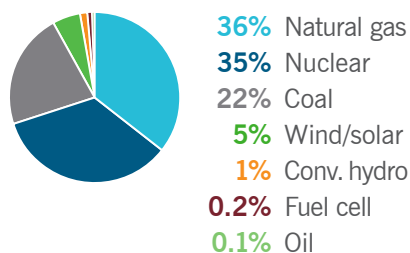
- 1 All regulated data is based on the firm summer capacity of Duke Energy's ownership share of generating plants as of December 31, 2021. Commercial wind and solar is based on the nameplate capacity, with majority-owned assets presented at 100% capacity. Purchased carbon-free generation includes connected renewables (wind, solar, hydro) in Duke Energy's regulated service territories. It does not include purchased biomass or net-metered generation. Reduced capacity is used for plants with transmission capacity limitations. Totals do not add up exactly because of rounding.
- 2 See "Statement Regarding Renewable Energy Certificates" on page 67.
- 3 Pumped-storage hydro helps meet peak demand and, like other storage technologies, consumes more energy than it produces.

## 2021 electricity generated and generation capacity

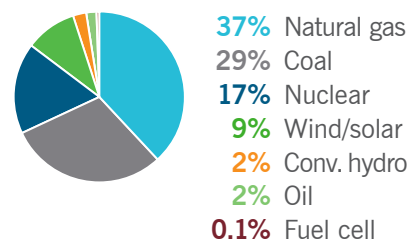
Duke Energy has a diverse, increasingly clean generation portfolio. Over 40% of the electricity we generated in 2021 was from carbon-free sources, including nuclear, wind, hydro and solar. Thirty six percent was from lower-carbon natural gas, which emits about half as much carbon dioxide as coal. And about 22% was from higher-carbon coal and oil. Taken together, owned and purchased renewables are equivalent to almost 11% of our electricity generation.

## Regulated and Commercial Businesses Combined: 2021 Electricity Generated and Generation Capacity

### 2021 Electricity Generated<sup>1</sup>



### 2021 Generation Capacity<sup>1</sup>



1 Excludes pumped-storage hydro.

## Fuels Consumed For Electric Generation<sup>1</sup>

	2008	2019	2020	2021
Coal (million tons)	63.1	24.3	19.7	19.9
Oil (million gallons)	231	26.0	19.4	27.3
Natural gas (billion cubic feet)	163	567	585	631

1 All data based on Duke Energy's ownership share of generating assets as of the end of each calendar year. Fuels used by Ohio Valley Electric Corporation (OVEC) are excluded because power from OVEC and associated emissions are accounted as purchased power and Scope 3 emissions.

## Fuels consumed for electric generation

Since 2008, the use of coal and oil as generation fuels has significantly decreased. These fuels are being replaced by cleaner natural gas and renewables.

# ENVIRONMENTAL PERFORMANCE METRICS

CONTINUED

## Water Withdrawn and Consumed for Electric Generation

(billion gallons)

	2011	2019	2020	2021
<b>Withdrawn</b>	5,900	4,657	4,696	<b>4,924</b>
<b>Consumed</b>	105	73	125	<b>111</b>
<b>Consumption intensity</b> (gallons per MWh generated)	456	337	594	<b>516</b>

Data for 2020 and 2021 were developed using processes aligned with the CDP Water methodology. Data are not consistently available at time of publication to apply this methodology to earlier years.

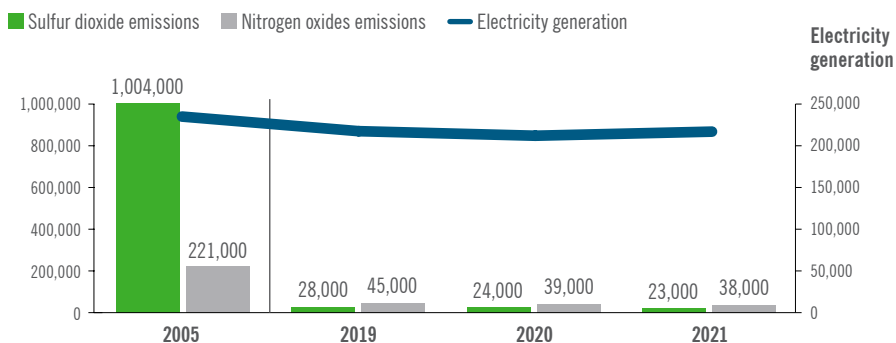
## Scope 1 Emissions

### Emissions From Electric Generation<sup>1</sup>

	2005	2019	2020	2021
<b>CO<sub>2</sub> emissions</b> (thousand metric/short tons)	139,000/ 153,000	84,000/ 93,000	74,000/ 82,000	<b>77,000/ 85,000</b>
<b>CO<sub>2</sub> emissions intensity</b> (pounds per net kWh)	1.29	0.86	0.78	<b>0.79</b>
<b>SO<sub>2</sub> emissions</b> (metric/short tons)	1,004,000/ 1,107,000	28,000/ 31,000	24,000/ 27,000	<b>23,000/ 25,000</b>
<b>SO<sub>2</sub> emissions intensity</b> (pounds per net MWh)	9.3	0.3	0.3	<b>0.2</b>
<b>NO<sub>x</sub> emissions</b> (metric/short tons)	221,000/ 244,000	45,000/ 50,000	39,000/ 43,000	<b>38,000/ 42,000</b>
<b>NO<sub>x</sub> emissions intensity</b> (pounds per net MWh)	2.1	0.5	0.4	<b>0.4</b>
<b>CH<sub>4</sub> emissions</b> (CO <sub>2</sub> equivalent) (thousand metric/short tons)	381/420	169/186	142/157	<b>151/166</b>
<b>N<sub>2</sub>O emissions</b> (CO <sub>2</sub> equivalent) (thousand metric/short tons)	663/731	327/361	272/300	<b>289/318</b>

<sup>1</sup> All data based on Duke Energy's ownership share of generating assets as of December 31, 2021. Totals may not add up exactly due to rounding.

### Sulfur Dioxide and Nitrogen Oxides Emissions (metric tons)<sup>1</sup> and Electricity Generation (thousand net megawatt-hours)



<sup>1</sup> SO<sub>2</sub> and NO<sub>x</sub> reported from Duke Energy's electric generation based on ownership share of generating assets.

## Water withdrawn and consumed for electric generation

*Water withdrawn* is the total volume removed from a water source, such as a lake or a river. Because of the once-through cooling systems on many of our coal-fired and nuclear plants, almost 98% of this water is returned to the source and available for other uses. *Water consumed* is the amount of water removed for use and not returned to the source.

## Emissions from electric generation

Many factors influence emissions levels and intensities, including demand for electricity, generation diversity and efficiency, weather, fuel and purchased power prices, and emissions controls deployed. Since 2005, our carbon dioxide (CO<sub>2</sub>) emissions decreased by 44%, sulfur dioxide (SO<sub>2</sub>) emissions decreased by 98% and nitrogen oxides (NO<sub>x</sub>) emissions decreased by over 83%. These decreases are primarily due to the addition of pollution control equipment for SO<sub>2</sub> and NO<sub>x</sub> in previous years, replacement of coal generation with natural gas and renewables and increased dispatch of cleaner, more efficient plants. In 2021, CO<sub>2</sub> emissions were somewhat higher than in 2020 due to increased generation as the economy began to rebound, though the long-term reduction trend continued.

## ENVIRONMENTAL PERFORMANCE METRICS

CONTINUED

### Methane Emissions from Natural Gas Distribution

(thousand metric/short tons)<sup>1</sup>

	2018	2019	2020	2021
<b>CH<sub>4</sub> emissions</b> (CO <sub>2</sub> equivalent)	160/176	168/185	178/196	<b>245/270</b>

<sup>1</sup> Methane emissions are calculated by applying EPA emission factors to facility counts such as miles of pipeline, and the number of meters/services and adding component leaks based on survey data.

### Sulfur Hexafluoride Emissions from Electric Transmission and Distribution

(thousand metric/short tons)<sup>1</sup>

	2018	2019	2020	2021
<b>SF<sub>6</sub> emissions</b> (CO <sub>2</sub> equivalent)	305/336	477/526	384/423	<b>363/400</b>

<sup>1</sup> SF<sub>6</sub> emissions vary year to year due to maintenance, replacement and storm repair needs.

### Scope 2 Greenhouse Gas Emissions

(thousand metric/short tons)

	2019	2020	2021
<b>Power purchases</b> Estimated from power purchases for Duke Energy facilities that are not served by Duke Energy itself (CO <sub>2</sub> equivalent).	5.3/5.8	3.7/4.1	<b>2.1/2.3</b>

### Scope 3 Greenhouse Gas Emissions

(thousand metric/short tons)

	2019	2020	2021
<b>Fuel and energy-related activities</b> (not reported in Scope 1 or 2) This is an estimate of CO <sub>2</sub> emissions associated with electricity Duke Energy purchased for resale (CO <sub>2</sub> equivalent).	12,200/ 13,400	13,300/ 14,600	<b>13,300/ 14,600</b>
<b>Use of sold products</b> These are CO <sub>2</sub> emissions from the use of natural gas that Duke Energy delivered to its end-use customers (CO <sub>2</sub> equivalent).	17,600/ 19,400	16,600/ 18,300	<b>17,500/ 19,300</b>
<b>Employee travel</b> This is an estimate of CO <sub>2</sub> emissions associated with employee travel (CO <sub>2</sub> equivalent).	16.4/18.1	4.9/5.4	<b>4.2/4.7</b>

### Methane emissions from natural gas distribution

Methane (CH<sub>4</sub>) is the primary component of natural gas and is a greenhouse gas. We work to minimize methane emissions, but some is released during pipeline operations and maintenance. Duke Energy announced in October 2020 its goal of reducing methane emissions in its natural gas distribution companies to net-zero by 2030. The emissions reported here are estimates pursuant to EPA methodology. The EPA methodology applies emissions factors to facility counts such as miles of pipe, customer meters, numbers of services, and other equipment. As our distribution system expands due to customer growth, the emissions estimates increase because additional facilities are added.

### Sulfur hexafluoride emissions

Sulfur hexafluoride (SF<sub>6</sub>) is a greenhouse gas that is used as an insulating gas in high-voltage electric transmission and distribution switchgear. We work to minimize SF<sub>6</sub> emissions, but some is released during operations and maintenance.

### Scope 3 greenhouse gas emissions

We are currently working to determine the emissions associated with relevant Scope 3 categories. Then we will prioritize the categories for which we have adopted goals and identify what actions the company can take over time to reduce these emissions.

