

# ENERGY

FOR A BETTER TOMORROW

# 2020 | 2021 Recognitions

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- For the 15th consecutive year, Duke Energy was named to the Dow Jones Sustainability Index for North America. Duke Energy is one of only seven companies in our sector to make the index.
- Duke Energy was named to Fortune magazine's "World's Most Admired Companies" list in 2021 for the fourth consecutive year. This year the company ranked 7th among gas and electric utilities.
- Forbes magazine included Duke Energy in its America's Best Employers for Women list for 2020 and its Best Employers for Diversity list for 2020.
- Forbes magazine included Duke Energy in its 2020 list for Best-In-State Employers in North Carolina, ranking the company 12th out of 100 employers on the list.
- Duke Energy received a perfect score for the fourth year in a row on the Human Rights Campaign Foundation's 2021 Corporate Equality Index, earning inclusion on the organization's list of Best Places to Work for LGBTQ Equality.
- Duke Energy received the 2020 AMVETS Veteran Friendly Employer of the Year Award for North Carolina, for companies with more than 1,000 employees.
- Labrador Advisory Services ranked Duke Energy No. 7 overall and in the top three among U.S. utilities for investor transparency.
- For the 16th consecutive year, Site Selection magazine named Duke Energy a Top Utility in Economic Development for project investment and affiliated job creation in our service territories.
- The Ethisphere Institute recognized Duke Energy with its Compliance Leader Verification for 2019 and 2020, honoring the company's leading ethics and compliance programs. Duke Energy is the first U.S. electric and gas investor-owned utility to earn this designation.





## LYNN J. GOOD

Chair, President and  
Chief Executive Officer

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*We became a stronger, more agile company, intensifying our focus on environmental, social and governance (ESG) considerations and accelerating our clean energy transformation.*

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## A Message From Our CEO

In a year that posed nearly every imaginable challenge, including the global COVID-19 pandemic, extreme weather, uncertain economic conditions and social unrest, providing safe, reliable and affordable electricity for our communities was never more critical. And our company's purpose – to power the lives of our customers and the vitality of our communities – was never more relevant and important than in 2020.

I'm proud that we delivered for our customers and communities when they needed us the most. But we did more than just get through. We became a stronger, more agile company, intensifying our focus on environmental, social and governance (ESG) considerations and accelerating our clean energy transformation.

During our inaugural ESG Investor Day this past fall, we demonstrated our progress and showed the promise of more to come, outlining a pathway for achieving our clean energy transition. We have a clear vision, centered around our climate strategy, with bold carbon goals – reduce emissions from electricity generation at least 50 percent by 2030 and achieve net-zero by 2050. And we announced a new pledge to achieve net-zero methane emissions by 2030 for our natural gas distribution companies.

We're also doing our part to create a lasting impact in the area of social responsibility, using our voice and actions to ensure social justice and racial equity within our company, as well as in the communities we serve. And we believe purpose-driven leadership means delivering results the right way, consistent with our culture of effective governance.

ESG gives us a clear way to bring our purpose to life and deliver on our commitments to those who count on us.

## 2020 Accomplishments

The last year underscored the extraordinary progress we've made in delivering sustainable value to our investors and communities:

- Surpassed 40 percent carbon emissions reductions since 2005 and remained a leader in low-carbon intensity.
- Continued to oversee the largest coal closure in our industry. Having already retired approximately 6,500 megawatts since 2010, we plan to retire all coal-only units by 2030 in the Carolinas and shorten average retirement dates by 40 percent in Indiana.
- Contracted, owned or operated 8.8 gigawatts of renewable energy with plans to roughly double that amount by 2025, and by 2030, triple our current renewable capacity for our regulated utilities.
- Announced plans to invest \$600 million in new battery storage investments across our regulated businesses over the next five years.
- Developed the most comprehensive Integrated Resource Plans (IRPs) we've ever filed in the Carolinas and engaged stakeholders in new ways through the North Carolina Clean Energy Plan process and Indiana 21st Century Energy Task Force to ensure a cleaner energy future in our states.
- Achieved a milestone settlement, alongside the North Carolina Attorney General, North Carolina Public Staff and Sierra Club, around coal ash cost recovery. It will provide immediate and long-term cost benefits for customers over the next decade, resolving all the remaining major issues on coal ash management in North Carolina.
- Worked with solar developers in the Carolinas to fundamentally change the interconnection process in North Carolina and design a breakthrough net-metering framework in South Carolina.
- Accelerated the expansion of electric vehicle charging infrastructure, including more than 570 charging stations installed to date in Florida and pilot program approvals in North Carolina and South Carolina.
- Donated more than \$8 million from our company and Foundation to COVID-19 relief efforts, including funds to support hunger relief, local health and human services, educational initiatives, public utility assistance and small businesses.
- Supported customers impacted by the pandemic, instituting one of the first service disconnection moratoriums in the nation, offering flexible payment arrangements and engaging state and federal government for additional customer assistance.
- Renewed our focus on social justice and racial equity, donating more than \$2 million to organizations supporting these issues and developing company action plans to drive more diversity, equity and inclusion in our workforce, leadership, supply chain and communities.

## Energy for a Better Tomorrow

I am grateful for how our employees responded to the challenges of 2020 and excited for what lies ahead for Duke Energy. Unencumbered by issues of the past, we now have a clear destination – net-zero carbon emissions by 2050.

We look forward to working alongside regulators, policymakers and the new administration to achieve this goal and deliver results on key ESG measures. Together, we have a shared vision to realize a cleaner energy future in a way that preserves affordability and reliability for those we serve.

As you read this report, I hope you see that Duke Energy has an even brighter future ahead because of our commitment to sustainability, our customers and our communities.



Lynn J. Good  
Chair, President and Chief Executive Officer

April 28, 2021





## KATHERINE NEEBE

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

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*This year sharpened  
our focus on how we  
create value for our  
stakeholders and help  
solve for societal issues.*

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## A Message From Our CSO

Looking back at 2020, it was a year no one will forget. From the global pandemic to a focus on racial inequity to the economic crisis, it was a year that brought challenges for so many. At the same time, I saw how powerfully businesses – particularly an essential service like ours – pivoted to transform their workforce, supply chains, and customer and community programs to meet these challenges head on. By leveraging technology, innovation and new ways of working, we held fast to our mission to provide reliable, affordable and increasingly cleaner energy. This year sharpened our focus on how we create value for our stakeholders and help solve for societal issues.

With safety at our core, in March 2020, the company took comprehensive steps to help employees, customers and communities respond to the impacts of COVID-19. Among our efforts, to help address the economic hardships our customers may be facing, we waived late payment fees and discontinued service disconnections for unpaid bills. Our company and Foundation also provided more than \$8 million to support public utility assistance and basic needs such as hunger relief and micro-loans for small businesses while also strengthening the systems our communities depend upon in times of crisis.

For our employees, we implemented workplace disinfection and social distancing practices and provided workers with personal protective equipment, following guidance from the Centers for Disease Control and Prevention. Employees leveraged technology to minimize personal contact and do our part to help mitigate the spread of the virus, including enabling nearly all customer care representatives to work from home. Beyond implementing extensive workplace safety measures, we provided resources and enhanced benefits to support our workers' mental and physical health.

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*We have listened, learned and adjusted to our customer, community and employee needs over the past year and while the crisis isn't over, we are better positioned to support those we serve.*

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The events of 2020 also illuminated the issue of systemic racism and inequity many Americans face. We continued our journey to be a more equitable, inclusive and transparent company. Across the enterprise, we held more than 500 formal conversations to hear the questions and concerns of our employees. We are focused on our diversity goals and being transparent about our progress, including releasing data contained in our consolidated 2020 EEO-1 report (filed with the Equal Employment Opportunity Commission), along with this report. Through the Duke Energy Foundation, we also committed more than \$2 million to social justice and racial equity organizations. However, more work is needed, and we continue to engage with local organizations and other stakeholders to understand how to be a part of the long-term solution.

This fall we held our inaugural ESG Investor Day, where we shared important updates on our environmental, social responsibility and governance work. You will notice this year's Sustainability Report follows an ESG framework. I'm also excited to share that this year marks the 15th year we've publicly reported on our progress to address important societal issues, such as climate change.

As we look forward, there are real issues to tackle as we look at the clean energy transition and how we achieve our ambitious climate goals – net-zero methane emissions from our gas business by 2030 and net-zero carbon emissions from electricity generation by 2050. And, we have the opportunity to create meaningful change through our energy transformation as well as our participation in the global climate discussion through events like the Glasgow COP. We will also focus on how to build resiliency and equity in a post-pandemic world.

We have listened, learned and adjusted to our customer, community and employee needs over the past year and while the crisis isn't over, we are better positioned to support those we serve. I am excited to be part of the team that delivers a cleaner energy future for all.



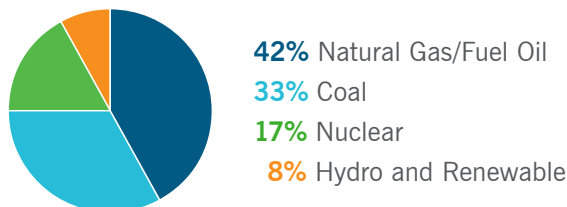
Katherine Neebe  
Chief Sustainability Officer  
Vice President, National Engagement and Strategy  
President, Duke Energy Foundation

April 28, 2021

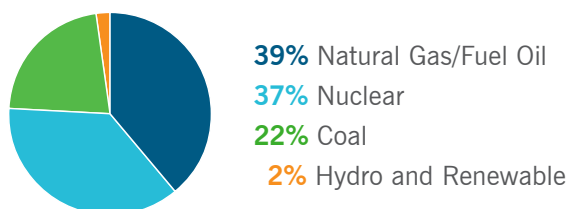
# Duke Energy At A Glance

## Electric Utilities and Infrastructure

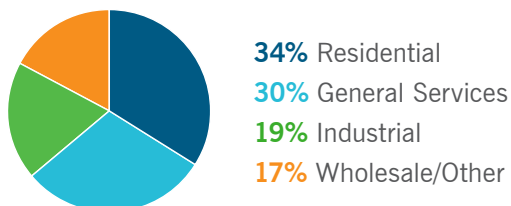
Generation Diversity (percent owned capacity)<sup>1</sup>



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



Customer Diversity (in billed GWh sales)<sup>2</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 and Duke Energy Ohio.

### Electric Operations

- Owns approximately 50,807 megawatts (MW) of generating capacity
- Service area covers about 91,000 square miles with an estimated population of 25 million
- Service to approximately 7.9 million residential, commercial and industrial customers
- 282,400 miles of distribution lines and a 31,300-mile transmission system

<sup>1</sup> As of December 31, 2020.

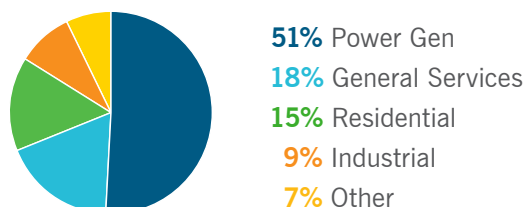
<sup>2</sup> For the year ended December 31, 2020.

<sup>3</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).

## Natural Gas Customer Diversity

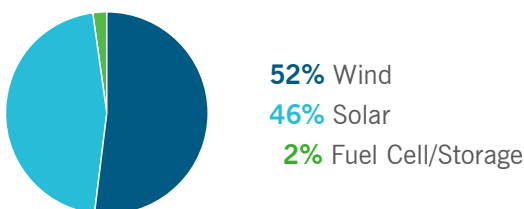
Gas Utilities and Infrastructure conducts natural gas distribution operations primarily through the regulated public utilities of Piedmont Natural Gas and Duke Energy Ohio.

