I. About this Report

As one of the largest energy holding companies in the U.S., we at Duke Energy embrace our responsibility to power the communities where our customers and employees live and work, and to address the challenges associated with climate change. To that end, we have fully integrated our climate strategy with our business strategy – to safely transform and ready our system by investing in new and existing carbon-free technology, modernizing our gas and electric infrastructure, and expanding and integrating energy efficiency and demand management programs.

To ensure we deliver on our strategy, we have set aggressive enterprisewide emission reduction goals – to reduce our carbon emissions from electricity generation by at least 50% and to achieve net-zero methane emissions from our natural gas distribution business by 2030 and net-zero carbon emissions from electricity generation by 2050. These goals are in line with the goals of the Paris Agreement.

In February 2022, we updated our 2050 net-zero goal to include Scope 2 and certain Scope 3 emissions for our electric and gas utilities. We also announced that we are projecting coal generation to be less than 5% of our fuel mix by 2030 and that our goal is to exit coal generation by 2035.

As we transition our business to cleaner sources of energy, we are focused on delivering sustainable value for our customers and shareholders by maintaining affordability, exceeding customer expectations, optimizing investments to drive attractive shareholder returns, and providing new product offerings and solutions that deliver growth.

Transformation of this scale and scope will require partnering with stakeholders to 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 therefore essential for us to engage in public policy discussions – both on our own and through trade associations – to advocate for the interests of our customers, shareholders, employees and communities.

It is important to note that being an active member of trade associations benefits us beyond the public policy arena. These groups provide valuable forums for sharing business best practices, technical information, standard setting for the industry, and more.

1Scope 2 emissions are emissions from electricity purchased for company use. The Scope 3 emissions included in our 2050 net-zero goal are upstream emissions from fossil fuels purchased for power generation or for resale from our natural gas distribution system, emissions from the production of electricity purchased by the company for resale, and emissions from customer use of natural gas. 2Subject to regulatory approvals. Contemplates retiring Edwardsport coal gasifiers by 2035 or adding carbon capture technology to reduce emissions.
As member-driven organizations, trade associations take positions that reflect the consensus views of their members. We may not support each initiative or position of every organization in which we participate, or align in strategy in all cases; however, in our interactions with trade associations, we work hard to harmonize the organizations’ positions and advocacy for climate policy with those of Duke Energy and with the Paris Agreement. In our experience, staying engaged in dialogue with those who may hold positions different from ours allows us to test assumptions, clarify views and challenge differences, which can have a more meaningful and positive outcome than simply abandoning a relationship. It is through constructive and good-faith discussion that we can surface views and move organizations forward. In Section V of this report, we discuss the steps we take when the climate change positions of a particular trade association are misaligned with ours, up to and including withdrawal from the association.

It is important to note that being an active member of trade associations benefits us beyond the public policy arena. These groups provide valuable forums for sharing business best practices, technical information, standard setting for the industry, and more.

The purpose of this report is to review the major trade associations to which Duke Energy belongs and those trade associations’ positions on climate policy. In this report, we use the same criteria we adopted in our corporate political expenditure reports for 2021; that is, we include trade associations and chambers of commerce that are organized as 501(c)(6) entities under the Internal Revenue Code, for which our dues exceeded $50,000 in 2021 and for which a portion of those dues was reported as federal lobbying on our 2021 political expenditures reports.

This report begins with a summary of Duke Energy’s policies regarding governance and transparency of public policy interactions. Next, we summarize our position on climate and our views on effective climate policy, and then review the climate positions of our trade associations meeting the criteria described above. The report summarizes each trade association’s climate policy, its position on the Paris Agreement (if stated), as well as Duke Energy’s engagement with that association on climate policy issues. If a trade association’s positions on climate policy have conflicted with Duke Energy’s, the report discusses actions we have taken to bring the association’s position into alignment with ours. We find that the current climate positions of the trade associations reviewed align with those of Duke Energy.