## ENVIRONMENTAL PERFORMANCE METRICS

CONTINUED

### Toxic Release Inventory

(thousand pounds)<sup>1</sup>

	2007	2018	2019	2020
Releases to air	97,969	5,110	4,259	3,210
Releases to water	257	520	162	159
Releases to land	22,052	10,148	8,290	7,000
Off-site transfers	155	3,469	3,122	508
<b>Total</b>	<b>120,434</b>	<b>19,246</b>	<b>15,832</b>	<b>10,876</b>

1 Data pertain to electric generation facilities Duke Energy owns or operates and where Duke Energy is the responsible reporting party. Totals do not add up exactly due to rounding.

### Waste

	2018	2019	2020	2021
<b>Solid waste</b>				
■ Total generated (thousand short tons) <sup>1</sup>	104	118	108	110
■ Percent recycled	79%	77%	80%	79%
Hazardous waste generated (short tons) <sup>2</sup>	281	232	2,536	709
Low-level radioactive waste (Class A, B and C) generated (cubic feet) <sup>3</sup>	126,123	140,331	128,739	—

1 Weights are estimated based on volumes where necessary. Excludes Duke Energy Renewables, which has smaller volumes, and large nonreplicable projects such as plant demolitions.

2 Hazardous waste generation fluctuates mainly due to maintenance projects. For example, in 2020 a very large maintenance project was completed at one of our power plants.

3 Total of Class A, B and C waste disposal as reported to the Nuclear Regulatory Commission. Crystal River Unit 3 is not included in these statistics, because it is not part of the operating fleet, and is retired. Data for 2021 will be available later in 2022.

### Reportable Oil Spills to Water<sup>1</sup>

	2018	2019	2020	2021
Spills	32	17	18	16
Gallons	387	140	208	124

1 Includes oil spilled to waters of the U.S.

### Environmental Regulatory Citations<sup>1</sup>

	2018	2019	2020	2021
Citations	17	25	13	8
Fines/penalties (dollars)	\$533,776	\$97,558	\$581	\$18,399

1 Includes U.S. federal, state and local citations and fines/penalties.

### Toxic Release Inventory (TRI)

Duke Energy's TRI releases for 2020 were down 91% from 2007, primarily due to the significant investments we've made in environmental controls for our power plants, and decreased coal generation. Variations in releases were largely due to coal ash basins and their closure operations. These releases are expected to decrease significantly as coal ash basins are closed. (Data for 2021 will be available in August 2022.)

### Waste

Duke Energy nearly met its goal to recycle 80% of solid waste. We are working on strategies to minimize landfilled waste and continually improve performance on this goal. These strategies include planning to avoid waste generation, reuse and repurposing of generated materials, identifying reuse and recycling technologies and partners, and benchmarking with other companies to identify best practices. (This goal excludes DESS, which has a relatively small waste stream.)

### Reportable oil spills

Oil spills include releases of lubricating oil from generating stations, leaks from transformers, or damage caused by weather or by third parties (typically because of auto accidents).

### Environmental regulatory citations

The increase in the number of citations from 2018 to 2019 was due mostly to an increase in water discharge reporting and compliance issues, which have been resolved with regulatory authorities.



## SOCIAL

*Improving the lives of our customers and communities.*

*Building a safe, diverse and engaged workforce.*



Duke Energy In Action Beach Clean Up / Clearwater, Florida

## SOCIAL

The energy sector must transition for the future in a way that also benefits our society today. Our long-term success is deeply intertwined with the health and well-being of our employees and the communities we serve. We provide tens of thousands of good jobs, invest millions locally, and contribute time and resources to public initiatives and nonprofit programs. Through strategic actions, we seek to protect the local environment and ensure the safety of our people and our customers.

Our efforts include providing well-paying jobs, offering opportunities for employees to grow and advance in their careers, and increasing the diversity of our teams across the company. These actions help us better reflect the communities we serve and ultimately, be a better employer and local partner. They also help ensure that we have the talent and the skills we need to continue thriving in a constantly evolving industry.

In addition, understanding and addressing energy equity challenges will allow us to better assist our underserved communities and customers, while also supporting business objectives.

For our communities we are leaning in on issues that matter to them and to the company. Topics like environmental justice, just transition, how we work together to create vibrant economies and climate resiliency, are where we focused in 2021 and will continue to make an impact in 2022.

Supporting, engaging and listening to our customers, employees and communities through the energy transition while also providing reliable, accessible and affordable energy acts as our North Star. We look forward to listening, learning and adjusting along our journey to create a cleaner energy future for the millions of Americans we are proud to serve.



**Supporting, engaging and listening to our customers, employees and communities through the energy transition while also providing reliable, accessible and affordable energy acts as our North Star.**



## CUSTOMERS

### Energy Equity

We recognize energy bills can be a burden for many of our economically vulnerable households.

In 2021, Duke Energy founded its vulnerable customer team to better aid underserved and low-income customers. One example of this is a new centralized agency team that works directly with assistance agencies across our service territories to make it as easy as possible for them to help our customers. More than \$100 million was applied to the energy bills of customers in need. Employee donations, customer donations, state and federal dollars, hundreds of local agencies, Duke Energy Foundation grants, and countless others helped answer the call for assistance.

In North Carolina, Duke Energy and the state government implemented the North Carolina moratorium in response to the COVID-19 pandemic, protecting more than 100,000 customers from disconnection, extending time to apply for assistance funds, and extending payment arrangements past-due balances.

In South Carolina and Florida, we are working with the Emergency Rental Assistance Program (ERAP) to pilot streamlined application processes to reduce documentation and expedite approvals for eligible customers.

In North Carolina and Indiana, we are teaming up with other utilities and state government on low-income collaboratives to define a strategic framework of rates, programs, and regulatory parameters that can further energy equity in each state.

In November, we launched our Share the Light Fund designed to provide increased financial assistance and make it easier for customers to give and get help with energy bills. The fund raised \$1 million more in its inaugural year than we raised the previous year. And the Duke Energy Foundation matches every dollar donated up to \$500,000.

Following Hurricane Ida, we sent nearly 500 resources – lineworkers, vegetation management crews and damage assessors – and donated nearly \$1 million worth of

### Duke Energy's Electric Rates

In effect as of summer 2021  
(cents per kilowatt-hour (kWh))

#### Residential

Duke Energy Kentucky	10.61
Duke Energy Carolinas-NC	10.63
Duke Energy Carolinas-SC	11.62
Duke Energy Ohio	11.76
Duke Energy Progress-SC	12.00
Duke Energy Progress-NC	12.30
Duke Energy Florida	12.74
Duke Energy Indiana	12.95
U.S. AVERAGE	14.16

#### Commercial

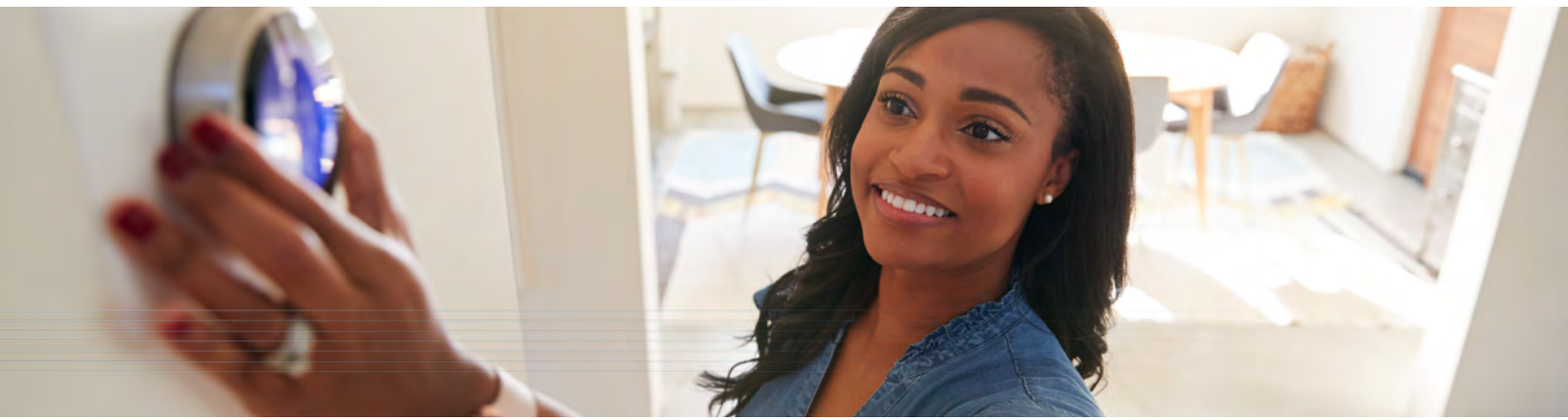
Duke Energy Ohio	8.34
Duke Energy Progress-NC	8.84
Duke Energy Carolinas-NC	8.91
Duke Energy Carolinas-SC	9.30
Duke Energy Kentucky	9.52
Duke Energy Progress-SC	9.52
Duke Energy Florida	9.97
Duke Energy Indiana	10.24
U.S. AVERAGE	11.95

#### Industrial

Duke Energy Carolinas-NC	6.84
Duke Energy Carolinas-SC	7.09
Duke Energy Ohio	7.43
Duke Energy Progress-SC	8.06
Duke Energy Progress-NC	8.28
Duke Energy Kentucky	8.67
Duke Energy Indiana	8.76
Duke Energy Florida	9.09
U.S. AVERAGE	10.04

Source: Edison Electric Institute Typical Bills and Average Rates Reports, Summer 2021 (latest available).

Notes: Rates are based on the following typical bill assumptions. Residential: 1,000 kWh per month usage. Commercial: 40-kW demand and 14,000 kWh per month usage. Industrial: 1,000-kW demand and 400,000 kWh per month usage. Includes rates for vertically integrated utilities only.



utility poles, transmission wire and personal protective equipment to assist with the power restoration and transmission system rebuild in Louisiana.

Throughout the COVID-19 pandemic, Duke Energy has partnered with assistance agencies and state government to connect eligible customers with energy assistance at the federal, state and local levels.

## Energy Efficiency

Energy efficiency is an important tool for our business – it helps customers by reducing energy costs, the company by reducing electric load, and for the environment since less energy used generally means less emissions.

In 2021, we exceeded energy efficiency goals by achieving a cumulative reduction in customer energy consumption of 21,361 GWh at year's end – equivalent to the annual energy usage of 1.78 million homes. We also reduced cumulative peak demand by 6,929 MW.