Natural Gas Operations (throughput)<sup>2</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 34,200 miles of natural gas transmission and distribution pipelines and 27,200 miles of natural gas service pipelines

## Commercial Renewables



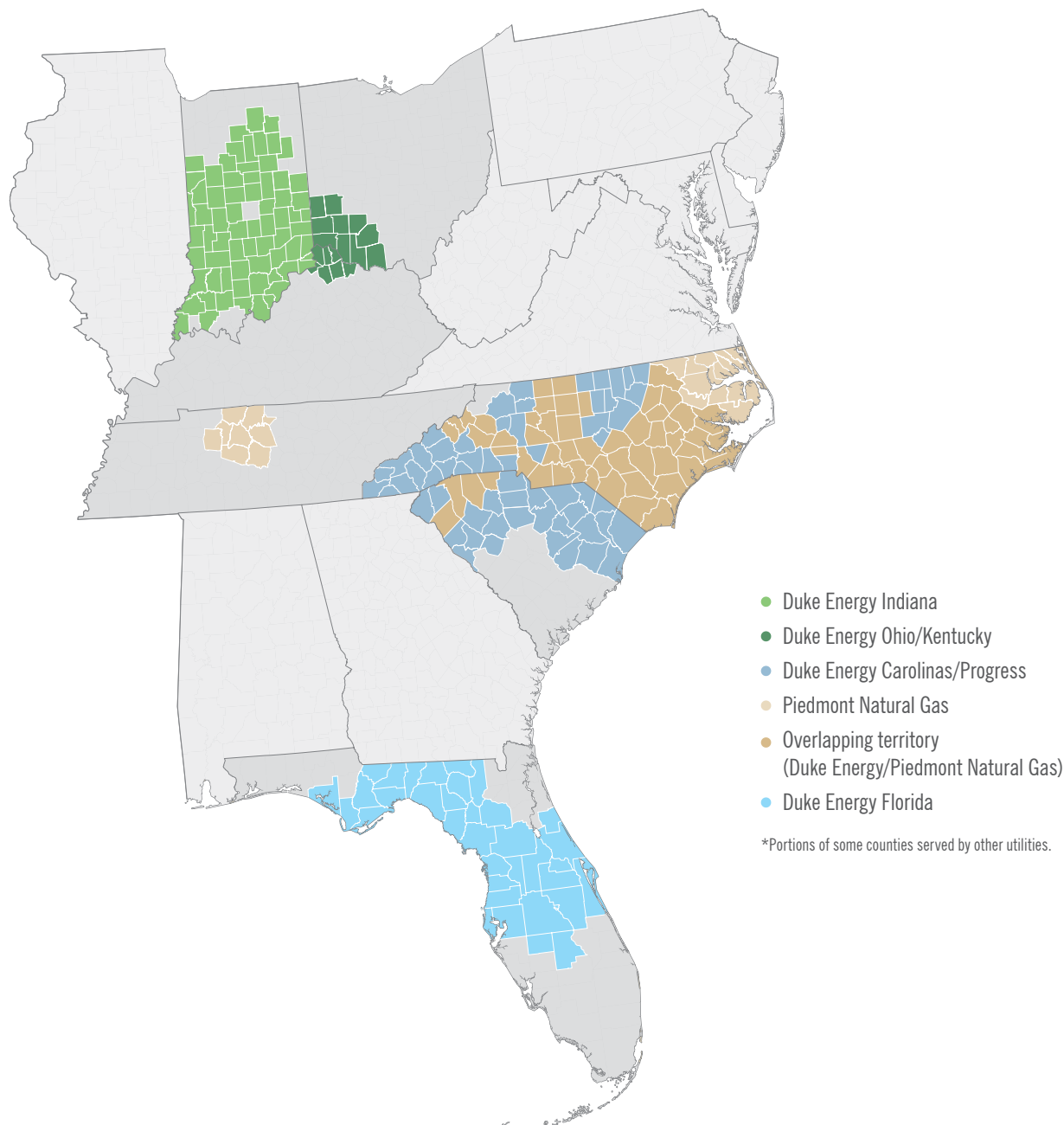
Generation Diversity (percent owned capacity)<sup>1,3</sup>

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' renewable energy includes utility-scale wind and solar generation assets, distributed solar generation assets, distributed fuel cell assets and a battery storage project, which total 2,763 MW across 21 states from 21 wind facilities, 150 solar projects, 70 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.

As part of its growth strategy, Commercial Renewables has expanded its investment portfolio through the addition of distributed solar companies and projects, energy storage systems and energy management solutions specifically tailored to commercial businesses.

Utility Service Territories\*





● Solar power projects  
 ● Wind power projects  
 ● Battery storage facilities  
 ● Solar plus storage facilities  
 ● Microgrid  
 ● Operated and/or monitored for third-party owners  
 ● Under construction

\*Denotes Duke Energy Renewables Commercial LLC solar locations.

As of December 31, 2020.



## Conducting Business in the Era of COVID-19

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*Our priorities became clear early on: take care of our customers and protect the health and safety of our employees.*

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The COVID-19 pandemic impacted every aspect of Duke Energy's business and the lives of its employees and customers in 2020. Our priorities became clear early on: take care of our customers and protect the health and safety of our employees.

Beginning in March 2020, Duke Energy took early and swift action to assist its 7.9 million electric and 1.6 million natural gas customers. We were one of the first utilities to proactively suspend disconnections in all jurisdictions for customers who were unable to pay their bills. We also waived fees for late and returned payments; and, for residential customers, waived fees for credit and debit card payments. In addition, we made the first of many donations to COVID-19 relief efforts to assist our local communities.

As the year progressed, the company began offering additional support:

- We rolled out online tools so customers could select an extended payment plan that best fits their needs.

- The company simplified the process for accessing the Low Income Home Energy Assistance Program and other funds available through community agencies.
- Duke Energy provided professional guidance for small business customers to help analyze their energy usage, discuss energy rates and identify solutions to lower their bills as they were reopening.
- We extended the suspension of credit and debit card payment fees for residential customers for an additional two months, once billing and payment practices resumed in their states.
- Duke Energy and its Foundation donated more than \$8 million to COVID-19 relief efforts during 2020.

The company also proactively contacted customers to offer flexible payment plans and information about how to connect with local assistance agencies to manage their delinquent accounts.

## Conducting Business in the Era of COVID-19

CONTINUED



The company continues to focus on extending payment flexibility to those customers experiencing economic hardships from the pandemic. For 2021, this includes the extension of payment arrangements and modified reconnection policies.

As an essential service, Duke Energy's employees continued to deliver electricity and natural gas to our customers without interruption. Employees who could do their jobs remotely made a swift transition to working from home to help mitigate the spread of the virus – including customer care representatives.

However, for field employees and many power plant workers who could not do their jobs remotely, the company put protocols in place to make sure employees arrived healthy and worked in a safe environment. These protocols included social distancing, wellness screening questions, temperature checks, staggered shifts, enhanced cleaning and face covering requirements.

To support our employees' overall well-being throughout the pandemic, the company provided additional benefits to support our workforce, including 60 additional hours of personal time to employees who experienced certain disruptions in dependent care, the option for more flexible work schedules and a \$1,500 stipend to assist with unplanned expenses resulting from the pandemic for employees below a certain pay threshold. In addition, the Duke Energy Foundation provided more than \$550,000 in assistance to qualified employees through the Relief4Employees program.

Dedicated resource pages for employees and managers with COVID-19 information served as a hub for all information related to the company's response. Sites were updated in real time as the crisis continued.

The lessons learned in 2020 will guide the company as it continues to provide reliable service to our customers and a safe work environment for our employees.



## Our Strategy: Clean Energy Transformation

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### **Our Clean Energy Transformation:**

*≥50% reduction in CO<sub>2</sub> emissions and net-zero methane emissions by 2030 on the way to net-zero CO<sub>2</sub> by 2050*

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As one of the largest electric and gas utilities and commercial renewables developers in the United States, Duke Energy embraces its responsibility to power the communities where our customers and employees live and work, as well as to address the challenges associated with climate change. To that end, our corporate strategy is one of clean energy transformation.

To deliver on our strategy, we have set aggressive enterprisewide emission reduction goals – to reduce our carbon emissions from electricity generation by at least 50 percent and to achieve net-zero methane emissions from our natural gas distribution businesses by 2030 and, importantly, to achieve net-zero emissions from electricity generation by 2050.

Duke Energy will focus on three core areas that support this clean energy transformation:

**Shaping the Landscape** – Duke Energy will partner with stakeholders to accelerate clean energy transition with communities in mind. It will champion public policy that advances innovation and regulatory models that support carbon and methane reductions, while keeping energy affordable and reliable for customers.

**Safely Transforming and Ready the System** – Duke Energy will invest in new and existing carbon-free technologies that modernize the electric and gas infrastructure. The company will also expand and integrate efficiency and demand management programs that help customers use energy more wisely.

**Delivering Sustainable Value** – Duke Energy will maintain affordability and leverage business transformation to exceed customer expectations. The company will optimize its portfolio to drive attractive shareholder returns. It will also provide new offerings and solutions that deliver growth.



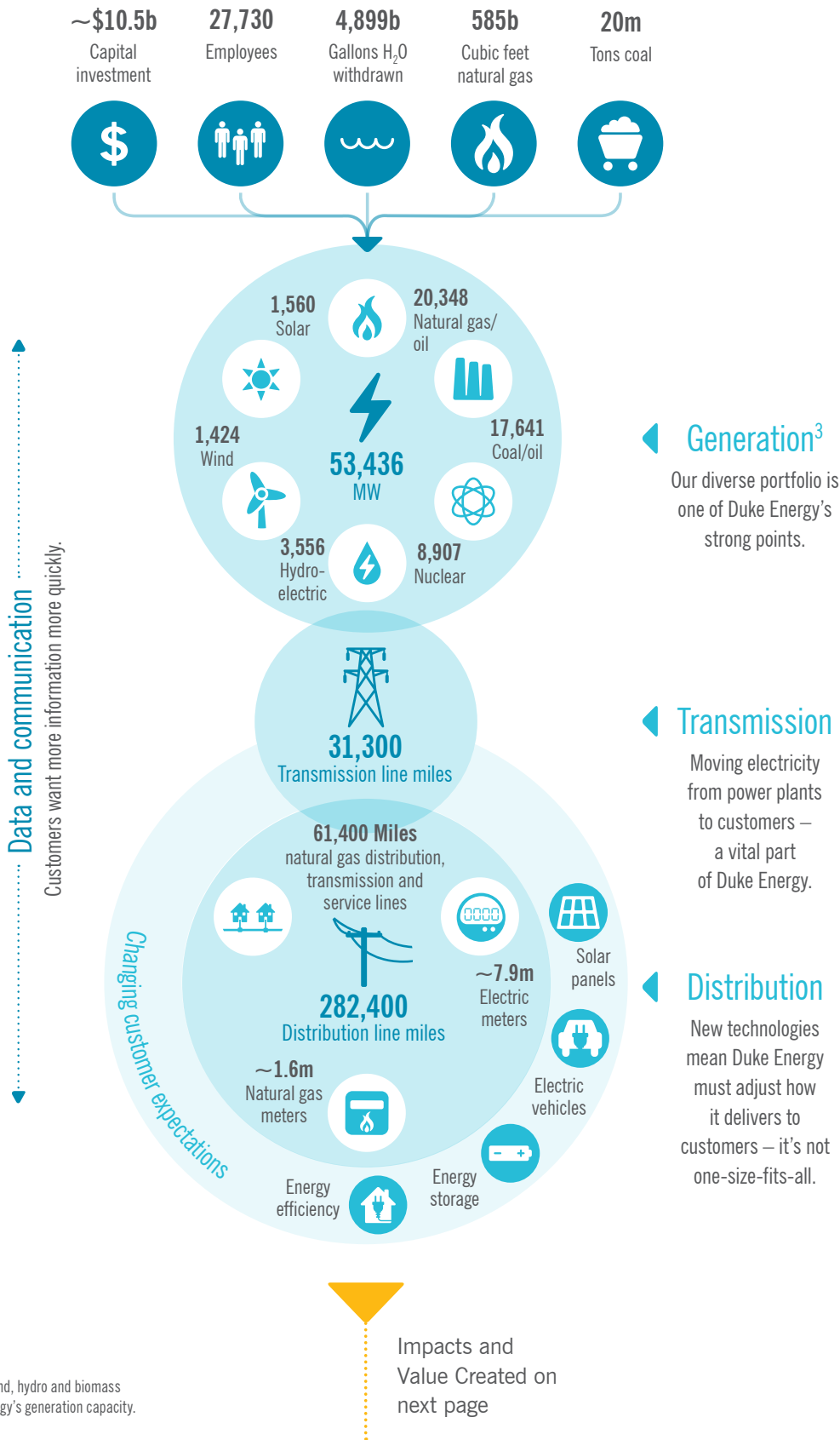
# Our Value Creation Model

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

Duke Energy begins its value creation 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 evolve, Duke Energy will also evolve. The company's business model now is a combination of selling electricity, natural gas and energy services. It encourages customers to better manage energy use – and cut consumption where possible.