II. Governance and Transparency

The Duke Energy Board of Directors understands the importance of addressing risks related to climate change, and their significance to our investors, employees, customers and communities. The board also recognizes the potential impact and opportunities for our business and industry. In 2021, Duke Energy’s board reviewed the issues, opportunities and risks related to our climate strategy at every regularly scheduled board meeting and on several occasions invited outside experts to discuss these issues. These discussions focused on:

- emerging technologies, our greenhouse gas emissions reduction goals, and our generation fleet transition
- customer needs as they relate to clean energy, reliability and affordability
- federal and state policy and regulations

Because climate risks span many different functional areas of our business, they are overseen by a number of different committees of our board of directors, as well as the board as a whole. For example, the board’s Operations and Nuclear Oversight Committee oversees operational risk response and preparation such as storm response and grid hardening, as well as our carbon-free nuclear fleet. Our Audit Committee oversees the disclosures regarding climate risks in our filings with the U.S. Securities and Exchange Commission (SEC). Our Compensation and People Development Committee is
responsible for integrating key performance metrics into our incentive plans relating to environmental, climate, safety and customer initiatives. And our Finance and Risk Management Committee manages overall risk, including those related to climate, as part of its enterprise risk management assessment reviews. This committee is also responsible for overseeing our investment strategy and execution of those investments, including new large renewable and storage projects.

Working in tandem with those committees is the board’s Corporate Governance Committee, which has responsibility for the oversight of sustainability and environmental, social and governance (ESG) goals and strategies that pertain to climate change. The Corporate Governance Committee also oversees the company’s policies and practices with respect to political contributions, legislative lobbying and political activities on the local, state and federal levels. And, perhaps most importantly, the Corporate Governance Committee is responsible for the recruitment of new members of the board, including the identification of candidates whose qualifications and skills align with the needs of the board considering the priorities and issues facing Duke Energy, such as environmental, social and governance issues and our long-term clean energy strategy.

In addition to robust board oversight, the company has significant management oversight of political activities. The day-to-day management of our policies, practices and strategy with respect to public policy advocacy is the responsibility of the jurisdictional presidents at each applicable state level and the vice president for legislative affairs, who, along with other senior leaders across the company, such as our chief ethics and compliance officer and our chief governance officer, make up the company’s Political Expenditures Committee (PEC). The PEC is responsible for developing the company’s annual political expenditures strategy and approving, monitoring and tracking our political expenditures. Our Political Expenditures Policy sets out the principles governing our corporate political expenditures and the contributions of Duke Energy’s employee-funded political action committee and is reviewed by the PEC regularly. In addition, management provides a semiannual update to the Corporate Governance Committee of the board on the company’s strategy and political expenditures, including payments to trade associations and other tax-exempt organizations.

Duke Energy has always valued good policies and procedures related to political activities. We regularly review our policies and procedures to ensure best practices and, as a result, we have made several enhancements to our political expenditures policies and disclosures in recent years. In 2020, we expanded the practices covered by the policy to include the engagement of political consultants to conduct external lobbying and began listing the titles of the company’s PEC members who are responsible for the management, oversight and approval of political activities. We also added certification, attestation and periodic training requirements for individuals who take part in political activities, including those individuals who hire external consultants or interact with political candidates, campaign committees or advocacy organizations.

In November 2021, we revised our Political Expenditures Policy to enhance the transparency of our disclosures. These changes added disclosure of the following expenses beginning January 1, 2022:

- The federal lobbying portion\(^3\) of dues paid to 501(c)(6) organizations, such as trade associations and chambers of commerce, for 501(c)(6) organizations with dues in excess of $50,000 for the calendar year.
- Non-dues contributions to 501(c)(6) organizations, such as trade associations and chambers of commerce, and contributions to 501(c)(4) organizations, designated by the company to be used for political purposes, or reported by the 501(c)(6) or 501(c)(4) organization as used for political purposes. “Political purposes” means non-deductible business expenses under IRC 162(e)(1)(B). This disclosure will include the 501(c)(6) and 501(c)(4) organization names and contribution amounts.