As the pandemic continued to impact lives in 2021, we helped customers manage energy costs while improving access to their homes' specific energy profiles, including:

- **Home Energy Reports (MyHER) reports** – individual reports for over 2.6 million residential customers each month. With the information, customers can make meaningful decisions about their own energy use.
- **New, modernized billing and technology system** – for customers in the Carolinas and Florida, new billing and payment options, improved digital experience with more self-service choices, and insights into energy use and spending. In December,

71% of enrollments in payment assistance programs and 70% of billing program enrollments were completed via the new self-service methods.

- **Direct outreach** – through grassroots awareness campaigns, the company used a wide variety of communications tactics to deliver important messages about higher bills. We provided customers with tools to help them manage their bills, reduce energy use, and save money.
- **Program and engagement options** – to simplify next steps for customers that want to take action to save energy and money, the company's Online Marketplace, retailer discount and in-home assessments continue to be cost-effective choices for customers.
- Piedmont Natural Gas has provided funding for low-income weatherization assistance programs that provide a more energy-efficient and comfortable home environment for the customers served.
- Duke Energy Ohio and Kentucky employee volunteers assembled hundreds of winter weatherization kits that were handed out to customers. The weatherization kits were distributed in partnership with community organizations across Ohio and Kentucky, and included items such as draft stoppers, window insulation, outlet covers, weatherstripping, etc. to help customers prepare for the cold winter months and make their homes more energy efficient to cut down on their energy costs.

As we look to 2022 and beyond, contemporary options such as time-based rate options, program bundles, and education and tools around electric vehicle charging will provide even more value for customers.



## Customer Experience

Customer satisfaction (CSAT) continues to improve. The company not only maintained higher than targeted CSAT performance throughout the year as measured by proprietary studies, but also improved satisfaction as measured by J.D. Power, which provides a benchmark of our performance compared to other utilities.

Four of our utilities ranked as top quartile performers among large utilities nationally in 2021 – outgaining the industry and delivering increasingly consistent performance across jurisdictions.

In 2021, we implemented a new, modernized billing and technology system for customers in the Carolinas and Florida that introduced new billing and payment options, delivered an improved digital experience with more self-service choices, and provides more insights into energy use and spending.

These changes are part of our commitment to offer more convenience and flexible options that make it easier for customers to do business with us. So far, our customers are taking advantage of these new options. In December, 71% of enrollments in payment assistance programs and 70% of billing program enrollments were completed via the new self-service methods.

Through grassroots awareness campaigns, the company used a wide variety of communications tactics to deliver important messages about higher bills. Designated webpages, video, social and traditional media, direct-to-consumer communications, fact sheets and more armed customers with tools to help them manage their bills, reduce energy use, and save money.



**In 2021, we implemented a new, modernized billing and technology system for customers in the Carolinas and Florida that introduced new billing and payment options, delivered an improved digital experience with more self-service choices, and provides more insights into energy use and spending.**

## COMMUNITIES

### Economic Development

Our communities depend on economic growth, and we play an important role.

In 2021, the company's economic development team helped attract approximately 12,500 new jobs and \$6.2 billion in capital investment to six states served by the company's electric utilities: North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky.

The 26-person team focused on several key business sectors – aerospace, data centers, advanced manufacturing, automotive, life sciences and food/beverage processing.

In addition, the team evaluated 20 properties for potential business and industrial development through Duke Energy's Site Readiness Program. The program – in partnership with local economic development agencies – identifies potential industrial sites, assesses the sites' strengths and weaknesses, facilitates improvements at the sites, and markets the sites to future businesses.

Since 2005, the program has evaluated 327 sites – with 81 "project wins," generating \$12.5 billion in capital investment and 17,073 jobs.

Site Selection magazine named Duke Energy to its "Top Utilities in Economic Development" list for the 17th consecutive year.

### Economic Development

We work with state and local authorities to promote economic growth in our communities, helping attract business investment and jobs. The company helped attract approximately 12,500 jobs and \$6.2 billion of investment in 2021. The company's current goal is to help attract at least \$25 billion in capital investments and 50,000 jobs from 2022 through 2026.

**\$6.2 BILLION**

Total Capital Investment

**12,500**

Total Jobs



North Carolina

**CAPITAL INVESTMENT**  
\$2,457 million



**JOBS**  
5,310



South Carolina

**CAPITAL INVESTMENT**  
\$712 million



**JOBS**  
1,038



Florida

**CAPITAL INVESTMENT**  
\$362 million



**JOBS**  
2,087



Indiana

**CAPITAL INVESTMENT**  
\$1,241 million



**JOBS**  
3,308



Ohio–Kentucky

**CAPITAL INVESTMENT**  
\$1,414 million



**JOBS**  
770



We are mindful that our principles may evolve as we continue to engage stakeholders on environmental justice concerns.

## Environmental Justice and the Just Transition

The energy sector must transition for the future in a way that also benefits our society today. Our long-term success is deeply intertwined with the health and well-being of the communities we serve.

We have a couple of opportunities to engage with our communities through this transition: environmental justice and just transition.

### Environmental Justice

We believe environmental justice is a business imperative, fundamental to our operations and a pillar of meaningful stakeholder engagement. We continually look for new ways to identify, communicate and engage with those potentially affected by infrastructure projects. Over the past year, we have worked with both internal and external stakeholders to build upon the [principles that guide our work](#).

We recognize and understand the importance of both the impact of our work on communities as well as the importance of early engagement. We believe in being transparent on what we are trying to accomplish, seeking feedback and input, and adjusting and aligning where possible to bring about the best outcomes for the communities we serve. As we have talked to subject matter experts in the environmental justice field, we have learned there is an opportunity to create access to opportunities like jobs and economic development to help communities benefit from the clean energy transition. Our communities care about these issues and want to be included in the discussion.

Internally, our teams are purposeful in asking critical questions about projects and their associated impacts. We're building a process that includes early

development, analysis and assessment. In fact, we've taken significant steps forward to internalize our environmental justice principles.

A few examples include:

- Improving the quality and rigor of our screening process by incorporating the latest EPA screening tools and industry best practices as well as accounting for environmental justice inputs as we plan projects.
- Working with our community relations managers to help identify disadvantaged communities early in project development to engage in more meaningful and authentic stakeholder engagement.
- Improving the way we communicate environmental justice analysis to permitting agencies, policymakers and community members. This will help ensure we're identifying the most critical community concerns earlier in the process and working toward constructive solutions.

We are mindful that our principles may evolve as we continue to engage stakeholders on environmental justice concerns.

### Just Transition

As we navigate the largest planned coal retirement in the industry, we are being intentional in how we approach a fair, equitable and just transition for our employees, customers and communities. We are building from our past work, as we have already learned a great deal in previous coal retirements where we've meaningfully addressed impacts to workers and communities.

In 2021, we conducted a benchmarking exercise to determine best practices guided by groups who are experts in this space. We are also leaning in to better understand what the needs are across a diverse set of stakeholders including local governments and

nonprofits. The results of the benchmarking and this important dialogue will inform our next steps in developing our long-term strategy.

Duke Energy, our customers and our local communities all benefit from us retaining and refocusing our workforce, and we have a proven record of successfully placing employees impacted by plant retirements in other positions with the company. In April 2021, we initiated a multiskilled training pilot program for 500 coal plant employees in North Carolina. The program includes about 100 hours of traditional classroom, computer-based and on-the-job training. The additional training provides employees with the skills needed to generate reliable power for our customers during the transition and prepare to operate and maintain cleaner technologies, including natural gas, solar and battery storage.

As we retire our coal fleet, we will continue to serve those communities. Our employees have deep roots in the communities where they live and work, often making financial contributions and volunteering their time and talent to advance the mission of local organizations.

We are determined to meet the energy needs of customers today and into the future and we are meeting with community leaders to gain input into the coal plant retirement plans. We want to create solutions that work for customers, communities and employees. This will continue to be an important conversation as we – along with our stakeholders – strive for a cleaner energy future for all.

## New opportunity

Beyond traditional means of development, we are focused on building a more flexible workforce to execute our clean energy transition. A key component of our development strategy includes leveraging temporary assignments or “gigs” outside of an employee’s current role. This helps employees learn new skills and expand their network of relationships.

Allison Hampton has been with Duke Energy for 34 years. She joined the company as a technician in 1987 after earning a two-year degree in electronics and electro-mechanical technology. Allison had the opportunity to participate in a digital transformation gig assignment. She saw this as a chance to broaden her horizons, bring her diverse skill set to other areas of the company, and expand her network. This ultimately led to a new role for Allison as Product Analyst.

“This is the best job of my 34 years,” Allison said. “It uses all of my talents, everything I have learned through the years as a craft worker, and my computer skills. It makes me feel that I’m able to leverage all of my skills and knowledge to help make a better work environment. It’s like being brand new again. Like your first job. It has really invigorated me.”



Duke Energy In Action Camp Ernst Cleanup / Boone County, Kentucky

## Charitable Giving

Our purpose to “power the lives of our customers and the vitality of our communities” underpins how we support employees, customers and communities through one of the largest clean energy transformations in our industry.

The [Duke Energy Foundation](#) spent the past year listening, learning and adjusting to stakeholder feedback on a variety of topics from pandemic impacts to [environmental justice](#). These conversations led to deepening our focus on root causes and system challenges.

We believe by focusing the Duke Energy Foundation on the topics we are best positioned to address, leveraging the unique capabilities of both our company and our Foundation, we can deliver the best outcome for our communities. Through this holistic approach, we are prioritizing three pillars, each of which includes a broad suite of adjacent topics:

- Vibrant economies
- Climate resiliency
- Justice, equity and inclusion

In addition, our process for grantmaking and community engagement opportunities is evolving to be more customizable and community based. Beginning in the Carolinas, we are prioritizing our efforts on the community challenges that intersect with the clean energy transformation. Our approach will help ensure our business responds to community needs while also being intentional about supporting work where we

### 2021 Charitable Giving



**\$27.9 MILLION**

Duke Energy Foundation

**\$16.9 MILLION**

Other company cash contributions<sup>2</sup> and in-kind gifts and services<sup>3</sup>

**\$8.2 MILLION**

Cash contributions from employees and retirees

**\$2.0 MILLION**

Estimated value of volunteers' time

1 Charitable Giving by Duke Energy and its Foundation was \$44.8 million.  
 2 Includes charitable giving associated with regulatory settlements.  
 3 Payment made in the form of goods and services instead of money.