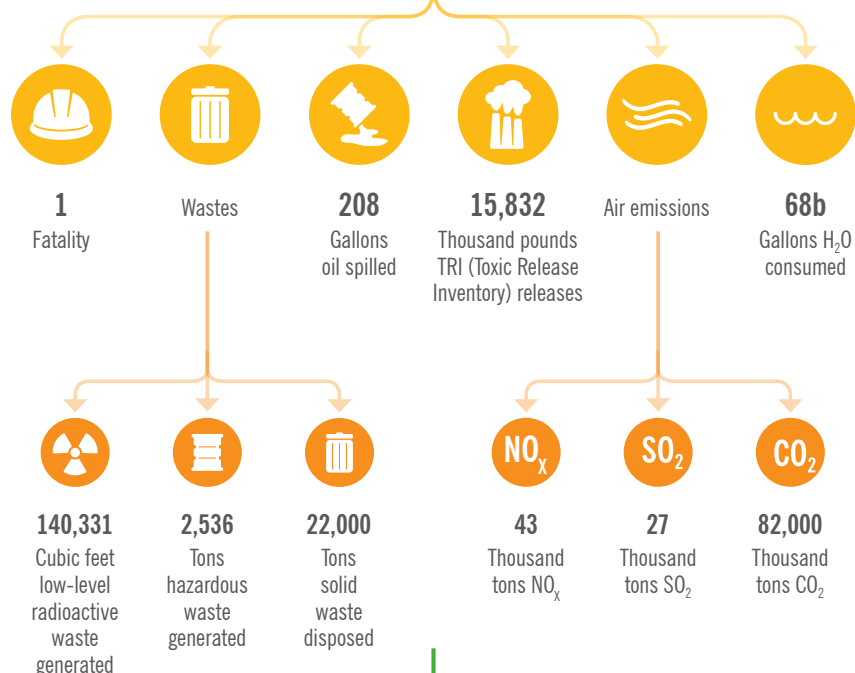
<sup>1</sup> For the year ended December 31, 2020.  
<sup>2</sup> As of December 31, 2020  
<sup>3</sup> Data excludes 4,195 MW of purchased capacity from solar, wind, hydro and biomass resources, equivalent to approximately 8 percent of Duke Energy's generation capacity.

## Our Value Creation Model

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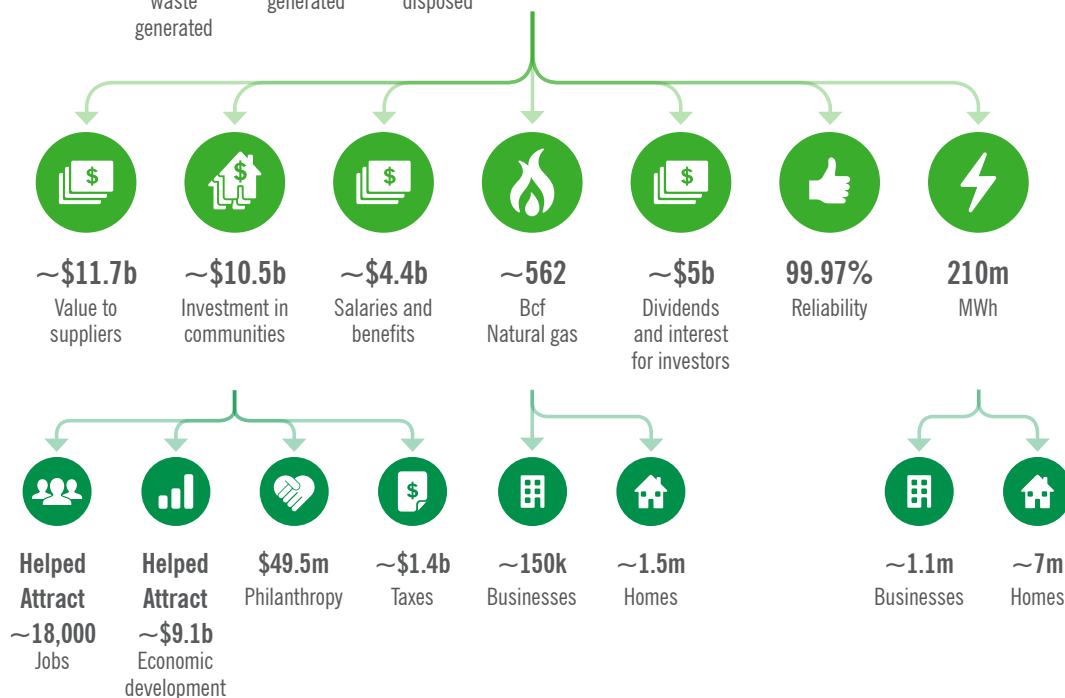
### Mitigating Impacts<sup>1</sup>

Generating energy creates environmental and other impacts, and Duke Energy aims to reduce them. Our recent accomplishments have been notable. Our mission is to do better.



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

Duke Energy powers lives, supports communities and fuels the economy. We believe we can create value when our business objectives help advance societal issues. The company builds strong communities with philanthropic contributions, employee volunteerism and contributing to local economies through paying taxes and the jobs we help attract.



<sup>1</sup> For the year ended December 31, 2020.

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 2020 Duke Energy Annual Report on Form 10-K for detailed notes and further explanations of financial information and this Sustainability Report for more social and environmental information.

# Our Stakeholders and What Matters Most

## The Value of Our Stakeholders

Duke Energy seeks to provide reliable, clean and affordable energy that keeps our communities moving forward.

But with that mission comes a responsibility to deliver smart energy solutions that help our customers accomplish their own goals. No matter what those goals are, energy is a vital driver to a successful finish line.

Our stakeholder audience is diverse. They include customers, shareholders, regulators, environmental organizations, social advocates, community agencies, elected officials, employees and many others. Each stakeholder brings a needed and essential perspective, which is vitally important as we develop future energy solutions to meet their needs.

Getting those perspectives early and often – and then collaborating to develop workable solutions – is essential. We seek that input in many formal and informal ways. They range from remote interactions, one-on-one meetings, open houses with the public or Advisory or Listening Councils.

With so much at stake, securing and transforming our collective energy future depends on hearing many voices. Our commitment to make a positive impact on our communities keeps us focused on listening, learning and adjusting to better meet the needs of those we serve.

## What Matters Most

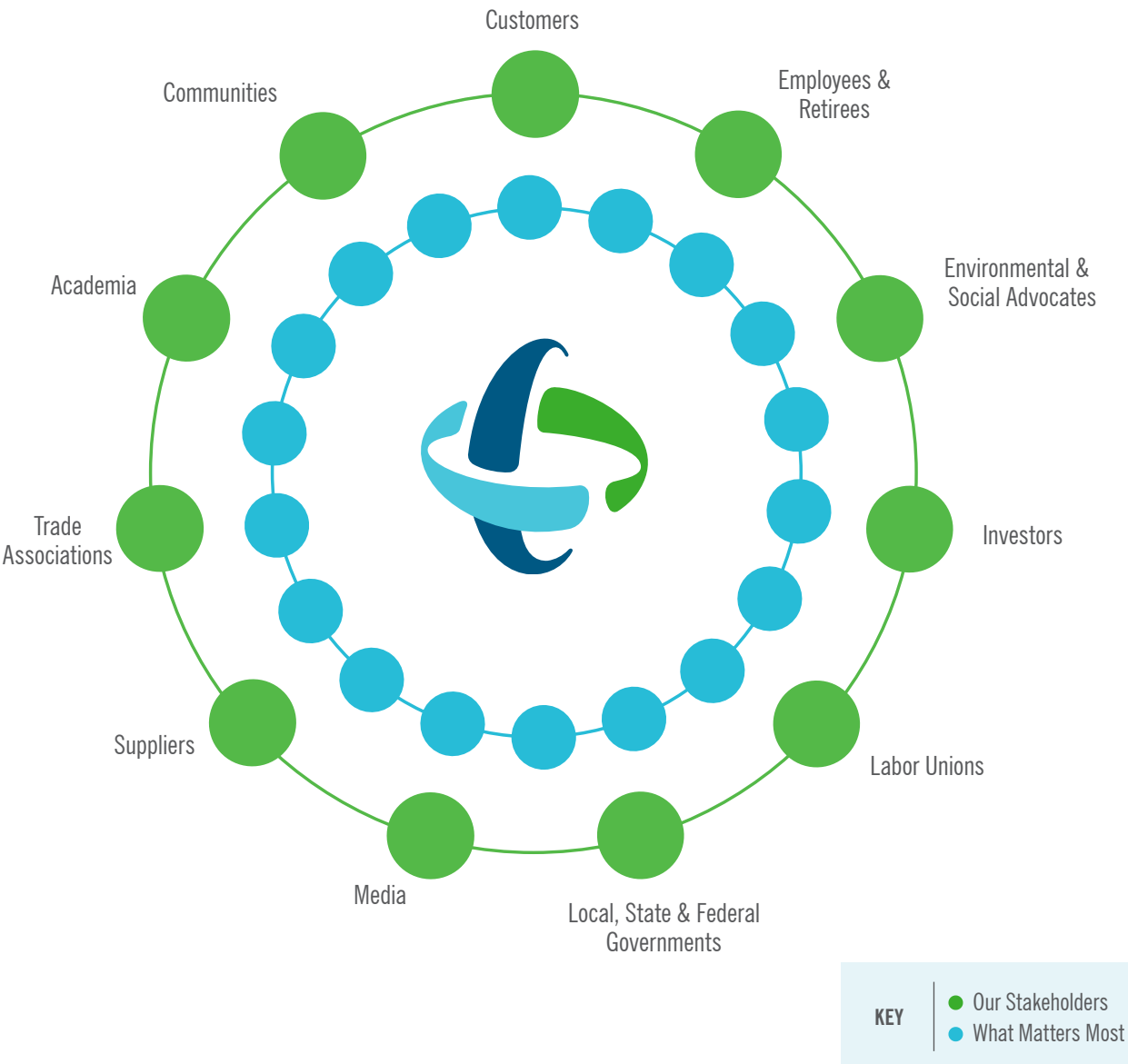
Duke Energy's approach to sustainability focuses on the issues that are most important to our stakeholders and to us. We identify issues from a variety of sources such as stakeholder feedback, surveys, reporting and rating frameworks, thought leader perspectives, social and traditional media coverage, and shareholder proposals in our sector.

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.

The graphic depicts the relationship among Duke Energy, its stakeholders and the most important issues. The stakeholders and issues are both presented alphabetically to make it clear that they are all important while safety, as always, is our No. 1 priority.

# Our Stakeholders and What Matters Most

CONTINUED



## What Matters Most

- Safety: *Our No. 1 Priority*
- Affordable Energy
- Air Emissions
- Biodiversity & Habitat Protection
- Climate Change
- Community Engagement
- Corporate Governance
- Customer Engagement
- Cybersecurity
- Diversity & Inclusion
- Economic Development
- Employee Development & Engagement
- Ethics & Compliance
- Human Rights
- Long-Term Investor Value
- Reliability & Resiliency
- Risk Management
- Water Quality & Availability



# Our Sustainability Plan and 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

### GOALS:

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

**2020 status:** Our generation fleet emitted about 82 million tons of CO<sub>2</sub>, a reduction of over 40 percent from the 2005 level.

- **Energy efficiency – consumption:** Achieve a cumulative reduction in customer energy consumption of 20,000 GWh (equivalent to the annual usage of 1.67 million homes) by year-end 2020.

**2020 status:** As of year-end 2020, energy consumption was reduced by over 20,600 GWh.

**Updated goal:** 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.

- **Energy efficiency – peak demand:** Achieve a cumulative reduction in peak demand of 6,900 MW (equivalent to 11.5 600-MW power plants) by year-end 2020.

**2020 status:** As of year-end 2020, peak demand was reduced by nearly 7,000 MW.

**Updated goal:** 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.

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.

- **Renewables:** Own, operate or contract 16,000 MW of wind, solar and biomass by 2025. (This goal includes 100 percent of the capacity of majority-owned assets that Duke Energy operates.)

**2020 status:** As of year-end 2020, Duke Energy owned, operated or had under contract almost 8,800 MW of wind, solar and biomass.

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

**2020 status:** Water withdrawals were approximately 4.90 trillion gallons, a reduction of 0.44 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).