\(^3\)Federal “lobbying portion” means non-deductible business expenses under Internal Revenue Code (IRC) section 162(e).
III. Duke Energy’s Position on Climate Change and View on Effective Climate Policy

We embrace our responsibility to address the risks of climate change and to provide affordable and reliable power to the communities where our customers and employees live and work.
We have adopted aggressive emission reduction goals – to reduce our carbon emissions from electricity generation by at least 50% by 2030 and to achieve net-zero emissions by 2050, and to reduce the methane emissions from our natural gas distribution systems to net-zero by 2030. In early 2022, we added Scope 2 and certain Scope 3 emissions to our 2050 net-zero goals. We also announced a goal to exit coal generation by 2035, subject to regulatory approvals.

To reduce these emissions and ensure energy remains accessible, affordable and reliable, we work with our stakeholders, including customers, communities, investors, policymakers and regulators, to develop plans that suit the unique attributes and economies of the areas in which we operate.

Duke Energy has long advocated for climate change policies that will result in significant reductions in greenhouse gas emissions. We support market-based approaches that balance environmental protection with affordability, reliability and economic vitality. We seek to ensure that the policies adopted to achieve emission reduction goals are cost-effective, market-based and equitable; promote a broad range of technology development; and include provisions to efficiently address greenhouse gas emissions across all sectors of the economy.

Duke Energy issued a statement in January 2021 supporting (then) President-elect Biden’s announced intention to rejoin the Paris Agreement. We believe that the policy approaches we support are aligned with the Paris Agreement’s guiding principles and goals.

Our analyses have identified several key policy attributes that we believe will allow us to achieve our emission reduction goals while maintaining affordable and reliable energy for our customers. These attributes will also help to incentivize the adoption of new, low- and zero-emitting technologies. We believe climate policy should:

- Incentivize a zero-carbon trajectory in a cost-effective manner that preserves the affordability and reliability of energy.
- Recognize that continuing to operate existing nuclear generation is essential to maintaining our emission reduction progress and achieving net-zero goals.
- Recognize that, absent a cost-effective near-term technological breakthrough, natural gas generation remains essential, at least for a time, to an affordable and reliable transition to a net-zero carbon future.
- Recognize the need for and promote the siting and permitting of infrastructure, including transmission infrastructure, needed to transition to net-zero.
- Promote robust and sustained support for research, development, demonstration and deployment of advanced technologies such as advanced nuclear, hydrogen, long-duration storage, and carbon capture utilization and storage.

Additional information regarding our approach, commitments and progress on climate can be found in the following resources:

- Duke Energy’s Environmental, Social and Governance website.
- 2020 Climate Report. The company plans to release an updated 2022 Climate Report later this year.
- Investor Relations: News, presentations & events.

*Contemplates retiring Edwardsport coal gasifiers by 2035 or adding carbon capture technology to reduce emissions.
IV. Review of Duke Energy’s Trade Associations

American Clean Power Association (ACP)

Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.

ACP is a trade organization that became operational as of January 2021. The Energy Storage Association merged into ACP effective January 2022. ACP’s stated mission is to unite “companies from across the clean power sector to support policies that will remove barriers and accelerate growth in America’s renewable energy industry.”

ACP states that it “works to champion policies that will transform the U.S. power grid to a low-cost, reliable and renewable power system.”

For example, ACP CEO Heather Zichal recently stated: “We join the President in urging Congress to take action on critical investments and tax credits for the renewable energy industry that have broad bipartisan support.”

In addition, after President Biden committed the U.S. to rejoining the Paris Agreement, ACP stated: “Climate change is a global threat that requires international collaboration to address, and American Clean Power applauds the Biden-Harris Administration for re-asserting America’s place in the Paris Agreement.”

ACP also issued a statement supporting the House passage of the Infrastructure Investment and Jobs Act.

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with Duke Energy’s policy. ACP explicitly supported rejoining the Paris Agreement.