## Safety Performance Metrics

	2018 <sup>1</sup>	2019	2020	2021
Employee and contractor work-related fatalities	3	3	1	3
Employee total incident case rate (TICR) <sup>2,3</sup>	0.43 <sup>4</sup>	0.38	0.33	0.36
Employee lost workday case rate (LWCR) <sup>2,5</sup>	0.15	0.14	0.18	0.16

1 2018 is the first year that Piedmont Natural Gas results are included.

2 Includes both employees and workforce augmentation contractors.

3 Number of recordable incidents per 100 workers (based on OSHA criteria).

4 TICR excluding Natural Gas Business Unit was 0.34.

5 Number of lost workdays per 100 workers.

can have the most positive impact. In addition, we are aligning our employee volunteerism to reflect our strategic direction. In 2021, over 70,000 hours were donated to local projects. Pandemic-related limitations required us to suspend many in-person volunteer events, and look forward to supporting our communities through volunteerism in 2022.

We have seen this approach work effectively over the past two years in our COVID-19 relief efforts and our commitment to social justice and racial equity. We have also focused on the diversity of the organizations we support. Last year 53% of our grantee organizations were led by women or people of color.

Our refreshed strategy is already delivering results for the communities where we operate. In November 2021, the Foundation team in [South Carolina directed \\$250,000 toward a month-long hunger relief campaign](#) across the state, prioritizing food insecurity and inequity. Part of the program included nearly \$150,000 in microgrants including a food share program delivering boxes to those who may not have access to fresh food.

We believe this strategy will deliver more meaningful community engagement and outcomes, shifting us to more collaborative relationships to solve the challenges associated with the clean energy transition together.

## EMPLOYEES

### Safety

Our commitment to safety helps us attract the best workers possible as we continue our clean energy transformation.

For the seventh consecutive year, we expect to be an industry leader for safety as measured by Total Incident Case Rate (TICR). TICR is a measure of how the company uses its safety programs to protect employees from injuries. The company's TICR rose slightly in 2021 to 0.36 (the lower the number, the better), but performance remains better than in 2018 and 2019.

Though company leaders are pleased with this performance and recordable injuries have steadily declined during the last decade, serious injuries or fatalities (SIFs) have plateaued. In 2021, the company recorded one employee work-related fatality and 15 SIFs. In addition, there were two contractor work-related fatalities. We aim for no work-related fatalities each year.

To reduce SIFs, we worked with the Edison Electric Institute (EEI) and industry leaders to design and implement a new high-energy hazard detection





Frontier Windpower II / Kay County, Oklahoma

and mitigation program. Our historical injury data showed that over 50% of our SIFs result from high-energy hazards.

The program identifies 13 high-energy hazards that are most likely to cause serious injuries or fatalities, such as falls from elevation, electrical energy, and motor vehicle or equipment accidents. It helps employees prioritize their actions to reduce or eliminate these hazards and includes a platform for consistently sharing best practices and lessons learned from events across the utility industry.

## COVID-19 Response

Employee safety remains paramount for us, which includes our response to COVID-19.

Due to the essential nature of generating energy 24/7, nearly half of the company's employees have remained in the workplace since the start of the pandemic in 2020. The other half, who had been working remotely, started returning to the workplace in 2021.

The company has managed COVID-19 through its Incident Support team, rigorous case management program and continued to follow Centers for Disease Control and Prevention (CDC) guidelines. We instituted wearing face coverings, social distancing and maintaining office buildings at 50% capacity. In addition, we have consistently monitored both internal and external COVID-19 trends and our exemplary response resulted in internal testing rates less than 10% of the community CDC positive case rates.

We also made home test kits available to employees and continue to keep employees informed on ways to stay safe and healthy.

## Human Capital Management

The energy industry is in the midst of a massive transformation, and we must have an innovative, talented team of professionals who represent the diversity of the customers we serve as a foundation for success. We are being very intentional about our actions.

### Creating opportunities for employees to learn and develop

We are focused on identifying talent in the organization and providing coaching and development to build a strong pipeline of leaders. We are also providing learning solutions for upskilling and reskilling employees to support business transformation and are leveraging technology and innovation more than ever before.

As part of the company's clean energy transition, we are providing additional training to coal plant workers to support this transformation and continue our track record of successfully placing employees impacted by plant retirements in other positions within the company.

In 2021, we launched a talent marketplace across our company, where employees can find short-term development opportunities ("gigs") to expand and broaden their network of relationships. Already, over 400 gig positions have been filled. Not only does this grow our workforce's capabilities, but it also helps employees identify and follow new career paths throughout the company, supporting retention and bringing new insights to support our transformation efforts.

## Ensuring our employees feel heard, included and enabled

We believe when employees are engaged, they are motivated to show up to work every day to contribute to our purpose of powering the lives of our customers and the vitality of our communities. Building a culture of transparency by engaging in continuous dialogue with our employees is important, so last year we transitioned to an ongoing survey strategy.

“The Voice” survey is the primary tool we use to measure employee engagement, motivation and to get feedback. The survey uses Net Promoter Score – a well-known customer loyalty metric – to gauge employees’ likelihood to recommend Duke Energy or Piedmont Natural Gas as a place to work to a friend or colleague.

We are showing good progress. We had a survey response rate of 40% and our overall employee Net Promoter Score (eNPS), or how likely teammates are to recommend our company as a place to work, increased to 30 (up five points over 2020 results).

Real-time listening also allows us to better understand employee trends to guide our actions. In 2020, employees told us they needed more information about the company’s clean energy strategy and direction. We developed a plan to increase communication about our strategy from our most senior leaders down to our front-line workers, and as a result, we saw a five-point increase in employees indicating they had a better understanding and optimism about our future.

The survey also shows that employees feel proud to work at Duke Energy and are motivated to help the company reach its goals. The highest performing dimensions are teamwork and ethics and safety (both 89% favorable). Of particular note, 92% of employees said their immediate manager supports diversity and inclusion in the workplace and 93% of employees agree that their teams collaborate and are committed to delivering high-quality work.

## Evolving the way employees work

In 2021, we introduced a new hybrid workplace model – WorkSmart – providing employees an opportunity to maintain the flexibility they desire, while also allowing us to reignite some of the most important aspects of our collaborative culture. Approximately 80% of our office-based workforce will participate in the new hybrid workplace model.

In 2021, as employees who were working remotely began to transition back into the workplace, the company continued to maintain safety protocols that were proven effective at preventing the spread of the virus within the workplace – including social distancing, wearing face coverings, limiting space occupancy and making testing available for those who want an extra level of confidence. COVID-19 may never fully go away – fortunately, our safety protocols and flexible workplace model enable us to continue serving our customers and communities with confidence.

## Support for Employee Well-Being

We support our employees physically and emotionally through our wellness and mental health programs and provide webinars and coaching focused on improving financial wellness. As we entered the second year of a global pandemic, we launched a new, inclusive and flexible well-being program, Duke Energy WellPower Rewards. This program helps employees take care of themselves and their families and rewards employees for participation in over 50 activities.

We continue to support employees who experience financial hardships through our Relief4Employees program and provided pandemic assistance to more than 450 employees.

## Building a diverse and inclusive culture

Diversity, equity and inclusion is a business imperative that is wired in how we power communities and run our business. The accountability and support for diversity

and inclusion starts at the top with our leadership team. Our executive team leaders take ownership for driving diversity and inclusion goals forward.

We are guided by our vision of an inclusive environment where all people are valued, respected and encouraged to reach their full potential. And we pursue a strategy that integrates diversity and inclusion into everything we do. This goes beyond race and gender. It includes diversity of thought, work and life experiences, perspectives and cultures. We work hard to help ensure all employees feel that they have an equitable and inclusive experience, leveraging our employee resource groups as well as diversity and inclusion councils. In 2021, we launched a new employee resource group to represent Native American employees.

In addition, we've developed a portfolio of training for all employees to build our knowledge and understanding of diversity, equity and inclusion, and build skills and capabilities for creating a more inclusive workplace.

### Fair and Equitable Compensation

We are committed to providing market competitive, fair, and equitable compensation by regularly reviewing employee pay, and conducting internal pay equity reviews and benchmarking against peer companies to ensure our pay is competitive.

### Attracting Diverse Talent

We are intentional about our actions to attract diverse talent.

We continuously evaluate our practices across the hiring life cycle to attract a talented and diverse workforce to deliver on our commitments to customers. We have a dedicated team focused on building relationships with four-year colleges and technical schools, as well as community organizations to strengthen diversity in our future pipeline of talent.

### 2021: Our most diverse recruiting year ever



**35%**  
Female New Hires



**34%**  
People of Color  
New Hires

In 2021, we partnered to create a historically Black colleges and universities (HBCU) Energy Leadership Pathway pilot program with four HBCUs located in North Carolina and South Carolina. This program will provide students of color with mentoring, internships, and access to the rapidly evolving clean energy workforce. Also in 2021, we hosted a couple of virtual diverse HBCU campus recruiting events and moving forward are expanding our active recruitment at several HBCUs in our service territories.

### Courageous Conversations

“Let’s Talk About It” is a series of organized events held around possibly difficult, but necessary and thought-provoking topics, that help build understanding and awareness and support an inclusive workplace. In 2021, we had 50 sessions with nearly 6,000 employees attending.

An empowered, diverse workforce and inclusive workplace makes us a stronger company and provides a competitive advantage for connecting with the ever-changing needs of our customers and communities.

# WORKFORCE PERFORMANCE METRICS

## Workforce Statistics

	12/31/19	12/31/20	12/31/21
Full- and part-time employees	28,649	27,730	27,605
Collective bargaining unit members as percent of workforce	18.8%	18.7%	18.3%

## Workforce Demographics

The company has deployed strategies to increase the diversity of our workforce, including a team that is dedicated to recruiting from historically Black colleges and universities, community colleges and diverse professional organizations. These strategies also include understanding and mitigating potential barriers for underrepresented groups. Our 2021 progress has been positive, and our representation of race/ethnicity and females is the best it has been in current company history.