**2019 status:** Releases of TRI chemicals to water were approximately 162,000 pounds in 2019. These releases are expected to decrease significantly as coal ash basins are closed. (Data for 2020 will be available in August 2021.)

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

**2020 status:** Approximately 80 percent of solid waste generated in 2020 was recycled.

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

**2020 status:** At year-end 2020, over 30 million tons of coal ash in the Carolinas and Midwest had been safely removed and stored in approved facilities. Additional ash units in Indiana have been closed in place following state-approved closure plans. Ash excavation activities are complete at three N.C. locations and one Kentucky location. The remaining high-priority N.C. excavation site plan is on track to be completed in 2022. The N.C. Department of Environmental Quality has approved closure plans for all ash basins at the remaining N.C. sites. The Indiana closure plans are either approved (with some subject to legal challenges) or under review by the Indiana Department of Environmental Management. As of January 2021, all three of the N.C. House Bill 630 ash beneficiation units have commenced operation.

### New Goals

**Methane emissions:** The company announced a new goal in October 2020 to achieve net-zero methane emissions from our natural gas distribution business by 2030.

**Electric vehicles (EVs):** The company announced a new goal in September 2020 to convert 100 percent of our light-duty vehicles to electric and 50 percent of our combined fleet of medium-duty, heavy-duty and off-road vehicles to EVs, plug-in hybrids or other zero-carbon alternatives by 2030.

# Our Sustainability Plan and Goals

CONTINUED

## 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.  
**2020 status:** 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 43: "[Duke Energy's Electric Rates: Below U.S. Average.](#)")

**Reliable energy:** Maintain the high reliability of our electric and natural gas system during 2020.

**2020 status:**

- **Nuclear optimized reliability** was 183.97 versus a target of less than 197.38.
- **Fossil/hydro optimized reliability** was 55.93 versus a target of less than 57.47.
- **Commercial renewables availability** was 94.3 percent versus a target of at least 95.0 percent.

- **Customer delivery reliability** was 87.7 versus a target of at least 100.
- **Natural gas business outage factor** was missed due to an event that caused a loss of service to over 500 customers.

- **Economic development:** Stimulate growth in our communities and help attract at least 45,000 jobs and \$23 billion in capital investments from 2017 through 2021.

**2020 status:** Since 2017, Duke Energy helped our communities attract more than 60,000 jobs and over \$27 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 65,000 jobs and \$30 billion in capital investments from 2017 through 2021.

- **Charitable giving:** The Duke Energy Foundation will invest more than \$30 million annually in charitable giving.  
**2020 status:** The Duke Energy Foundation contributed \$31.9 million. Total 2020 charitable giving was \$49.5 million. (See related graphic on page 46: "[2020 Charitable Giving.](#)")

- **Community volunteerism:** Support our communities with more than 100,000 employee and retiree volunteer hours annually.  
**2020 status:** Over 70,000 hours were donated, mainly through virtual events. As a result of the pandemic, we suspended in-person volunteer events, making it extremely challenging for the company to meet this goal during 2020. This goal will be revisited as we return to more normal conditions post-pandemic.

### EMPLOYEE GOALS:

- **Safety – incident rate:** During 2020, achieve an employee total incident case rate (TICR) of 0.37.

**2020 status:** Total company employee TICR was 0.33. Duke Energy was one of the industry leaders for the sixth year in a row.

- **Safety – fatalities:** During 2020, achieve zero work-related fatalities.

**2020 status:** Tragically, there was one work-related employee fatality.

- **Diversity and inclusion:** Increase our workforce representation of females and race/ethnicity to 25 percent and 20 percent, respectively, by year-end 2020.  
**2020 status:** Female representation was 23.3 percent, and racial/ethnic representation was 18.8 percent. As a result of the pandemic, we significantly reduced external hiring, making

it extremely challenging for the company to meet this goal by year-end 2020. We remain committed to improving the diversity of our workforce and strengthening the culture that supports it. We have initiated strategies to build a more diverse workforce through changes across the hiring life cycle. The timeline for this goal will be updated post-pandemic when external hiring stabilizes.

- **Leadership:** Advance leadership capabilities and bench strength.  
**2020 status:** 82 percent of our senior management positions have at least one "ready now" candidate and we have contingency plans in place for the other positions. Our talent plans focus on developing a strong and diverse pipeline and reinforcing leadership commitment and accountability.

### New Goal

**Employee engagement:** Increase the likelihood of employees to recommend Duke Energy as a place to work to a friend or colleague.

**2020 status:** We care about what's important to our employees and seek feedback on how we can improve. We enhanced our approach to the employee engagement survey by adding an employee Net Promoter Score (eNPS). We now have a solid baseline to build upon, allowing us to set a percentage improvement objective in the future. We will continue to develop and implement actions that help employees feel heard, included and enabled to be successful in their roles.

Governance

*Delivering results with transparency and accountability.*

GOAL  
STATUS

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

GOALS:

- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.

**2020 status:** In 2020, the Board of Directors focused on oversight of the company's key operational and strategic risks, many of which were heightened as a result of the year's events. As part of this focus, the Board specifically assigned the oversight for ESG goals and strategy to the Corporate Governance Committee and the oversight of human capital management, diversity and inclusion to the Compensation Committee, which was renamed the Compensation and People Development Committee in recognition of the importance of such issues. The Compensation and People Development Committee also incorporated a climate goal into the short-term incentive plan for leaders to align compensation to our 2030 and 2050 carbon emissions reduction goals.

**Total shareholder return (TSR):** Outperform other investor-owned utilities in TSR, annually and over a three-year period, as measured by the Philadelphia Utility Index (UTY).

**2020 status:** Duke Energy's TSR results were:

- 4.8 percent in 2020, compared to the UTY return of 2.7 percent.
- 7.4 percent over three years on an annualized basis, compared to the annualized UTY return of 10.5 percent.

- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.

**2020 status:** As of February 23, 2021, Duke Energy had a Bloomberg ESG Disclosure Score of 61.89, the highest score listed by Bloomberg on that date for our peer U.S. utilities.

# Management Approach to Sustainability

## Sustainability Governance

Duke Energy has adopted a management approach to sustainability 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 Corporate Governance Committee of the Board of Directors

Provides board level oversight over sustainability and ESG issues. In addition, other board committees are responsible for certain aspects of sustainability. For example, the Operations and Nuclear Oversight Committee has oversight of environmental, health and safety goals and policies while the Compensation and People Development Committee has oversight of matters related to human capital management, including diversity and inclusion, employee engagement and talent development.

### Chief Executive Officer

Ultimate responsibility for the company's sustainability performance and long-term success.

### Chief Sustainability Officer

Responsible for partnering with business units to develop sustainability goals, integrating sustainable business practices across the company and sustainability reporting.

### Senior Business Leaders

Accountable for applicable sustainability goals and integrating sustainability into respective areas.

### Sustainability Corps Members

Specially trained employees who provide local support and advocacy for sustainable business practices.

### Employees

Implement departmental initiatives and identify local sustainability opportunities.

## About Our Data

This report contains the best data available at time of publication. Social and environmental 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.

## Additional ESG Disclosures

The [Global Reporting Initiative](#) (GRI) is a recognized international framework for economic, environmental and social performance disclosure. We provide a detailed response to GRI indicators on our [website](#), including indicators in GRI's Electric Utilities Sector Disclosures.

The [Sustainability Accounting Standards Board](#) (SASB) provides a reporting framework with industry-specific disclosures for sustainability topics. Duke Energy publishes a SASB disclosure on our [website](#).

The [Edison Electric Institute](#) (EEI) and [American Gas Association](#) (AGA) have developed an environmental, social and governance (ESG) reporting template, with the goal of helping electric and gas utilities provide the financial sector with more uniform and consistent sustainability data and information. This first-of-its kind industry collaboration includes a broad working group of finance sector specialists and industry representatives. Duke Energy publishes its EEI/AGA ESG disclosure on our [website](#).

Please also see our latest [Climate Report](#), [CDP disclosures](#) (formerly known as the Carbon Disclosure Project), Trade Associations Climate [Review](#) and new ESG [website](#).



# Environmental



Seizing the opportunity to  
deliver cleaner energy.



# Environmental

## 2020 Highlights

- Since 2005, decreased carbon dioxide emissions from electricity generation by over 40 percent, sulfur dioxide emissions by over 95 percent and nitrogen oxides emissions by over 80 percent.
- Announced a new goal to achieve net-zero methane emissions from our natural gas distribution business by 2030.
- In 2020, reached a cumulative, multiyear reduction in customer energy consumption of over 20,600 gigawatt-hours, and a reduction in peak demand of nearly 7,000 megawatts (MW).
- As of year-end 2020, owned, operated or had under contract almost 8,800 MW of wind, solar and biomass.
- Built momentum around electric vehicle charging pilot programs and announced a plan to electrify Duke Energy's vehicle fleet.
- Since 2010, retired 51 units at coal-fired power plants, totaling approximately 6,500 MW of capacity.
- Reduced water withdrawn for electric generation by 442 billion gallons since 2016.
- Recycled 80 percent of our solid waste, diverting over 86,000 tons of solid waste from landfills.
- Brought online North Carolina's largest battery – a nearly 9-megawatt facility in Asheville.
- Filed integrated resource plans (IRPs) in North Carolina and South Carolina, outlining six potential pathways to a cleaner energy future over the next 15 years shaped by stakeholder feedback and priorities.

## Challenges and Opportunities

- Continue to move to a low-carbon future by retiring coal plants and replacing them with renewable energy and natural gas plants.
- Continue to reduce methane leaks in our natural gas distribution business by deploying new technologies, operational efficiencies and damage prevention initiatives. Focus on upstream emissions via supplier and industry efforts.
- Further strengthen our grid to enable more renewable energy and to protect against cyber and physical threats.
- Advocate for public policies that advance the innovations necessary to achieve a net-zero carbon future – including longer-duration energy storage, carbon capture, advanced nuclear, hydrogen and other technologies.

## A Bold Vision for Decarbonization

The country is at a critical point in addressing the important issue of climate change. At Duke Energy, we are taking aggressive action to address this challenge while delivering affordable, reliable, and increasingly clean energy.

The company's focus on decarbonizing the generation fleet – with a net-zero 2050 goal for carbon emissions – continues as Duke Energy moves away from coal and shifts to more renewables, energy storage and other emerging technologies. In fact, our transition away from coal is the largest in the industry.

The company is deploying significant amounts of renewables – investments which have already proven beneficial and have helped propel North Carolina, Florida and Texas to be top states for renewable energy in the country.

At the same time, natural gas enables the company to accelerate coal retirements while providing the dispatchable resources needed for the integration of renewables as battery storage and other technologies continue to advance.

These efforts have only further boosted the company's sizable carbon-free energy portfolio, anchored by a nuclear fleet that plays a significant role in maintaining affordability and reliability for millions of customers.

Duke Energy crossed a major milestone in 2020, surpassing 40 percent carbon reduction from electricity generation from

2005 levels. For 2020 and 2021, the pandemic may skew reported results due to reduced energy demand – so there may not be a straight line downward to our interim goal of at least a 50 percent carbon reduction by 2030. But we're poised to hit more significant milestones in the years to come.

It's progress like this that gives us confidence as we move forward with our goals of achieving at least a 50 percent reduction in carbon emissions from electricity generation from 2005 levels by 2030, and net-zero by 2050.

Our efforts reflect the [support](#) we have for President Biden's decision to reenter the Paris Agreement.

The following are critical elements for Duke Energy's path to net-zero carbon:

- Deployment of renewables and energy storage at unprecedented rates
- Maintaining our nuclear fleet
- Transitioning away from coal, with support from natural gas
- Development and deployment of emerging technologies such as longer-duration storage, advanced nuclear, carbon capture, and the use of hydrogen
- Supportive public policy

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](#).