Summary of Duke Energy’s engagement

Duke Energy is currently represented on ACP’s board of directors by the senior vice president and president of Duke Energy Sustainable Solutions and on several ACP committees. Duke Energy representatives have been very active with ACP as it has developed its policies during 2021.

American Gas Association (AGA)

Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.

AGA’s position on climate is that the association is committed to reducing greenhouse gas emissions through smart innovation, new and modernized infrastructure, and advanced technologies that maintain reliable, resilient and affordable energy service choices for consumers.

In February 2022, AGA published a study entitled “Net-Zero Emissions Opportunities for Gas Utilities” that details how natural gas, natural gas utilities and delivery infrastructure will be essential to meeting America’s greenhouse gas emissions reduction goals, including achieving net-zero emissions.

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with Duke Energy’s policy. AGA’s climate policy does not explicitly address the Paris Agreement.

Summary of Duke Energy’s engagement

The senior vice president of Duke Energy’s Natural Gas Business is currently on the AGA board of directors, and subject matter experts within Duke Energy participate in various AGA committees. This engagement enables us to participate in policy discussions at many levels of the organization and thereby influence AGA’s policy positions.

—in its 2021 Trade Association Climate Report, Duke Energy indicated that it would, in this year’s report, include new trade associations that it had joined in the past year, such as the Zero Emissions Transportation Association (ZETA). Although we have included new trade associations in this report, we have not included ZETA (which we did join in 2021) as it is organized as a 501(c)(4), not a 501(c)(6) trade association.
Business Forward

Trade association's climate policy (if available) or mission (if no climate policy available), as of January 2022.

Duke Energy joined Business Forward in 2021. Business Forward states that its purpose “is making it easier for more than 100,000 business leaders from across America to advise Washington on how to create jobs and accelerate our economy,” with the help of more than 60 of America’s most respected companies.

Business Forward’s climate and clean energy issue page states that “severe weather, extreme temperatures, and changing weather patterns have affected commodity prices, disrupted supply chains, damaged plants and equipment, and hurt consumer demand.”

Aligned with Duke Energy's climate policy? Policies support Paris Agreement?

Aligned with Duke Energy's climate policy. Business Forward’s climate policy does not explicitly address the Paris Agreement.

Summary of Duke Energy’s engagement

Duke Energy’s vice president of federal regulatory affairs regularly attends Business Forward events with administration officials and helps to ensure that Duke Energy’s climate policies are shared in discussions.

The Business Roundtable (BRT)

Trade association's climate policy (if available) or mission (if no climate policy available), as of January 2022.

BRT’s climate policy states: “Because the consequences of global warming for society and ecosystems are potentially serious and far-reaching, the Business Roundtable believes that steps to address the risks of such warming are prudent and supports collective actions that will lead to the reduction of greenhouse gas emissions on a global basis.” It also states that “to avoid the worst impacts of climate change, the world must work together to limit global temperature rise this century to well below 2 degrees Celsius above preindustrial levels, consistent with the Paris Agreement,” and notes that in 2018, the Intergovernmental Panel on Climate Change (IPCC) reported that limiting warming to no more than 1.5 degrees Celsius compared to preindustrial levels will be necessary to avoid some of the most severe risks associated with climate change.

In September 2021, BRT’s vice president, infrastructure, energy & environment authored an op-ed stating that BRT “remains deeply concerned about the urgent, growing threat of a changing climate and supports congressional action to prevent its worst outcomes.” It goes on to state: “We can't afford the costs of inaction” (on climate change).

In late October 2021, BRT joined the global business community in stating “the business community’s strong support for climate action that tackles the threat of climate change while enabling growth, fostering competitiveness and supporting communities. This is our global 'call to action'. … We are committed to supporting our governments in delivering on their commitments under the Paris Agreement on climate change.”

In November 2021, BRT applauded the signing of the Infrastructure Investment and Jobs Act, stating that it “provides urgently needed investments to ... deliver ... clean energy to more communities; and make our infrastructure more resilient in the face of a changing climate.”

Aligned with Duke Energy's climate policy? Policies support Paris Agreement?