	12/31/19	12/31/20	12/31/21
<b>Workforce Diversity</b>			
■ Females as percent of workforce	23.7%	23.3%	23.9%
■ Race/Ethnicity as percent of workforce	18.8%	18.8%	19.6%
<b>Leadership Diversity</b>			
■ Females as percent of all leadership <sup>1</sup>	19.4%	19.8%	21.3%
■ Females as percent of vice presidents and above	23.5%	27.2%	27.6%
■ Females as percent of chief officer roles (COO, CFO, etc.)	28.6%	30.4%	37%
■ Race/Ethnicity as percent of all leadership <sup>1</sup>	12.3%	13.0%	13.6%
■ Race/Ethnicity as percent of vice presidents and above	17.6%	18.5%	17.3%
■ Race/Ethnicity as percent of chief officer roles (COO, CFO, etc.)	23.8%	26.1%	18.5%

<sup>1</sup> "All Leadership" includes EEO-1 Job Categories "Executive or Senior-Level Officials and Managers" and "First or Mid-Level Officials and Managers."

## Employee Turnover Summary

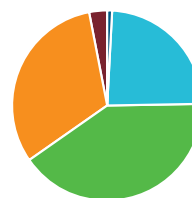
	2019	2020	2021
Turnover as percent of workforce	12%	5.7%	7.8%
Percentage of employees eligible to retire in five years <sup>1</sup>	41%	42%	41%
Percentage of employees eligible to retire in 10 years <sup>1</sup>	52%	53%	52%

<sup>1</sup> "Eligible to retire" is defined as 55 years of age or older, with at least five years of service.

## A Multigenerational Workforce

Gen X, millennial and Gen Z workers collectively represent about 76% of Duke Energy's workforce. Traditionalists and baby boomers comprise about 24%. The company highly values every employee from every generation, every background and every way of life. Duke Energy workers' diverse skills, deep knowledge and broad experience ensure that customers' energy needs are reliably met, around the clock.

### Five Generations of Duke Energy Employees\*



- <1% Traditionalists (born before 1946)
- 24% Baby boomers (born 1946-1964)
- 41% Generation X (born 1965-1981)
- 32% Millennials (born 1982-1995)
- 3% Generation Z (born after 1995)

\* Percentages don't total 100% due to rounding.

# WORKFORCE PERFORMANCE METRICS

CONTINUED

## Workforce Demographics by Job Category

Duke Energy's diverse and inclusive workforce meets the energy needs of a growing and similarly diverse customer base.

2021 EEO-1 Job Category <sup>1</sup>	Asian	Black or African American	Hispanic or Latino	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Two or More Races	White	Grand Total
<b>Administrative Support Workers</b>	18	1,090	214	17	2	113	1,366	2,820
■ Female	11	926	150	15	2	79	1,103	2,286
■ Male	7	164	64	2		34	263	534
<b>Craft Workers</b>	30	631	148	81	5	121	7,003	8,019
■ Female	2	34	4	2		1	147	190
■ Male	28	597	144	79	5	120	6,856	7,829
<b>Executive/Senior-Level Officials</b>	5	19	4	3		1	153	185
■ Female	1	5	1	1			43	51
■ Male	4	14	3	2		1	110	134
<b>First/Mid-Level Officials</b>	51	335	88	23	4	35	3,466	4,002
■ Female	17	125	29	4		11	654	840
■ Male	34	210	59	19	4	24	2,812	3,162
<b>Laborers and Helpers</b>		7		2			33	42
■ Female		2					5	7
■ Male		5		2			28	35
<b>Operatives</b>		41	2	3		5	301	352
■ Female		1					16	17
■ Male		40	2	3		5	285	335
<b>Professionals</b>	371	1,109	331	47	5	177	8,448	10,488
■ Female	132	519	122	11	1	46	2,145	2,976
■ Male	239	590	209	36	4	131	6,303	7,512
<b>Sales Workers</b>	1	15	4	1			67	88
■ Female		10	2				16	28
■ Male	1	5	2	1			51	60
<b>Technicians</b>	18	146	36	14		29	1,366	1,609
■ Female	5	37	8	2		2	152	206
■ Male	13	109	28	12		27	1,214	1,403
<b>Grand Total</b>	494	3,393	827	191	16	481	22,203	27,605

<sup>1</sup> Data as of December 31, 2021, as submitted by Duke Energy on its consolidated EEO-1 report to U.S. Equal Employment Opportunity Commission.



 DUKE  
ENERGY®

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ENERGY.

## GOVERNANCE

*Delivering results with  
transparency and accountability.*



## GOVERNANCE

We have adopted a management approach to ESG that engages all levels of the company from the Board of Directors to our employees. We also strive to embed sustainable business practices throughout the company.

The Board of Directors oversees all ESG strategies and issues. This places an emphasis on the oversight of ESG only because our Board of Directors understands the importance of those issues to the long-term success and vitality of the company, our customers and communities. Some of the key ESG risks that the Board of Directors focuses on are climate and environmental operations and regulations; human capital management; diversity, equity and inclusion; cybersecurity, including our information technology and operational technology systems; political expenditures; and ESG disclosures.

On environmental and climate matters, the Board of Directors reviewed issues related to our climate strategy opportunities and risks at every regularly scheduled meeting in 2021 and invited outside speakers to discuss these issues on several occasions. The topics included discussions of emerging technologies, carbon emissions reduction goals, generation fleet transition, customer needs related to low-carbon energy, and federal and state policy.

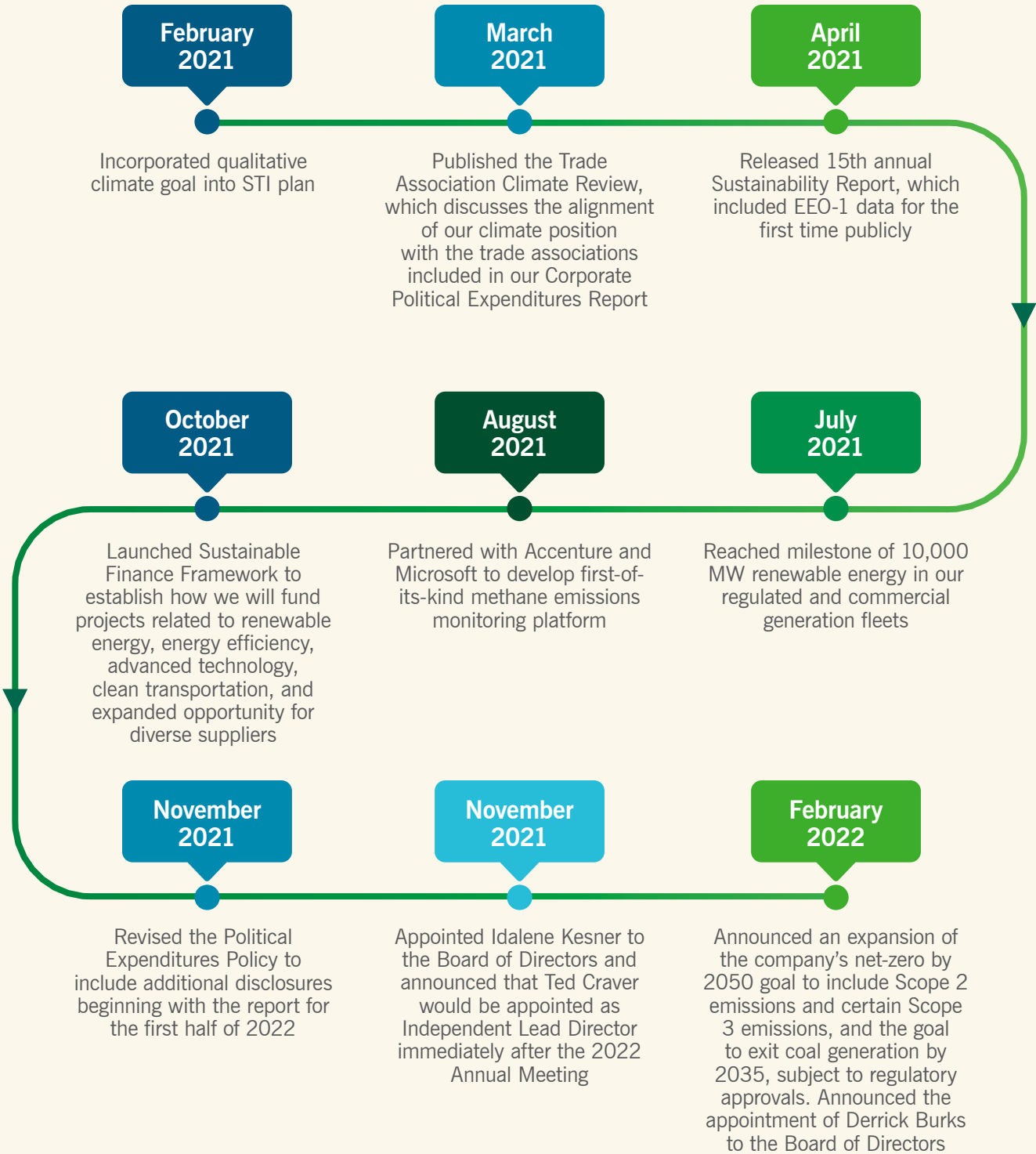
The Compensation and People Development Committee also reviews issues regarding employee engagement trends, diversity and inclusion goals, and progress on those goals, and pandemic-related workforce issues. This committee incorporated a qualitative climate goal into our short-term incentive plan in 2021. The goal focuses on demonstrating leadership to advance our climate strategy to achieve our net-zero goals, advocating for public policy that supports

our climate strategy, and investing in clean energy, including renewables, to support higher levels of carbon-free generation. In 2022, a quantitative goal was incorporated into the short-term incentive plan for our senior executives.

Several other committees on the Board of Directors cover areas of ESG oversight. The Corporate Governance Committee regularly discusses charitable contributions and priority areas, including contributions for diversity initiatives in the communities that our utilities serve. The Operations and Nuclear Oversight Committee is responsible for the oversight of our carbon-free nuclear fleet as well as environmental operations and safety. The Finance and Risk Management Committee is responsible for the oversight of our enterprise risk assessment, including ESG risks, and also responsible for the review and approval of major capital projects, such as large renewable projects or the construction of new generation assets. And the Audit Committee is responsible for the review of any ESG matters that are included in the periodic reports filed with the SEC.

Board of Director refreshment continued in 2021. We announced Michael Browning, who has served as Duke Energy's independent lead director since 2016, would retire from the Board at the end of his current one-year term. Upon Browning's retirement, Ted Craver will succeed Browning as the Board's independent lead director. In recent years, the Board has focused on refreshment with respect to diversity, and is 50% diverse in terms of gender, racial and ethnic diversity. In 2021, four new directors were added. Most recently, Idalene Kesner, dean of Indiana University's Kelley School of Business, joined as a new director, and in 2022, Derrick Burks, a former managing partner at global professional services company EY also joined.