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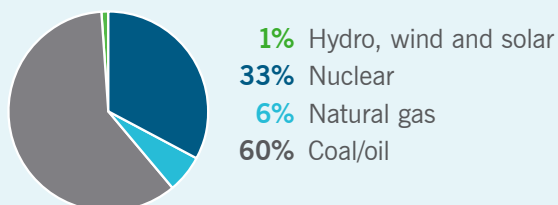
*Duke Energy crossed a major milestone in 2020, surpassing 40 percent carbon reduction from electricity generation from 2005 levels.*

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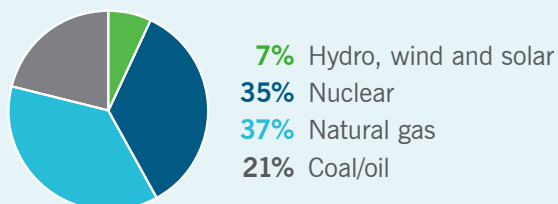
## Moving Toward a Cleaner Generation Fleet and Increased Fuel Diversity

(megawatt-hour output)

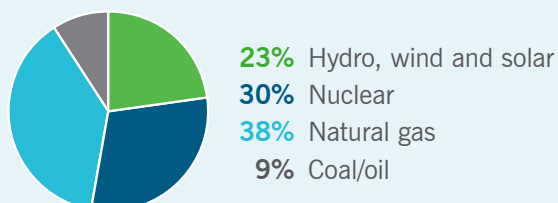
2005<sup>1</sup>



2020<sup>1,2</sup>



2030E<sup>3</sup>



<sup>1</sup> 2005 and 2020 data based on Duke Energy's ownership share of U.S. generation assets as of December 31, 2020.

<sup>2</sup> 2020 data excludes 9,221 GWh of purchased power from solar, wind, hydro and biomass resources, equivalent to approximately 4 percent of Duke Energy's output.

<sup>3</sup> 2030 estimate will be influenced by customer demand for electricity, weather, fuel and purchased power prices, and other factors.

## Energy Efficiency Adapts to Evolving Needs

Duke Energy has a long history of promoting energy efficiency – helping customers use energy more efficiently and wisely. This also helps the company avoid the need for new power plants.

The company exceeded energy efficiency goals by achieving a cumulative reduction in customer energy consumption of 20,656 gigawatt-hours (GWh) at year-end 2020 – equivalent to the annual usage of 1.72 million homes. Duke Energy also reduced cumulative peak demand by 6,957 megawatts (MW) at year-end 2020.

Customer satisfaction with Home and Energy products and services continues to be strong, and Duke Energy Carolinas leads the Southeast in energy efficiency for a fifth straight year, according to a new report from the [Southern Alliance for Clean Energy](#).

The company is making it easier for customers to engage with it via a [customer mobile app](#) and a [marketplace](#) where customers can buy products and find programs that can help them save energy and money.

While 2020 was a very challenging year for many customers, schools in our service area used the opportunity to expand and update their facilities to be more energy efficient.

Indiana's Noblesville Schools took advantage of available rebates and upgraded lighting to LED flat panels in 10 schools and their administration building, which will result in an estimated 4 GWh saved.

And over the past four years, Wake County Schools in North Carolina submitted over 30 projects to improve how energy is used in the school system. Sixteen projects were finalized in 2020, resulting in 3.3 GWh saved.

As customers' energy efficiency needs and expectations are changing, Duke Energy is evolving too to help customers save energy and money, plus benefit the environment.





## Renewables Rolling Ahead in 2020

With a goal of doubling Duke Energy's wind, solar and biomass portfolio by 2025, increased activity in renewable energy the past 12 months should come as no surprise.

The company added more than 700 megawatts (MW) of Duke Energy-owned renewable energy capacity in 2020 – making progress on our 2025 goal of 16,000 MW of owned, operated and contracted renewables.

For Commercial Renewables, the company added three solar projects, totaling 460 MW, in Texas and Colorado.

For regulated utilities, Florida continues to be a growth area for the company. Last year, Duke Energy brought a pair of large solar projects totaling almost 150 MW online. It also has two others under construction.

In early 2021, Florida regulators approved the company's Clean Energy Connection program, providing a pathway for a variety of customers to participate in large-scale solar and obtain bill credits in exchange for a monthly subscription fee – offering more options for customers to support the clean energy transition within our company on a voluntary basis.

Under the program, Duke Energy plans to invest an estimated \$1 billion in new solar power plants across Florida, totaling an additional 750 MW of new solar. The first plants will go online in 2022 and more will follow through 2024. Overall, 10 more plants are planned.

In North Carolina, the company's \$62 million solar rebate program helped more customers than ever go solar. The successful five-year program led about 5,500 customers to install private solar systems in the state during 2020.

Duke Energy also helped large customers go solar in 2020 with its Green Source Advantage program. The city of Charlotte, Bank of America and Duke University are all pursuing new solar projects under the company's program, which allows large energy users to negotiate directly with solar developers on independent solar projects.

In South Carolina, the company crafted an agreement with the solar business community on how the company will compensate customers through net metering. Regulators still must approve the measure, but the details could be a road map as other states look for a solution that works for all stakeholders.





## Energy Storage Picks Up Momentum

Battery energy storage will play a significant role as Duke Energy aims to reduce carbon dioxide emissions (CO<sub>2</sub>) from electricity generation at least 50 percent below 2005 levels by 2030 and achieve net-zero CO<sub>2</sub> emissions by 2050.

Among several benefits, energy storage increases grid flexibility, which helps manage the continued growth of intermittent renewable resources on the energy grid.

The company currently has plans for approximately 375 megawatts (MW) of energy storage across our regulated businesses over the next five years, representing about \$600 million of new investment.

Already, the company has commercial and regulated battery projects operating in Indiana, Ohio, North Carolina and Texas – and more are planned, with some coming online in 2021.

In North Carolina, the company brought online the state's largest battery last year – a nearly 9-MW facility in Asheville.

In South Carolina, an innovative microgrid setup is being planned at the Anderson County Civic Center. A 5-MW battery will be grid-connected and will provide backup power at the facility, which supports several emergency service agencies and serves as the state's largest hurricane evacuation shelter.

In Florida, the company is well on its way to install 50 MW of battery storage with six projects under construction in the state in 2021 – improving grid reliability and power quality.

A unique project is currently under construction – combining solar power and battery storage at John Hopkins Middle School in St. Petersburg. It will also serve as a microgrid and deliver backup power when the school serves as a special needs hurricane evacuation shelter.

Of course, batteries are not the only energy storage technology. The company has 2,200 MW of pumped storage hydro power. Over the next three years, Duke Energy will increase the capacity at its Bad Creek facility in South Carolina by 280 MW as it upgrades the facility.





## Nuclear Essential to Meeting Carbon Goals

Nuclear energy continues as Duke Energy's largest carbon-free power source.

Generating approximately 50 percent of the Carolinas electricity, nuclear will continue to be an important energy source as the company works toward its goal of achieving net-zero carbon emissions by 2050.

An important step in reaching that goal is obtaining subsequent license renewal for the nuclear fleet. These licenses, renewed by the U.S. Nuclear Regulatory Commission, will allow the reactors operated by Duke Energy in the Carolinas to continue operating for an additional 20 years. The application process for Oconee Nuclear Station in South Carolina, the largest nuclear station, began in 2018 and the application will be submitted in 2021.

But the company isn't stopping there – emerging technology initiatives like advanced nuclear, which includes a wide range of small modular light-water reactors and advanced non-light-water reactor designs, are also being explored.

While the company's existing nuclear fleet provides the baseload, carbon-free capacity needed by our customers, advanced nuclear will provide an even stronger partnership with renewable energy sources like solar and wind.

In 2020, the Duke Energy nuclear fleet generated more than 73 billion kilowatt-hours of electricity and avoided the release of almost 50 million tons of carbon dioxide. Duke Energy's nuclear fleet marked its 22nd consecutive year with a fleet capacity factor – a measure of reliability – greater than 90 percent. The 2020 fleet capacity factor was 94.42 percent.

## Advancing New Technologies Needed for Net-Zero Carbon

Duke Energy is investing in innovation and technology to better serve customers and produce energy in an affordable, reliable and environmentally beneficial way.

To transition to a net-zero carbon future, the company will need to add new and evolving low- and no-carbon generation technologies that complement our growing portfolio of renewable resources and can be dispatched to help meet peak energy demand – for example, during cold winter mornings when solar power isn't available.

The use of hydrogen might be part of the equation.

That's why Duke Energy is teaming up with Siemens Energy and Clemson University to study the use of hydrogen for energy storage and as a low- or no-carbon fuel source to produce energy at the company's combined heat and power plant in South Carolina.

The study includes research on hydrogen production, storage, co-firing with natural gas and multiple forms of hydrogen production, such as using electrolysis, which produces hydrogen from water and has no byproducts.





Hydrogen also has the potential to store larger quantities of energy more efficiently and for longer durations than current lithium-ion battery technology.

Hydrogen integration is a possibility at many of Duke Energy's natural gas stations, and the company has a proven record of integrating dual-fuel types into existing operations.

Starting in 2016, Duke Energy launched co-firing projects at the Belews Creek Steam Station, Marshall Steam Station and Rogers Energy Complex in North Carolina. In 2021, eight units will have the ability to burn natural gas in addition to coal – rather than coal only – to reduce carbon dioxide and other emissions.

Other new technologies besides hydrogen will also be important. We are leaning in to support and evaluate the potential for advanced nuclear; carbon capture, utilization and storage; and long-duration energy storage technologies through efforts like our partnership with TerraPower and GE to demonstrate an advanced nuclear reactor, along with pilots of advanced battery chemistries.

Duke Energy is also a founding member and anchor sponsor of the Electric Power Research Institute/Gas Technology Institute's Low Carbon Resource Initiative – a five-year industrywide effort to accelerate the development and demonstration of technologies to achieve deep decarbonization.

## The Rise of the Green-Enabled Grid

Duke Energy is improving the electric grid, making it more resilient and more resistant to outages from severe weather, and preparing it to enable cleaner energy options and a lower-carbon future.

Today's electric grid is built upon a foundation of power plants that push energy in one direction to homes and businesses. But as renewable energy and other distributed generation sources expand, managing that energy flow becomes more complex. Instead of one-way power flow generated at the time customers need it, power needs to flow in multiple directions from locations across the grid, and often when there isn't customer demand for energy to match.

Duke Energy is seeing substantial growth in renewables across the system. For example, in North Carolina in 2020, grid-connected rooftop solar installations jumped by 50 percent, with around 18,000 solar sites now connected across the state.

That's why the company is making improvements now to ready the grid for more renewables and distributed technologies, and to support the company's commitment to significantly expand cleaner energy and achieve net-zero carbon emissions from electricity generation by 2050.

The company is also building a smart-thinking grid that intelligently manages the two-way power flow needed to sustainably grow solar, wind, battery storage, and electric vehicles.

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*Duke Energy announced in October 2020 its goal of reducing methane emissions in its natural gas distribution companies to net-zero by 2030.*

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This technology also provides resiliency benefits by automatically detecting outages and quickly rerouting power to other lines to restore power faster or avoid the outage altogether. In 2020, smart, self-healing technology helped avoid more than 800,000 extended customer outages, saving more than 1.8 million hours of lost outage time. The company plans to significantly expand the capabilities and benefits of this technology over the next few years.

With grid improvement initiatives taking place in every state we serve, our goal is to better serve customers across a smarter, more resilient, green-enabled grid that is ready for the energy opportunities that lie ahead.

## The Path to Eliminating Methane Emissions

Duke Energy announced in October 2020 its goal of reducing methane emissions in its natural gas distribution companies to net-zero by 2030.

The company has already completed an industry-leading step by eliminating all cast iron and bare steel main piping in its systems, a major contributor to methane leakage.

It has deployed new technologies, operational efficiencies and damage prevention initiatives in its natural gas distribution businesses in five states, including Piedmont Natural Gas in North Carolina, South Carolina, and Tennessee, and the Midwest natural gas business in Ohio and Kentucky.

Pilot projects are well underway using satellites, fixed-wing aircraft, drones and real-time measurement devices to

pinpoint leaks even faster, increasing the measurement and monitoring of methane emissions.

Targeting the unintended escape of methane when third parties damage pipelines, Duke Energy and Piedmont are deploying expert technicians to oversee high-risk excavations.

To focus on upstream emissions, the company is driving its natural gas procurement process for gas distribution and power generation toward suppliers with low methane emissions – striking a balance between responsible procurement and maintaining affordability for customers.

Also, the company joined ONE Future, a coalition of natural gas companies finding solutions to voluntarily reduce methane emissions across the natural gas supply chain – with a goal to lower emissions to less than 1 percent by 2025.

Getting to the finish line of net-zero methane emissions may include the use of renewable natural gas. Renewable natural gas provides a very beneficial offsetting advantage by removing methane from the agriculture and waste sectors and using it as a fuel source.