Aligned with Duke Energy’s policy. BRT explicitly states that limitations on global temperature rise should be consistent with the Paris Agreement.

Summary of Duke Energy’s engagement

The CEO of Duke Energy is a member of the board of directors of the BRT and is engaged with BRT in the development of its climate policy.
Chamber of Commerce of the U.S. (the Chamber)

Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.

In October 2021, the Chamber published a paper stating that the Chamber’s climate position is that “inaction is not an option.” It went on to state that “American businesses are playing an essential role in addressing the threats posed by climate change, and the business community is an essential partner in the development of sound policies that protect our planet.”

The Chamber noted that it is actively engaged in solutions that combat climate change and that (among other actions) it recently:

- Supported the Biden administration’s decision to rejoin the Paris Agreement.
- Called for direct regulations on methane emissions from oil and gas operations.

The Chamber also engaged in discussions with Congress around using a Clean Electricity Standard (CES) approach for reducing domestic greenhouse gas emissions and released CES principles for Congress to consider.

In November 2021, the Chamber issued a statement urging House passage of the bipartisan infrastructure bill.

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with Duke Energy's policy. Supported Biden administration decision to rejoin Paris Agreement.

Summary of Duke Energy’s engagement

Duke Energy is represented on the Chamber’s Global Energy Institute’s Leadership Council and the Task Force on Climate Actions. Duke Energy participates in review and discussions of the organization’s climate policies.

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Edison Electric Institute (EEI)

Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.

EEI’s published climate change position is that global climate change presents one of the biggest energy and environmental policy challenges this country has ever faced. EEI member companies are committed to addressing the challenge of climate change and have undertaken a wide range of initiatives over the last 30 years to reduce, avoid or sequester GHG emissions. Policies to address climate change should seek to minimize impacts on consumers and avoid harm to U.S. industry and the economy.

During 2021, EEI released several statements on individual climate-related policies. These included:

EEI’s January 2021 statement that its members “support America rejoining the Paris Agreement” and “support the U.S. Environmental Protection Agency’s regulation of methane emissions throughout the natural gas supply chain for new and existing sources.”

EEI also stated several times during 2021 that “we are committed to getting the energy we provide as clean as we can as fast as we can, without compromising on the reliability and affordability that our customers value.”

In November 2021, EEI congratulated Congress for passing the bipartisan infrastructure bill that “will make significant investments in the critical energy infrastructure and new carbon-free technologies our industry needs to deliver a 100-percent clean energy future …”

And in early 2022, EEI called on Congress to “continue its work to pass legislation that incorporates forward-thinking actions to address climate change, including a robust clean energy tax package.”

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with Duke Energy’s policy. Explicitly supported U.S. rejoining Paris Agreement.
Summary of Duke Energy’s engagement
Duke Energy’s CEO serves on the EEI Executive Committee and board of directors, which provides an opportunity to advance the climate policy discussion and drive toward a common position. Duke Energy also serves on several EEI executive advisory committees and environmental policy committees, where we provide input on EEI’s positions.

Interstate Natural Gas Association of America (INGAA)6
Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.
In 2021, INGAA adopted its “2021 Vision Forward: Addressing Climate Change Together.” It stated that INGAA’s members recognize the need to … continue to act to address global climate by advancing our commitment to minimize and reduce greenhouse gas (GHG) emissions, including methane emissions.”

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?
Aligned with Duke Energy's climate policy. INGAA's position does not address the Paris Agreement.

Summary of Duke Energy's engagement
The senior vice president of Duke Energy’s Natural Gas Business was, during 2021, on the INGAA board of directors, and subject matter experts within Duke Energy participated in various INGAA committees. Engagement in policy discussions through this participation allowed Duke Energy the opportunity to influence INGAA's positions.

National Hydropower Association (NHA)
Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.
NHA is a national association dedicated exclusively to preserving and expanding clean, renewable, affordable hydropower and marine energy. Its mission is to “champion waterpower as America’s premier carbon-free renewable energy resource.”