## Environmental, Social and Governance Highlights





## Board Governance

Effective corporate governance continues to be a critical component to the success of our business strategy. Our Board of Directors, led by our Chair, President and CEO Lynn Good, provides the leadership and guidance that drives sustainable, long-term value for our stakeholders, employees, customers and the communities we serve.

Our Board is responsible for overseeing the company's long-term strategy to provide clean, reliable and affordable energy to our customers. As part of this oversight, the Board focuses on ESG matters, goals and strategies, as well as how our company's performance metrics and incentives align with those goals.

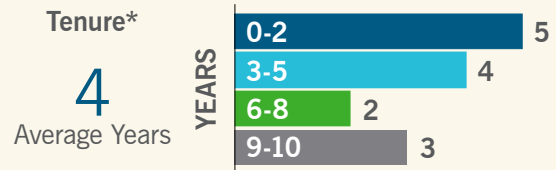
The Board regularly reviews its composition to ensure that its collective membership has the skills to meet the needs of the business and reflects a diversity of perspectives and experiences.

The Board is structured with a strong independent lead director role that assists the chair and CEO in setting agendas, approves meeting schedules, and leads the independent members of the Board in executive committee sessions at each meeting, among other responsibilities.

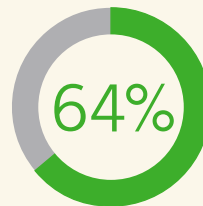
All members of the Board, except Lynn Good, are independent and comprise the five committees: Audit, Compensation and People Development, Corporate Governance, Finance and Risk Management, and Operations and Nuclear Oversight. The committees oversee all operational, financial, strategic and reputational risks as set forth in their respective committee charters.

For more information about our Board of Directors, see the [proxy statement](#) for the 2022 Annual Meeting of Shareholders and the [corporate governance section](#) of our website.

## Our Board Composition

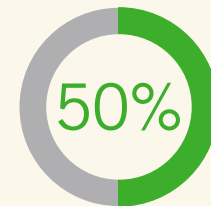


### Board Refreshment\*



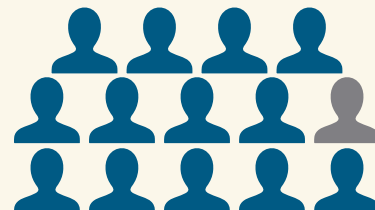
**9 out of 14** director nominees were first appointed or nominated for election in the last five years

### Gender, Racial and Ethnic Diversity\*



**7 out of 14** director nominees are female or identify as part of a minority group

### Independence



**13 out of 14** director nominees are independent (all directors except Chair, President and CEO)

\* Information provided for director nominees at the 2022 Annual Meeting of Shareholders.

## Diversity of Skills, Qualifications and Experience

Our Board exhibits a diverse range of skills and experience that collectively creates a well-rounded perspective suitable to protecting the interests of shareholders. The table below denotes the areas of expertise we value and the number of directors with that expertise or experience.

	<b>Customer Service</b> experience is important as Duke Energy focuses on meeting customer expectations and transforming the customer experience.	9
	<b>Cybersecurity/Technology</b> experience is important in overseeing the security of Duke Energy's business and operational technical systems, including customer experience, financial systems, and internal and grid operations.	9
	<b>Environmental Compliance/Clean Energy</b> experience is important in assessing Duke Energy's environmental compliance risks, obligations, and operations, as well as the company's investments in and opportunities related to clean energy.  ESG experience is important in analyzing and responding to Duke Energy's risks from climate change.	11
	<b>Human Capital Management</b> experience is important in overseeing the needs of our workforce – Duke Energy's most critical resource.	6
	<b>Industry</b> experience is important in understanding the unique technical, regulatory, and financial aspects of the utility industry.	9
	<b>Legal</b> experience is important in understanding Duke Energy's legal risks and obligations.	2
	<b>Regulatory/Government</b> experience is important in understanding the regulated nature of the utility industry.	12
	<b>Risk Management</b> experience is important in overseeing a myriad of risks, including operational, financial, strategic, and reputational risks that affect our business.	13

## Executive Compensation

We maintain a market-based, metrics-driven executive compensation program, designed to:

- Attract and retain talented executives and other key employees.
- Align executives' interests with those of stakeholders, including shareholders, employees and customers.
- Link pay to performance.
- Emphasize performance-based compensation to motivate executives and other key employees.
- Reward individual performance.
- Encourage long-term commitment to Duke Energy.

The company meets these objectives through a mix of compensation that includes base salary, short-term incentives, and long-term incentives consisting of performance shares and restricted stock units.

To support clean energy initiatives, we measure the performance of our nuclear and renewable generation assets through a reliability index under the company's short-term incentive (STI) plan.

The Board of Directors' Compensation and People Development Committee added a qualitative climate goal to the STI plan in 2021, further bolstering the company's commitment to decarbonization. For

2022, a quantitative metric based on non-emitting MW capacity growth was added to the STI plan for senior executives.

Other key components of the company's compensation program include:

- **Safety metric** – to ensure safety remains the company's top priority, with the goal of an injury-free workplace; based on the "total incident case rate" among employees (defined as the number of recordable safety incidents per 100 workers, using U.S. Occupational Safety and Health Administration criteria).
- **Environmental events metric** – to ensure the company's commitment to the environment; based on the number of reportable environmental events.
- **Customer satisfaction metric** – to prioritize the customer experience and customers' growing demand for cleaner energy; based on a composite of customer satisfaction survey results for each business area.

We regularly review our compensation program and performance metrics with the Board's Compensation and People Development Committee, revising as needed. For more information about our compensation practices, see the proxy statement for the 2022 Annual Meeting of Shareholders.

## Financial Highlights

December 31, 2021

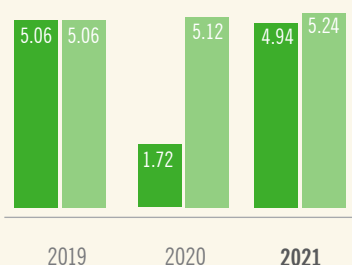
(In millions, except per share data)<sup>1</sup>

	2019	2020	2021
Total operating revenues	\$25,079	\$23,868	\$25,097
Income from continuing operations	\$3,578	\$1,075	\$3,572
Reported basic and diluted earnings per share (GAAP)	\$5.06	\$1.72	\$4.94
Adjusted basic and diluted earnings per share (non-GAAP)	\$5.06	\$5.12	\$5.24
Dividends declared per share	\$3.75	\$3.82	\$3.90
Total assets	\$158,838	\$162,388	\$169,587
Long-term debt including finance leases, less current maturities	\$54,985	\$55,625	\$60,448

<sup>1</sup> See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2021, for detailed notes and further explanations.

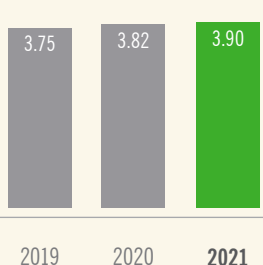
### Earnings per share

(in dollars) ■ Reported Diluted ■ Adjusted Diluted



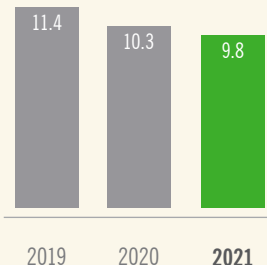
### Dividends declared per share

(in dollars)



### Capital and investment expenditures

(dollars in billions)



## Financial Results

We operate in constructive regulatory environments with attractive growth profiles. Our robust capital plan and proven ability to deploy capital efficiently position the company to deliver strong, consistent, and enduring benefits to our customers, communities and investors.

The company benefited from growth in our core businesses, constructive rate case outcomes and continued cost management execution. As a result, we announced 2021 adjusted earnings per share of \$5.24, above the midpoint of the company's updated earnings guidance range.

Based on the momentum we generated in 2021, we are accelerating our clean energy transformation and plan to deploy over \$130 billion in capital investments

over the next decade, with \$63 billion of investments occurring over the next five years. This represents a \$4 billion increase over our previous five-year plan.

Over 80% of our capital plan through 2026 will fund investments in our fleet transition and grid modernization. This will improve reliability and resiliency as we add more renewables to the system and extend the life of our carbon-free nuclear fleet to better meet the needs of the growing number of customers we serve.

As part of our strategy, in 2021, we implemented a [Sustainable Financing Framework](#) to define the categories of investments that are aligned with our ESG priorities. Since 2018, Duke Energy has issued \$5.5 billion in green and sustainability bonds.

Our sizable capital plan, high-growth service territories, proven capability to control costs, and constructive regulatory frameworks give us confidence in our ability to achieve our 2022 earnings guidance range of \$5.30 – \$5.60, with a midpoint of \$5.45. Through 2026, we expect annualized earnings growth of 5% to 7% off the \$5.15 midpoint of our original 2021 earnings guidance range.

Our ability to execute our robust capital program is underpinned by a healthy balance sheet and we remain committed to maintaining our current credit ratings, and the long-term value proposition we offer shareholders.

In 2021, for the 95th consecutive year, the company paid a dividend to its investors. We remain committed to continued growth of the dividend, targeting a payout ratio of between 65% to 75%.

## Sustainable Financing Framework

Driving a clean energy transition, we launched a new framework to attract billions of dollars of investments in eligible green and social projects. Our Sustainable Financing Framework defines the investment areas aligned to our clean energy strategy, further enabling us to issue green and sustainability bonds, loans or other financing instruments. We have a \$63 billion capex plan over the next five years, over 80% of which represents investments toward our clean energy transition and grid modernization.

Our long-term investment strategy will provide sustainable environmental, social and customer benefits as we work to achieve our net-zero goals.

Eligible project categories include, but are not limited to investments in renewable energy, energy efficiency, advanced grid technology, climate change adaptation, and expanded opportunities for diverse suppliers and small businesses.

Since 2018, we have issued \$5.5 billion in green and sustainability bonds. The framework strengthens our commitment to sustainable financing and broadens the scope of eligible projects to align with our ESG priorities. Green and sustainability bonds can make an

economic difference in what we will have to pay for debt through bond sales, which translates into long-term customer savings.

## Enterprise Risk Management

As interest around climate change and the company's clean energy transition continues to grow, we are leveraging our enterprisewide risk management philosophy to ensure that risks associated with climate change are identified, assessed and managed.