## Investing in Renewable Natural Gas

To help reach our net-zero methane from natural gas distribution by 2030 goal, the company invested in a minority share of SustainRNG, which will design, finance, build and operate renewable natural gas (RNG) sites in collaboration with dairy farmers. Duke Energy can continue to invest in individual projects as they are developed.





RNG is biomethane captured from the breakdown of organic waste, including landfills and manure. Once processed to remove contaminants and meet pipeline quality standards, it has the same properties as natural gas.

SustainRNG's projects will capture methane from manure, which would otherwise be released to the atmosphere, using advanced generation technology developed by Trane Technologies and licensed exclusively to SustainRNG for use in the agricultural sector.

SustainRNG is on track to complete its first project in 2021, with future projects in development. Growing this partnership will continue to benefit customers and reduce the company's carbon footprint by bringing more natural gas to market in an environmentally responsible way.

RNG also has been added to the company's compressed natural gas (CNG) offerings.

Through a partnership with Utah-based Bluesource, RNG is being used at a Piedmont Natural Gas CNG fueling station in Nashville, Tennessee. The Natural Gas Business Unit plans to extend RNG to the remainder of Piedmont's 11 publicly accessible CNG fueling stations in the Carolinas.

CNG vehicles already are noteworthy for lowering greenhouse gas emissions, and by fueling with RNG, customers enjoy an additional environmental benefit.

## Electrifying the Drive

Because of progress in the electric sector, the transportation sector is now the largest source of carbon emissions. Growing adoption of electric vehicles (EVs) charged by an increasingly green grid will inevitably lower carbon emissions.

It's a major reason Duke Energy has introduced comprehensive initiatives to embrace and encourage the transition to greater electrification – paving the way for more EVs on the highways.

Starting inside the company, Duke Energy has committed to electrifying its own fleet. The company has pledged to convert 100 percent of its nearly 4,000 light-duty vehicles and 50 percent 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 addition to expanding charging at company facilities to support the fleet electrification goal, Duke Energy is also installing workplace chargers at all work locations to enable employees to drive electric.

In Florida, the company's Park and Plug pilot has installed more than 570 EV public charging stations throughout the state. To date, drivers have used the Park and Plug network for over 60,000 charging sessions, displacing more than 90,000 gallons of gasoline.

In early 2021, Duke Energy Florida filed a settlement, which includes permanent programs that will deploy charging stations across the state.



Major regulatory hurdles were cleared last year as pilot programs were approved in both North Carolina and South Carolina.

In North Carolina, a \$25 million pilot program will lead to the installation of 200 public Level 2 and fast charging stations, additional stations at multifamily buildings and a school bus electrification pilot that will allow school districts to change out diesel buses with electric ones.

In South Carolina, the company will provide up to a total of \$1,000 for 400 residential Duke Energy Carolinas customers who install a Level 2 charging station, provide access to their charging data, and manage EV charging load to occur during off-peak periods. The company will also deploy 60 fast chargers there to expand access to fast charging infrastructure in the state.

Another pilot program is awaiting regulatory action in Ohio.

In early 2021, Duke Energy announced a major step to help large businesses and municipalities with all the planning, financing, acquisition and deployment services to electrify their fleets. The company, [eTransEnergy LLC](#), a new, wholly owned subsidiary, will provide unregulated services to assist school districts, transit services and companies across the country achieve their economic and sustainability goals as they transition to clean energy transportation options.

Duke Energy is also excited to have joined the Zero Emission Transportation Association (ZETA) as a founding member. [ZETA](#) is the first industry-backed coalition of its kind advocating for 100 percent of vehicles sold by 2030 to be EVs.

## Mindful of Our Water Supply

A prolonged drought could impact electricity generation because many traditional power plants require large amounts of water for cooling purposes. At the other weather extreme, heavy flooding could disable electrical substations during major storms.

Deploying water management strategies in an evolving future that accounts for multiple scenarios is therefore key to the company's long-term success.

**Drought Protection** – The company is investing in new power generation technologies that greatly reduce freshwater use, such as wind, photovoltaic solar and natural gas combined-cycle technologies – and using nontraditional water sources, like brackish water and municipal and industrial wastewater.

In Florida, the Hines Energy Complex, Intercession City plant and Osprey Energy Center use reclaimed water in energy generation, further reducing our freshwater footprint.

**Flood Protection** – Duke Energy has implemented flood-mitigation measures to protect substations, including installing barriers and relocating certain equipment. This helps protect – and keep – essential systems operating during severe storms.

**Integrated Water Management** – Duke Energy is only one user of valuable water resources. By collaborating with local water utilities, environmental groups and recreation enthusiasts on watershed and drought planning, the company can address the long-term needs of local communities.



This collaborative and forward-thinking approach to managing regional water supplies ensures the sustainability of water resources for a growing population while meeting energy production needs.

## New Milestones in Coal Ash

With all of its coal ash basins removed from service systemwide, Duke Energy is making strong progress in finalizing the disposition of ash. This includes recycling it into concrete when doing so makes sense for customers and communities – an option that safely removes the ash from the environment.

Importantly, with the addition of [three new ash reprocessing facilities](#) that came online in late 2020 and early 2021, the company now has the capacity to recycle more coal ash than its power plants produce annually in the Carolinas.

Concrete is stronger when using ash as an ingredient, making some of the most beautiful buildings in the world possible, like the One World Trade Center in New York. But excess carbon in the ash has to be removed first – too much carbon and the concrete would be brittle.

Advanced technology within the three reprocessing facilities extracts this excess carbon. Notably, carbon from the ash itself powers the extraction process, resulting in a highly sustainable system.

And for every ton of ash encapsulated into concrete, about 1 ton of greenhouse gas emissions is avoided by reducing the need to mine natural materials as concrete ingredients. Overall, Duke Energy recycled nearly 1 million tons of ash in 2020, along with 1.4 million tons of gypsum, another coal combustion byproduct.

Systemwide, closure work is now complete on nearly one-third of Duke Energy's ash basins. In North Carolina, state regulators approved closure plans for the company's remaining sites in North Carolina, confirming the plans are "protective of public health and the environment."

The company also reached a settlement with the North Carolina Attorney General, North Carolina Public Staff and Sierra Club on safe basin closure costs, providing immediate benefits to customers and long-term certainty for the company and its investors. In Indiana, closure work is complete on six basins with 16 remaining, three of which are nearing completion. And half of the company's South Carolina basins have already been excavated, as has the lone basin in Kentucky.

Learn more about how we are leading the industry in [safely closing ash basins](#).

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*Overall, Duke Energy recycled nearly 1 million tons of ash in 2020, along with 1.4 million tons of gypsum, another coal combustion byproduct.*

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## Coal Plant Retirements

Duke Energy is increasingly providing cleaner energy to our customers, shifting to more flexible, lower- and no-carbon sources while maintaining reliability and rates below the national averages. Since 2010, we have retired 6,539 megawatts (MW) of older coal capacity, while investing in natural gas and renewables. By year-end 2025, we plan to retire an additional 1,922 MW of older coal capacity, which will bring coal plant retirements to roughly one-third of our former coal fleet. The remaining coal plant retirements are planned on a glidepath to enable the company to reach its carbon emissions reduction goals.

### Retired Coal Units<sup>1</sup>

	Location	Units	Total capacity (megawatts)	Actual retirement date
Edwardsport Station	Ind.	6, 7, 8	160	2010
Cliffside Steam Station	N.C.	1, 2, 3, 4	198	2011
Buck Steam Station	N.C.	3, 4	113	2011
W.H. Weatherspoon Plant	N.C.	1, 2, 3	170	2011
Gallagher Station	Ind.	1, 3	280	2012
Cape Fear Plant	N.C.	5, 6	316	2012
Beckjord Station	Ohio	1	94	2012
Dan River Steam Station	N.C.	1, 2, 3	276	2012
H.F. Lee Plant	N.C.	1, 2, 3	382	2012
Robinson Plant	S.C.	1	177	2012
Buck Steam Station	N.C.	5, 6	256	2013
Riverbend Steam Station	N.C.	4, 5, 6, 7	454	2013
Sutton Plant	N.C.	1, 2, 3	553	2013
Beckjord Station	Ohio	2, 3	222	2013
Beckjord Station	Ohio	4, 5, 6	543	2014
W.S. Lee Steam Station	S.C.	1, 2	200	2014
W.S. Lee Steam Station	S.C.	3	170	2015 Converted to natural gas
Miami Fort Station	Ohio	6	163	2015
Wabash River Station	Ind.	2, 3, 4, 5, 6	668	2016
Crystal River Energy Complex	Fla.	1, 2	766	2018
Asheville Plant	N.C.	1, 2	378	2020
<b>Total</b>		<b>51</b>	<b>6,539</b>	

### Planned Coal Unit Retirements

	Location	Units	Total capacity (megawatts)	Planned retirement date
Gallagher	Ind.	2, 4	280	2021
Allen Steam Station <sup>2</sup>	N.C.	2 - 4	677	2021
Allen Steam Station <sup>2</sup>	N.C.	1, 5	421	2023
Rogers Energy Complex (Cliffside Steam Station) <sup>3</sup>	N.C.	5	544	2025
Gibson Station <sup>4</sup>	Ind.	5	310	2026
Roxboro Steam Plant	N.C.	3, 4	1,392	2027
Cayuga Station	Ind.	1, 2	995	2028
Roxboro Steam Plant	N.C.	1, 2	1,047	2028
Mayo Steam Plant	N.C.	1	704	2028
Gibson Station	Ind.	3, 4	1,252	2034
Crystal River Station	Fla.	4, 5	1,410	2034
Marshall Steam Station <sup>3</sup>	N.C.	1 - 4	2,058	2034
Gibson Station	Ind.	1, 2	1,260	2038
Belews Creek <sup>3</sup>	N.C.	1 - 2	2,220	2038
East Bend Steam Plant	Ky.	2	600	2041
Edwardsport IGCC	Ind.	1	595	2045
Rogers Energy Complex (Cliffside Steam Station) <sup>3</sup>	N.C.	6	844	2048
<b>Total</b>		<b>31</b>	<b>16,609</b>	

1 In addition to coal unit retirements, a number of older oil/natural gas generation units have been or will be retired.

2 Allen units 1-3 must retire by December 31, 2024, per a 2009 settlement agreement with the U.S. Environmental Protection Agency.

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

4 Represents Duke Energy ownership share.



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*Duke Energy serves as an environmental steward by monitoring the rivers and lakes adjacent to its generating facilities, including management of aquatic species across 39 reservoirs in the Carolinas.*

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## Protecting Aquatic Habitats

Duke Energy serves as an environmental steward by monitoring the rivers and lakes adjacent to its generating facilities, including management of aquatic species across 39 reservoirs in the Carolinas.

For example, from June to October each year, Duke Energy environmental scientists survey nearly 1,800 miles of shoreline from Lake James in western North Carolina to Lake Wateree in South Carolina for invasive plants like hydrilla. If it spreads enough, this weed can affect water flow to power plants, restrict access to boat ramps and swimming beaches, threaten drinking water and harm wildlife habitat.

Similar to how land-based kudzu destroys forests, hydrilla grows quickly and has no native predators – millions of dollars are spent annually across the United States to slow its spread.

Since hydrilla appeared in its reservoirs in the 1990s, the company has worked with management agencies to eradicate the plant by introducing predators like sterile grass carp, applying herbicides

and removing plants by hand. Since the easiest and least expensive way to stop hydrilla is to prevent it from taking hold, teams also spend time educating boaters and lake-front property owners about invasive species.

Company scientists do far more than control summer weeds. Others take water samples, survey the fish population, and collect habitat and lake health information year-round. The data is used to optimize plant operations and ensure compliance with state and federal regulatory requirements that protect the public and the environment.

In fact, Duke Energy's scientific monitoring has been underway for 60 years in some water bodies, allowing the company, governmental agencies and other stakeholders to confirm that environmental conditions remain healthy for aquatic life and human use.



## Accelerating Renewables While Reducing Impacts

Duke Energy plans to grow its renewables portfolio to 16,000 megawatts by the end of 2025. While these clean energy sources are emissions-free, they can still face environmental hurdles – and the company is taking a leading role in getting ahead of this challenge.

For example, hundreds of thousands of bats die every year at North American wind farms. Ultrasonic deterrents were seen as one potential solution, but very few field studies had been conducted at utility-scale facilities. When Duke Energy's environmental scientists learned of a promising new technology in need of a host site, they offered to facilitate a study at the company's Los Vientos wind farm in south Texas.