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?
NHA is aligned with relevant portions of Duke Energy’s climate policy (e.g., supporting extension of renewable energy tax credits). It does not address the Paris Agreement.

Summary of Duke Energy’s engagement
Duke Energy's vice president of Carolinas Regulated Renewables and Lake Services is on the board of directors of the National Hydropower Association.

Nuclear Energy Institute (NEI)
Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.
NEI's climate policy states: “We need deep decarbonization to hit our climate goals. Nuclear power can get us there. As our largest source of clean energy, nuclear power is critical to reduce carbon emissions. Wind, solar and geothermal are on the rise, but the smartest policies will ensure these technologies complement, not replace, the clean energy that nuclear produces. Protecting and growing our use of nuclear technologies are important ways to make a dent in greenhouse gases and help us make meaningful progress to address climate change.”

Note that Duke Energy withdrew from the Interstate Natural Gas Association of America at the end of 2021, and it will not be listed in future Trade Association Climate Reviews.
When the U.S. announced that it was rejoining the Paris Agreement, NEI stated: “By rejoining the Paris Agreement … President Biden provided a north star for climate and energy policy in the U.S. moving forward.” … “It’s an important first step, but we can’t let up. We must ensure all carbon-free technologies are valued and deployed in this effort.”

Upon passage of the bipartisan infrastructure package, NEI noted that “a dominant focus of the bill is on clean energy, as the U.S. seeks to scale up clean technologies, decarbonize the electrical grid, and meet our ambitious climate targets. The passage of this hallmark piece of legislation includes significant investment in nuclear power, signaling our nation’s commitment to our largest source of carbon-free energy.”

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with Duke Energy’s climate policy; NEI called rejoining the Paris Agreement an “important first step” (for climate and energy policy).

Summary of Duke Energy’s engagement

Duke Energy currently serves on NEI’s board of directors, the Executive Committee of its board, and several NEI committees. Engagement in policy discussions through this participation allows Duke Energy to work to influence NEI’s positions.

WIRES

Trade association’s climate policy (if available) or mission (if no climate policy available), as of January 2022.

WIRES is a trade association that promotes investment in the North American transmission system, robust and effective transmission solutions to economic, environmental and reliability challenges, and the reduction or elimination of uneconomic barriers to transmission development. It states that high-voltage transmission plays a critical role in grid resilience, the integration of clean energy resources and the coming electrification of transportation.

Aligned with Duke Energy’s climate policy? Policies support Paris Agreement?

Aligned with relevant portions of Duke Energy’s climate policy – WIRES’ mission is to advocate for more investment in critical transmission infrastructure that will enable the integration of clean energy resources.

Summary of Duke Energy’s engagement

Duke Energy’s managing director, federal regulatory affairs was, in 2021, vice president of WIRES.
V. Actions to Reduce Misalignment Risk

Duke Energy proactively attempts to prevent potential misalignment of trade association positions on climate change with our positions and lobbying priorities. This starts at the staff committee level, where Duke Energy personnel serve on numerous trade association committees and, by doing so, obtain early indications of potential moves by association staff or by other members to change an association’s position. When this happens, Duke Energy staff confer internally and determine the best course to ensure that the association’s position on climate change is not modified in a manner that would result in misalignment. The options for this include direct conversations with trade association staff or, in some cases, consultations with other members to express collective concerns to association staff. If this doesn’t work at the staff committee level within the trade association, company personnel will elevate concerns to executives who can bring the issue up at association executive-level committees and then, if necessary, to the association’s board of directors. As shown above, the company is well-represented at the staff, executive and board committee levels in all the trade associations listed, to prevent, identify and explore steps to reduce misaligned positions.

If, despite Duke Energy’s efforts, a trade association takes a position on a climate-related topic that is materially misaligned with Duke Energy’s, the company would consider this misalignment in the broad context of all business issues facing Duke Energy that the trade association covers, then determine whether continued participation in the association is in the best interest of the company, its investors, and its customers. If necessary, based on this evaluation, the company will withdraw its membership from the association.