We are peering into the next decade and beyond to identify, assess and manage climate-related risks, including risks to physical infrastructure, risks associated with our transition to clean energy sources, risks related to the development of the new technologies needed for that transition, and the risks and impacts of federal and state energy policies.

To manage these risks effectively, we include climate change considerations in our annual Enterprise Risk Management (ERM) process. The ERM process is used to identify potential risks to corporate profitability and value and provides a framework to respond in an integrated and informed fashion.

Business unit leaders across the company analyze risks and determine how we can best address near-term and long-term risks. The Finance and Risk Management Committee of the Board is also integral in reviewing the annual enterprise risk assessment, and the Board routinely discusses climate risk governance.

We incorporate climate, technology, and economic risks into our long-term planning through integrated resource plans for each of our regulated electric utility companies. These 10-, 15- and 20-year plans, depending on the state where we serve customers, provide options for how the company can continue to serve customers and communities.

The filings consider forecasts of potential future climate policies, future electricity demand, fuel prices, transmission improvements, new generating capacity and technologies, integration of renewables, energy storage, energy efficiency and demand response initiatives.

We are also taking a closer look at climate-related physical risks and the potential vulnerability of the company's assets to future climate change impacts.

In the Carolinas, as part of a settlement agreement approved by the North Carolina Utilities Commission, the company has engaged world-class experts to develop a robust set of utility-relevant climate change projections to better understand the range of potential climate change impacts on the company's transmission and distribution system.

The company is also working with more than 35 stakeholder groups in this Carolinas process to create meaningful opportunities for stakeholder input and to gather consensus around future steps.

## Supply Chain Governance

Our supply chain sustainability strategy enables us to reduce carbon emissions in our supply chain, promote economic development and build diversity among our supply base. As we chart the path toward net-zero carbon emissions, our supply chain environmental programs help reduce greenhouse gas emissions and preserve natural resources.

In 2021, we diverted more than 87,700 tons of solid waste through recycling and beneficial reuse. This includes over 90% of old power poles, pallets, reels and other wood. The company also remanufactured and repaired 22% of its scrap transformers, significantly reducing the need to purchase new equipment and the use of oil and metals such as copper, aluminum and steel.

We also created more efficiencies in trucking and logistics. During 2021, the company coordinated 129 backhaul pickups, saving over 12,000 miles traveled. And by using telematics, we reduced the amount of time our trucks operated in idle mode by 8%, preventing 90 tons of greenhouse gas emissions.

We promote economic development and support our communities through various aspects of our operations, including investment with suppliers, vendors and contractors. In 2021, we spent approximately \$11.5 billion purchasing goods and services to provide electricity and natural gas to our customers.

Adherence to our Supplier Code of Conduct is a condition of doing business with the company and describes in detail our expectations of suppliers. We have a strong [Human Rights Policy](#), and we expect our suppliers to adhere to these same principles and support fair labor practices for all workers involved in supply chains. These policy principles are reflected in contractual requirements to our suppliers through the [Supplier Code of Conduct](#) and suppliers are to report any violations by any party to Duke Energy. In addition, we closely monitor our supply chain and have begun to ask manufacturers to demonstrate their products do not contain materials from areas using forced labor.

Another way we are helping support economic development is through Hire North Carolina, an innovative program that aligns with our supply chain sustainability strategy. Through the program, which is directed and overseen by the North Carolinas Utilities Commission, we added 136 suppliers to our Hire North Carolina list of qualified resident contractors, expanding the local contracting source pool for high

## Diverse and Local Supplier Spending

(in millions)	2018	2019	2020	2021
Spending with Tier I diverse suppliers <sup>1</sup>	\$850	\$1,153	\$895	\$930
Spending with Tier II diverse suppliers <sup>2</sup>	\$492	\$467	\$387	\$613
Total diverse supplier spending	\$1,342	\$1,620	\$1,282	\$1,543
Spending with Tier I local suppliers <sup>1</sup>	\$4,180	\$4,940	\$4,094	\$4,039

<sup>1</sup> Tier I represents direct purchases from diverse or local suppliers.

<sup>2</sup> Tier II consists of spend by Duke Energy suppliers with diverse suppliers/subcontractors.



**We improve the vitality of our communities by consistently considering local economic impact, diversity and environmental stewardship in our sourcing selection process.**

value work taking place within the state. During 2021, Duke Energy awarded \$224 million with resident contractors through 23 contracts, nine of which were awarded to diverse businesses.

We improve the vitality of our communities by consistently considering local economic impact, diversity and environmental stewardship in our sourcing selection process. In 2021, Duke Energy spent more than \$4 billion with local suppliers. Spending with diverse suppliers exceeded \$1.5 billion, with nearly 40% of the spending from subcontracting by our prime contractors.

Through the collaborative efforts of internal customers, prime contractors and our supply chain department, we have spent more than \$1 billion annually with diverse suppliers for seven consecutive years.

Local, regional and national outreach efforts with educational institutions, trade associations, community economic development organizations and others raise awareness of opportunities to work with Duke Energy.

In 2021, the company introduced an inaugural Supplier Diversity University, a two-day educational event focused on enhancing existing diverse supplier relationships and developing new ones.

As a testament to our commitment to local and diverse suppliers, we earned two Supplier Diversity Advocate of the Year Awards, one from the Florida State Minority Supplier Development Council and the other by the National Association of Women Business Owners Orlando Chapter. These honors acknowledge our dedication to the continued growth of our supplier diversity program.

## Diversity in Clean Energy (DiCE)

DiCE is a coalition sponsored by Duke Energy's Sustainable Solutions team working collaboratively with T-Mobile, Microsoft, Kroger and three diverse suppliers. The collaborative has partnered with the American Association of Blacks in Energy to create a first-of-its-kind diverse supplier platform.

DiCE's goal is to advance the voice of diverse suppliers by using existing relationships, influence and advocacy to raise awareness, open doors and amplify the voices of diverse supplies.

To make it easier to locate diverse suppliers in the clean energy industry, the DiCE's platform will go live in the third quarter of 2022. In addition, the coalition is working to form other partnerships with energy-based entities.

The ultimate goal is to have diverse suppliers in clean energy incorporated into mainstream corporate supply chains and to destroy systemic barriers, which exclude them from competing with larger, non-diverse counterparts.

**DiCE is good for business** – it can enable companies to meet diverse supplier goals and promote diversity, equity and inclusion.

**DiCE is good for society** – it helps to create vibrant economies by supporting diverse suppliers in local communities.

We look forward to creating a diverse and equitable future for our customers, suppliers and communities.

## 2021 Political Expenditures

Entity	Summary	2021 Political Expenditure
DukePAC	Voluntary, nonpartisan political action committee, which leverages the collective contributions of eligible employees to support political organizations and candidates relevant to our business	\$648,100
Duke Energy	Reported federal lobbying expenses	\$3,760,000 <sup>1</sup>
Duke Energy	Contributions to political candidates, parties, committees and Section 527 organizations created to support the nomination, election, appointment or defeat of a candidate	\$4,232,666

For additional details, see Duke Energy's Corporate Political Expenditure Reports.

<sup>1</sup> This amount includes the \$937,075 federal lobbying portion of trade association dues (includes dues in excess of \$50,000 during the half-year periods in which they were reported) to support policy research and advocacy.

## Political Involvement

A necessary component of our clean energy transformation will be to partner with stakeholders and champion durable public policies at the local, state and federal levels that enable us to transition our generating fleet, expand and adapt our electric grid, and adopt new carbon-free technologies that will reduce emissions while keeping energy affordable and reliable. It is essential for us to engage in public policy discussions to advocate for the interests of our stakeholders.

### Policy Engagement

2021 was a momentous year for policy issues affiliated with climate and sustainability. We engaged in discussions at international, national and regional levels. A few examples include:

- Participated in events affiliated with [COP26 in Glasgow, Scotland](#), to share our perspective on the clean energy transition and our net zero ambition.
- Signed a [letter](#) organized by the Center for Climate and Energy Solutions (C2ES) and sent to Speaker of the House Nancy Pelosi and Senate Majority Leader Chuck Schumer to encourage them to enact the climate and clean energy provisions of the Build Back Better framework.
- [Supported](#) the direct regulation of methane emissions under the Clean Air Act.
- Worked to advance clean energy tax credits in the Clean Energy for America Act and the Build Back Better Act.
- Participated in a [utility roundtable](#) at the White House, led by Edison Electric Institute (EEI) President Tom Kuhn and several top energy company leaders voicing support for clean energy

tax provisions that are crafted to provide accelerated customer benefits like lower power bills and cleaner energy.

- Elevated policies to benefit underserved customers, specifically supporting Low Income Home Energy Assistance Program (LIHEAP) action day.
- Participated in a White House Cybersecurity Summit and strengthened our security partnerships to provide resilient service for our customers and communities.
- Added our voice to a [video series](#) produced by the Business Roundtable to address climate change and call for policies to support the rapid development and deployment of cleaner technologies.

### Political Giving

The Corporate Governance Committee regularly reviews the company's political expenditures, as well the processes and priorities related to those political expenditures. Additionally, the Corporate Governance Committee also reviews the feedback from shareholders regarding our political expenditures and the alignment of our lobbying practices with our climate goals. In response to this feedback, in 2021, we:

- Updated our Political Expenditures Policy to provide additional disclosures, beginning with the Corporate Political Expenditures Report for the first half of 2022 regarding certain contributions and dues to 501(c)(4)s and 501(c)(6)s, as described in the Political Expenditures Policy.
- Published our first Trade Association Climate Review, which was one of the first such disclosures in our industry and discusses the alignment of our climate position with major federal trade associations. We [updated the report](#) in April 2022.



## Ethics and Compliance

Duke Energy's Ethics and Compliance Program is designed to foster a culture of ethical and compliant behavior. This includes adhering to our ethics codes for directors, employees and suppliers, and living our values of safety, integrity and service. The Audit Committee of the Board of Directors exercises important oversight for the effectiveness of the program.

New employees are required to complete ethics and compliance training in their first 30 days on the job and refresher training is required annually for all employees. All employees also are required to acknowledge annually their responsibility to comply with company ethics policies and confirm their obligation to report violations of laws, rules, or company policies.

In 2021, we also revamped our Supplier Code training, so suppliers better understand their ethical obligations when engaging with Duke Energy. We also put an upgraded data analytics program in place to explore the effectiveness of training and assess the learner's knowledge retention.