In partnership with Texas State University, Texas Parks & Wildlife, Bat Conservation International, Vestas, and NRG Systems, the technology's developer, researchers tested a device that emits high-frequency sounds on 16 of the site's 255 wind turbines. This ultrasonic sound essentially disrupts the bats' echolocation capabilities – their system for navigation and finding food.

It does not harm the bats but since they cannot echolocate, they leave the area around the turbine's blades. The sound is above human hearing range, dissipates quickly and does not impact other wildlife or livestock.

Over the course of a two-year study, the system was found to reduce bat fatalities by 50 percent overall, and by nearly 80 percent for the hoary bat, a species of conservation concern. The results were significant enough that Duke Energy committed to add the technology to all 255 Los Vientos turbines – the first commercial-scale installation in the continental United States.

Such measures aren't limited to bats. At other wind farms, Duke Energy has implemented innovative eagle protection systems and facilitated research into their effectiveness; one recent study demonstrated an 82 percent reduction in eagle fatalities. By sharing this third-party analysis, the company hopes its leading-edge approach will help accelerate renewable energy growth nationwide.

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*In partnership with Texas State University, Texas Parks & Wildlife, Bat Conservation International, Vestas, and NRG Systems, the technology's developer, researchers tested a device that emits high-frequency sounds on 16 of the site's 255 wind turbines.*

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# Environmental Performance Metrics

## 2020 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>88,597</b>	<b>42.2%</b>	<b>13,227</b>	<b>24.8%</b>
Nuclear	73,722	35.1%	8,907	16.7%
Wind <sup>2</sup>	6,958	3.3%	1,424	2.7%
Conventional Hydro <sup>2</sup>	4,101	2.0%	1,336	2.5%
Solar <sup>2</sup>	3,816	1.8%	1,560	2.9%
<b>Total Lower-Carbon</b>	<b>77,843</b>	<b>37.1%</b>	<b>20,348</b>	<b>38.1%</b>
Natural Gas	77,843	37.1%	20,348	38.1%
<b>Total Higher-Carbon</b>	<b>43,996</b>	<b>21.0%</b>	<b>17,641</b>	<b>33.0%</b>
Coal	43,928	20.9%	16,622	31.1%
Oil	68	0.03%	1,019	1.9%
Pumped-Storage Hydro <sup>3</sup>	-505	-0.24%	2,220	4.2%
<b>Total</b>	<b>209,931</b>	<b>100%</b>	<b>53,436</b>	<b>100%</b>
<b>Purchased Renewables<sup>2</sup></b>	<b>9,221</b>	<b>Equivalent to 4%</b>	<b>4,195</b>	<b>Equivalent to 8%</b>

1 All data, except for purchased renewables, based on Duke Energy's ownership share of generating plants as of December 31, 2020.

Totals do not add up exactly because of rounding.

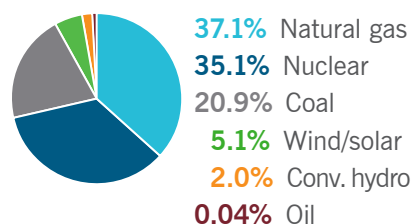
2 See "Statement Regarding Renewable Energy Certificates" on page 65.

3 Pumped-storage hydro helps meet peak demand and, like other storage technologies, consumes more energy than it produces.

## 2020 electricity generated and generation capacity

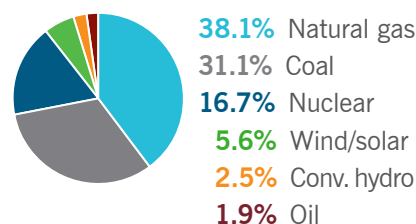
Duke Energy has a diverse, increasingly clean generation portfolio. Over 40 percent of the electricity we generated in 2020 was from carbon-free sources, including nuclear, wind, hydro and solar. Over 37 percent was from lower-carbon natural gas, which emits about half as much carbon dioxide as coal when used for electric generation. And 21 percent was from higher-carbon coal and oil. Taken together, owned and purchased renewables are equivalent to 11 percent of our MWh generation.

## 2020 Electricity Generated<sup>1</sup>



1 Excludes pumped-storage hydro.

## 2020 Generation Capacity<sup>1</sup>



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

	2008	2018	2019	2020
<b>Coal</b> (million tons)	63.1	29.3	24.3	<b>19.7</b>
<b>Oil</b> (million gallons)	230.6	64.9	26.0	<b>19.4</b>
<b>Natural gas</b> (billion cubic feet)	163.4	610.3	567.1	<b>584.9</b>

1 All data based on Duke Energy's ownership share of generating assets as of the end of each calendar year.

## 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 natural gas and renewables.

## Environmental Performance Metrics

CONTINUED

### Water Withdrawn and Consumed for Electric Generation

(billion gallons)

	2011	2018	2019	2020
Withdrawn	5,900	4,991	4,657	4,899
Consumed	105	84	73	68
Consumption intensity (gallons per MWh generated)	456	374	337	325

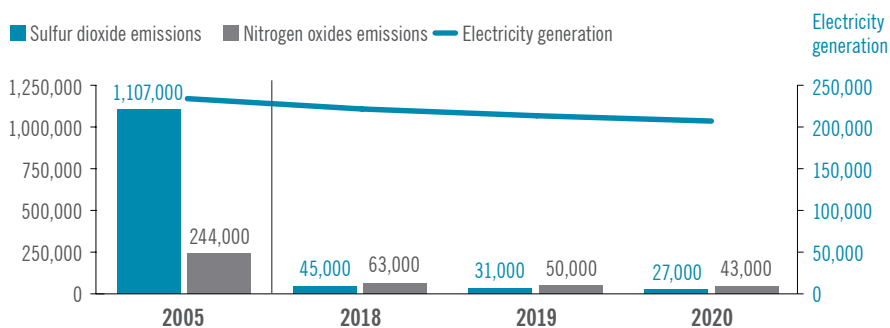
### Scope 1 Emissions

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

	2005	2018	2019	2020
CO <sub>2</sub> emissions (thousand short tons)	153,000	105,000	93,000	82,000
CO <sub>2</sub> emissions intensity (pounds per net kWh)	1.29	0.94	0.86	0.78
SO <sub>2</sub> emissions (short tons)	1,107,000	45,000	31,000	27,000
SO <sub>2</sub> emissions intensity (pounds per net MWh)	9.3	0.4	0.3	0.3
NO <sub>x</sub> emissions (short tons)	244,000	63,000	50,000	43,000
NO <sub>x</sub> emissions intensity (pounds per net MWh)	2.1	0.6	0.5	0.4
CH <sub>4</sub> emissions (CO <sub>2</sub> equivalent) (thousand short tons)	420	218	186	157
N <sub>2</sub> O emissions (CO <sub>2</sub> equivalent) (thousand short tons)	731	369	361	300

<sup>1</sup> All data based on Duke Energy's ownership share of generating assets as of December 31, 2020. Totals may not add up exactly due to rounding.

### Sulfur Dioxide and Nitrogen Oxides Emissions (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 99 percent 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 over 40 percent, sulfur dioxide (SO<sub>2</sub>) emissions decreased by over 95 percent and nitrogen oxides (NO<sub>x</sub>) emissions decreased by over 80 percent. These decreases are primarily due to decreased demand for electricity in 2020 due to the economic downturn caused by the COVID-19 pandemic, the addition of pollution control equipment for SO<sub>2</sub> and NO<sub>x</sub> in previous years, decreased coal generation, increased natural gas and renewables generation and replacement of higher-emitting plants.



## Environmental Performance Metrics

CONTINUED

### Methane Emissions from Natural Gas Distribution

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

	2017	2018	2019	2020
<b>CH<sub>4</sub> emissions</b> (CO <sub>2</sub> equivalent)	175	176	185	<b>196</b>

1 Methane emissions are calculated by applying EPA emission factors to the miles of pipeline and the number of services, and adding component leaks based on survey data.

### Sulfur Hexafluoride Emissions from Electric Transmission and Distribution

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

	2017	2018	2019	2020
<b>SF<sub>6</sub> emissions</b> (CO <sub>2</sub> equivalent)	536	336	526	<b>423</b>

1 SF<sub>6</sub> emissions fluctuations are due to maintenance, replacement and storm repair needs.

### Scope 2 Greenhouse Gas Emissions

(thousand short tons)

	2019	2020
<b>Power purchases</b> Estimated CO <sub>2</sub> emissions from power purchases for Duke Energy facilities that are not served by Duke Energy itself.	5.8	<b>4.1</b>

### Scope 3 Greenhouse Gas Emissions

(thousand short tons)

	2019	2020
<b>Fuel and energy-related activities</b> (not reported in Scope 1 or 2) Estimated CO <sub>2</sub> equivalent emissions associated with electricity Duke Energy purchased for resale.	13,400	<b>14,600</b>
<b>Use of sold products</b> Estimated CO <sub>2</sub> equivalent emissions from the use of natural gas that Duke Energy delivered to its end-use customers.	19,400	<b>18,300</b>
<b>Employee travel</b> Estimated CO <sub>2</sub> emissions associated with employee air and auto travel.	18.1	<b>5.4</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.

### Sulfur hexafluoride emissions

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

## Environmental Performance Metrics

CONTINUED

### Toxic Release Inventory

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

	2007	2017	2018	2019
Releases to air	97,969	5,226	5,110	4,259
Releases to water	257	174	520	162
Releases to land	22,052	9,728	10,148	8,290
Off-site transfers	155	2,211	3,469	3,122
<b>Total</b>	<b>120,434</b>	<b>17,338</b>	<b>19,246</b>	<b>15,832</b>

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

### Waste

	2017	2018	2019	2020
<b>Solid waste</b>				
■ <b>Total generated</b> (thousand tons) <sup>1</sup>	109	104	118	108
■ <b>Percent recycled</b>	80%	79%	77%	80%
<b>Hazardous waste generated</b> (tons) <sup>2</sup>	126	281	232	2,536
<b>Low-level radioactive waste</b> (Class A, B and C) generated (cubic feet) <sup>3</sup>	148,188	126,123	140,331	—

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. Piedmont Natural Gas is included beginning in 2017.

2 Hazardous waste generation fluctuates mainly due to maintenance projects. For example, in 2020 a very large 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 2020 will be available later in 2021.

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

	2017	2018	2019	2020
Spills	46	32	17	18
Gallons	5,062	387	140	208

1 Excludes Piedmont Natural Gas.

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

	2017	2018	2019	2020
Citations	10	17	25	13
Fines/penalties (dollars)	\$19,797	\$533,776	\$97,558	\$581

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

### Toxic Release Inventory (TRI)

Duke Energy's TRI releases for 2019 were down 87 percent 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 2020 will be available in August 2021.)

### Waste

Duke Energy met its goal to recycle 80 percent of solid waste. We are working on strategies to continually improve performance on this goal in the future. (This goal excludes Duke Energy Renewables, 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.



## Social

### 2020 Highlights

- Exceeded our internal customer satisfaction metric target by nearly 15 percent.
- Provided electric rates below the national average in all customer classes and all service areas for the seventh consecutive year.
- Duke Energy and its Foundation provided more than \$8 million to COVID-19 relief efforts, and more than \$2 million was provided by the Duke Energy Foundation to social justice and racial equity organizations.
- Our employees and retirees volunteered over 70,000 hours, mostly through virtual events.
- Our economic development team helped attract nearly 18,000 new jobs and \$9.1 billion in capital investment to our service territories.
- Quickly put protocols in place to protect our employees and customers and moved approximately 18,000 employees to remote work.
- Remained one of the electric utility industry's top leaders in safety performance with a total incident case rate of 0.33.
- Named one of America's Best Employers for Diversity and one of America's Best Employers for Women in 2020 by Forbes magazine.
- Conducted more than 500 Pathways to Inclusion sessions for employees to share ways to make our workplace more inclusive.
- Received a perfect score for the fourth year in a row on the Human Rights Campaign Foundation's 2021 Corporate Equality Index, earning inclusion on the organization's list of Best Places to Work for LGBTQ Equality.

### Challenges and Opportunities

- Continue to engage with stakeholders to achieve positive outcomes on matters important to our communities.
- Respond to the accelerating pace of industry transformation and use data, technology and insights to be more efficient and bring customers better value.
- Foster a high-performance and inclusive culture built on strong leadership, safety, diversity and engaged employees.
- Ensure transfer of knowledge from our workers nearing retirement to other employees.