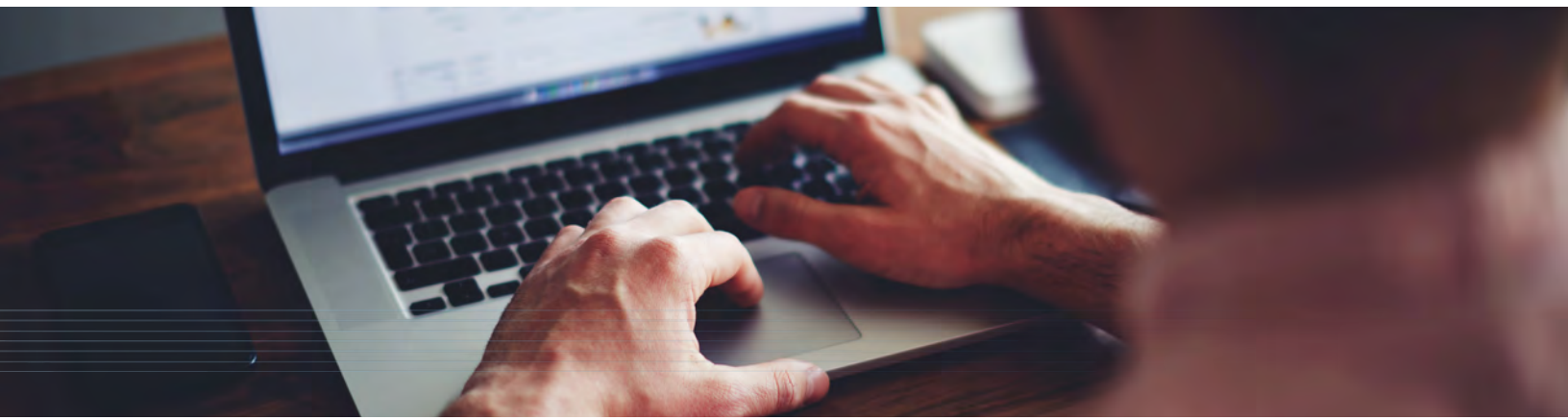
In addition to training, we continuously review policies and strengthen controls and oversight to improve performance and accountability. For example, we implemented enhanced due diligence in 2021 for

political contributions and engagement of external political consultants and lobbyists.

We continue to be vigilant to address the varying ethical and security risks associated with a work-from-home environment for many of our employees. Among other steps, our Chief Executive Officer frequently communicated to the workforce through videos and fireside chats the company's expectations to adhere to the CDC guidelines to keep our workforce and customers healthy and safe.

Workers are encouraged to report suspected wrongdoing and may do so anonymously without fear of reprisal through an independent third party, which provides a 24-hour telephone line and an online reporting option. All allegations are investigated to ensure fair and consistent treatment, and retaliation is strictly prohibited. We expect company leadership to frequently discuss ethical issues with employees.

In 2021, we received 1.92 reports per 100 employees of breaches of our ethics codes compared to our benchmark median of 1.7. Of those, 34% were substantiated resulting in corrective action. Corrective action includes but is not limited to discipline up to and including termination of employment, process and internal control reviews, policy improvements, and communication to reinforce expectations.



## Cybersecurity

As one of the nation's largest grid operators and operators of designated critical natural gas pipelines, we know assets and information are critical to deliver the essential service customers and communities rely on. Maintaining a steadfast and sophisticated cybersecurity operation is a vital part of that responsibility.

Cybersecurity remains a critical issue for our industry and nation. And in 2021, international tensions put a spotlight on the need for a strong cybersecurity posture for critical infrastructure. Threat actors continue to develop more frequent and sophisticated attacks, even exploiting the COVID-19 pandemic.

We have a highly skilled, cross-functional team of cybersecurity and physical security professionals devoted to identifying and mitigating these threats 24 hours a day. The cybersecurity team collects millions of data points every day and distills the threat data into actionable alerts. In 2021 alone, cybersecurity analysts at Duke Energy conducted hands-on investigations of nearly 33,000 alerts.

To stay ahead of threats, we use a proactive strategy focused on robust cybersecurity standards, a multilayered defense, and partnerships and information sharing. The electric, nuclear power, and natural gas sectors are subject to a range of mandatory regulations and security directives, as well as cybersecurity

standards and voluntary guidelines. And as we further modernize our grid and accelerate digital transformation across the company, we continue to implement advanced security measures for operational technology at our substations, power plants, and new grid mechanisms.

We regularly communicate and coordinate with peer utilities, industry partners, security organizations, and government agencies – including the Department of Homeland Security and the FBI – to share intelligence and best practices. In preparation to respond to threats, we hold drills several times a year to test incident response plans and ensure employees understand their roles in an event. We also participate in external drills that include members of management and, at times, our Board of Directors, that help coordinate with other critical infrastructure.

The company also maintains a team dedicated to educating employees and building their awareness around threats – employing annual cyber responsibility trainings, sending routine phishing emails and creating seminars and video resources that can be used by every level and division of the company.

The Audit Committee receives updates on cybersecurity and reviews metrics and trends at every regularly scheduled meeting and discusses ESG disclosures, processes, and disclosure frameworks.

For more information on Duke Energy's ESG strategies and disclosures, see our ESG website at [duke-energy.com/our-company/esg](https://duke-energy.com/our-company/esg).

# STATEMENT REGARDING RENEWABLE ENERGY CERTIFICATES

Duke Energy's subsidiary electric utilities generate power from solar, hydroelectric and biomass (including waste to energy) resources, but do not always retain the Renewable Energy Certificates (RECs) related to such generation. The RECs associated with such generation may be used to meet statutory or regulatory compliance obligations (on behalf of the respective electric utility and certain wholesale customers), assigned to customers pursuant to retail programs or sold/traded via bilateral commercial agreements. Duke Energy's electric utilities also buy power through purchased power agreements (PPAs) from solar, wind, hydroelectric and biomass (including waste to energy) resources. Under certain PPAs for energy from such resources, the electric utilities

purchase both the energy and the associated RECs. Under other PPAs, including some of those entered into pursuant to the electric utilities' respective obligations under the Public Utility Regulatory Policies Act of 1978 (PURPA), Duke Energy does not purchase any RECs associated with the energy. Under PPAs entered into by Duke Energy's electric utilities pursuant to certain retail customer programs, such utilities purchase RECs associated with the energy, but conveys the RECs to participating customers, or retires such RECs on the customers' behalf. Duke Energy's subsidiary Duke Energy Renewables sells the electricity and/or RECs it generates to its customers.

# CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations, asset retirement and construction costs related to carbon emissions reductions, and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts, natural gas building and appliance electrification, and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures, natural gas electrification, and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in a reduced number of customers, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- Changing investor, customer and other stakeholder expectations and demands including heightened emphasis on environmental, social and governance concerns;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions, an individual utility's generation mix, and general market and economic conditions;
- Credit ratings may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company;
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values;
- Asset or business acquisitions and dispositions, including our ability to successfully consummate the second closing of the minority investment in Duke Energy Indiana, may not yield the anticipated benefits;
- The actions of activist shareholders could disrupt our operations, impact our ability to execute on our business strategy, or cause fluctuations in the trading price of our common stock; and
- The ability to implement our business strategy, including its carbon emission reduction goals.

Additional risks and uncertainties are identified and discussed in the company's reports filed with the SEC and available at the SEC's website at [sec.gov](http://sec.gov). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# NON-GAAP FINANCIAL INFORMATION

## Non-GAAP Measures

### Adjusted Earnings per Share (EPS)

Duke Energy's 2021 ESG Report references adjusted EPS for the year-to-date periods ended December 31, 2021, 2020 and 2019 of \$5.24, \$5.12 and \$5.06, respectively.

The non-GAAP financial measure, adjusted EPS, represents basic EPS available to Duke Energy Corporation common stockholders (GAAP reported EPS), adjusted for the per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses this non-GAAP financial measure for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measure for adjusted EPS is reported basic EPS available to Duke Energy Corporation common stockholders.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

1. Workplace and Workforce Realignment represents costs attributable to business transformation, including long-term real estate strategy changes and workforce realignment.
2. Regulatory Settlements represents an impairment charge related to the South Carolina Supreme Court decision on coal ash, insurance proceeds and Duke Energy Carolinas and Duke Energy Progress coal ash settlement and the partial settlements in the 2019 North Carolina rate cases.
3. Gas Pipeline Investments represents costs related to the cancellation of the ACP investment and additional exit obligations.
4. Severance represents the reversal of 2018 Severance charges, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and Duke Energy Progress 2019 North Carolina rate cases.
5. Impairment Charges represents a reduction of a prior year impairment at Citrus County CC and an other-than-temporary impairment on the remaining investment in Constitution.

Duke Energy's adjusted EPS may not be comparable to a similarly titled measure of another company because other entities may not calculate the measure in the same manner.

The following is a reconciliation of reported EPS to adjusted EPS for 2021, 2020 and 2019:

(per share)	Years Ended December 31,		
	2021	2020	2019
GAAP Reported Earnings/EPS	\$4.94	\$1.72	\$5.06
Adjustments to Reported:			
Workplace and Workforce realignment	0.20	—	—
Gas Pipeline Investments	0.02	2.32	—
Regulatory Settlements	0.09	1.19	—
Severance	—	(0.10)	—
Impairment Charges	—	—	(0.01)
Discontinued Operations	(0.01)	(0.01)	0.01
Adjusted Diluted EPS	\$5.24	\$5.12	\$5.06

### Adjusted EPS Guidance

Duke Energy's 2021 ESG Report references Duke Energy's forecasted 2022 adjusted EPS guidance range of \$5.30 to \$5.60 per share. The materials also reference the forecasted 2022 adjusted EPS midpoint of approximately \$5.45. In addition, the materials reference the long-term range of annual growth of 5% to 7% through 2026 off the midpoint of original 2021 adjusted EPS guidance range of \$5.15. The forecasted adjusted EPS is a non-GAAP financial measure as it represents basic EPS available to Duke Energy Corporation common stockholders (GAAP reported EPS), adjusted for the per share impact of special items (as discussed under Adjusted EPS). Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

### Dividend Payout Ratio

The materials for Duke Energy's ESG Report include a discussion of Duke Energy's long-term target dividend payout ratio of 65% to 75% based upon adjusted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted basic EPS from continuing operations available to Duke Energy Corporation stockholders, adjusted for the per share impact of special items, as discussed above under Adjusted EPS. The most directly comparable GAAP measure for adjusted EPS is reported basic EPS available to Duke Energy Corporation common stockholders. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted EPS Guidance.



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