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*Throughout the crisis, Duke Energy worked diligently to connect customers to federal funding in efforts to help those in need of economic assistance.*

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## Being There for Customers

Delivering customer-focused, innovative solutions to meet our customers' needs is at the forefront of everything we do at Duke Energy.

This drive was never more evident than last year when the COVID-19 pandemic led to significant financial hardship for many of our customers and communities.

At the start of the pandemic, the company launched a sweeping series of unprecedented steps to help Duke Energy and Piedmont Natural Gas customers, including suspending disconnections for nonpayment and suspending late payment fees and credit card payment fees.

Early on the company reached out to those customers with past-due balances, offering flexible payment arrangements. We also developed a host of convenient new digital tools that:

- Enabled customers to self-enroll in online interest-free, multimonth installment plans
- Allowed our agency partners to provide financial commitments electronically and, in some instances, process payments collectively

- Gave customers a one-stop destination for the most up-to-date information with a dedicated COVID-19 [webpage](#)
- Prepared over 800 employee volunteers with the necessary means to join our call center employees and offer customers one-on-one assistance as we resumed our standard billing and credit policies

And throughout the crisis, Duke Energy worked diligently to connect customers to federal funding in efforts to help those in need of economic assistance.

The ability to pivot and to do so quickly was recognized by our customers and resulted in the highest customer satisfaction ratings the company has experienced in several years, surpassing our internal target that measures customer satisfaction by nearly 15 percent. In addition, Duke Energy's improvement in J.D. Power Customer Service Indices has outpaced the industry.

Duke Energy continues to take direct action to address customers who are experiencing hardships as a result of the pandemic. In 2021, the company remains focused on providing flexible payment policies to those customers in need.



## Bringing Jobs and Investment to Local Communities

In 2020, Duke Energy's economic development team helped bring nearly 18,000 new jobs and \$9.1 billion in new capital investment, through 114 projects, to local communities in North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky – states served by Duke Energy's electric utilities.

Projects included a \$450 million investment in Rockingham County, North Carolina, where an abandoned brewery will be transformed into a [pet food manufacturing facility](#), and a similar project in Ohio.

Duke Energy's economic development team specializes in multiple business sectors, including aerospace, data centers, advanced manufacturing, automotive, life sciences and food/beverage processing.

In addition, the team evaluated 21 properties for potential business and industrial development through Duke Energy's Site Readiness Program. The company uses the program to partner with local economic development agencies to identify potential industrial sites, assess the sites' strengths and weaknesses, facilitate site improvements, and market the sites to future businesses.

Since 2005, the Site Readiness Program has evaluated 312 sites – with 66 “project wins,” generating \$9.4 billion in new capital investment and more than 13,000 new jobs.

In 2020, Duke Energy also provided more than \$2 million to local economic development agencies and initiatives to fund job creation and business development projects. In addition, Site Selection magazine named Duke Energy to its “Top Utilities in Economic Development” list for the 16th consecutive year.

## Duke Energy's Electric Rates: Below U.S. Average

In effect as of July 1, 2020  
(cents per kilowatt-hour (kWh))

### Residential

Duke Energy Kentucky	8.96
Duke Energy Carolinas-NC	10.70
Duke Energy Indiana	11.39
Duke Energy Ohio	11.40
Duke Energy Progress-NC	11.98
Duke Energy Progress-SC	12.16
Duke Energy Carolinas-SC	12.21
Duke Energy Florida	13.01
U.S. AVERAGE	13.65

### Commercial

Duke Energy Progress-NC	8.65
Duke Energy Kentucky	8.85
Duke Energy Ohio	8.98
Duke Energy Progress-SC	9.13
Duke Energy Carolinas-NC	9.22
Duke Energy Indiana	9.47
Duke Energy Carolinas-SC	10.11
Duke Energy Florida	10.21
U.S. AVERAGE	11.30

### Industrial

Duke Energy Carolinas-SC	7.90
Duke Energy Progress-SC	7.99
Duke Energy Kentucky	8.07
Duke Energy Progress-NC	8.11
Duke Energy Ohio	8.14
Duke Energy Indiana	8.29
Duke Energy Carolinas-NC	8.35
Duke Energy Florida	9.35
U.S. AVERAGE	9.46

Source: Edison Electric Institute Typical Bills and Average Rates Reports, Summer 2020 (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. Certain adjustments made due to computation errors.

# Economic Development

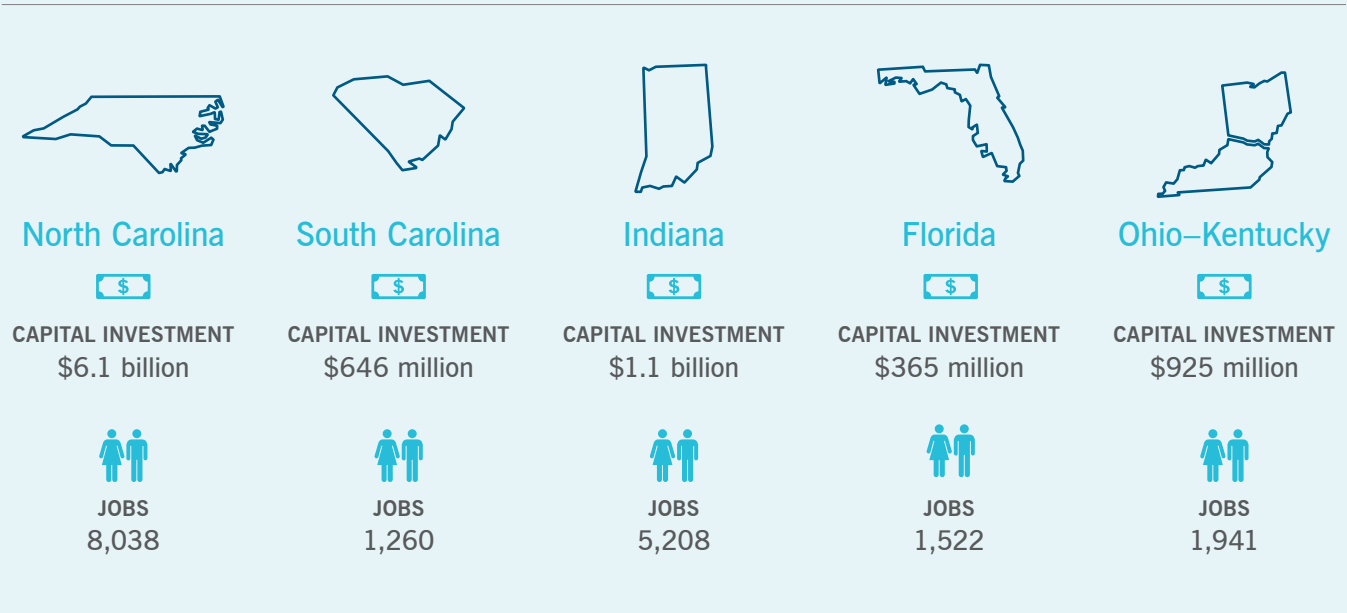
Duke Energy works with state and local authorities to promote economic growth in our communities, helping attract business investment and jobs. Duke Energy helped attract approximately 18,000 jobs and \$9.1 billion of investment in 2020.

\$9.1 billion

Total Capital Investment

18,000

Total Jobs



## Reliability is a Priority

Safe, reliable power is a high priority for Duke Energy and our 7.9 million customers. To help improve reliability performance, each year the company sets customer delivery and generation reliability targets.

### Customer Delivery

Duke Energy began using the customer delivery reliability measure in 2019, which takes into account the average duration of outages, customers experiencing multiple outages and customers experiencing lengthy outages. The 2019 and 2020 targets were 100 or higher (higher is better). The 2019 result was 144, and the 2020 result was 88. We did not meet our 2020 target due to severe weather in our service territories.

### Generation

Duke Energy has a diverse, increasingly clean generation fleet with carbon-free nuclear, hydro, wind and solar; lower-carbon natural gas; and higher-carbon coal and oil-powered plants. And in 2020, the fleet reliably met customer demand.

The nuclear fleet optimized reliability, which is a measure of generation reliability along with the cost to achieve that reliability, continued a six-year positive trend, with a 2020 index of 183.97. The fossil/hydro fleet's optimized reliability continued its six-year positive trend, with a 2020 index of 55.93. The commercial fleet's renewables availability was 94.3 percent, showing solid performance and an improvement over 2019.

	2017	2018	2019	2020	2020 Target
Nuclear optimized reliability <sup>1,2</sup>	230.46	198.49	183.36	183.97	197.38 (lower is better)
Fossil/hydro optimized reliability <sup>1,2</sup>	61.64	59.54	57.83	55.93	57.47 (lower is better)
Commercial renewables availability <sup>2</sup>	94.6%	95.3%	94.0%	94.3%	95.0% (higher is better)

1 Lower numbers indicate better performance.

2 Based on units operated by Duke Energy and ownership share.



## Supporting our Customers, Communities and Employees

2020 brought an immense number of challenges for our country, communities, customers and employees. To provide relief, the Duke Energy Foundation adapted to support those in need providing a total of \$31.9 million in charitable giving.

### COVID-19 support

Duke Energy and its Foundation provided more than \$8 million in support of hunger relief, local health and human services, educational initiatives, public utility assistance and small business relief.

[Initial giving](#) focused on hunger relief, such as meals for seniors, children and families affected by school closings and in support of local health and human services organizations.

Giving shifted as needs grew to focus on public utility assistance across most of our service territory, feeding and supporting our critical health care workers in the Midwest and Duke Energy small business support. In addition, the Duke Energy Foundation provided more than \$550,000 in assistance to qualified employees through the Relief4Employees program.

### Social justice and racial equity

The racial injustice and social unrest highlighted the systemic racism and inequity many Americans face. The Duke Energy Foundation committed more than \$2 million to social justice and racial equity organizations with \$1 million in employee-directed grants.

Employees from an employee-led resource group, Advocates for African Americans, and from company Diversity and Inclusion Councils worked to identify local organizations. One hundred twenty organizations focused on reducing disparities, civic engagement and policy and criminal justice reform across the seven states where the company has natural gas and electric customers received funds.

A key focus of 2020 charitable giving was COVID-19 relief and racial equity. The Powerful Communities workforce and nature grants continued with a focus on how to best meet the community needs with the flexibility that 2020 demanded.

The company recognizes the needs are great for many. Duke Energy continues to look for ways to support our customers, communities and employees.

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*Duke Energy and its Foundation provided more than \$8 million in support of hunger relief, local health and human services, educational initiatives, public utility assistance and small business relief.*

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## Employees Stay Committed to Communities

Despite the COVID-19 pandemic, Duke Energy teammates were as committed to their communities as ever in 2020 – providing over 70,000 volunteer hours, mainly through virtual events.

Through the company's signature volunteerism initiative, Illuminating Kindness, employees participated in virtual volunteer events like creating storm kits (as shown in photo), writing cards for first responders and helping food banks stay stocked. In recognition for these acts of kindness, the company donated \$50,000 toward customer assistance in honor of our employee volunteers.

Employees found ways to volunteer throughout the year in all seven states Duke Energy serves. In Nashville, [Tami Sturges had an idea](#) that would help young adults find affordable housing.

When her team noticed a house was in the path of a pipeline project, she wondered if it could be repurposed until it had to be demolished. With a few co-workers and help from nonprofit Monroe Harding, which provides foster care and housing assistance, they furnished the three-bedroom house and found tenants to fill it.

In Florida, Duke Energy employees found another unusual way to volunteer their time and talent. Eric Latimer, who manages the company's [Crystal River Mariculture Center](#), provided the Citrus County Family Resource Center with enough fresh fish fillets to feed 1,500 families.

### 2020 Charitable Giving



**\$31.9m**  
Duke Energy Foundation

**\$7.2m**  
Other company cash contributions<sup>1</sup> and in-kind gifts and services<sup>2</sup>

**\$8.4m**  
Cash contributions from employees and retirees

**\$2.0m**  
Estimated value of volunteers' time

<sup>1</sup> Includes charitable giving associated with regulatory settlements.

<sup>2</sup> Payment made in the form of goods and services instead of money.



*To respond to the challenges created by COVID-19, the company quickly mobilized a cross-functional team to ensure the safety of our workforce and that we continued to provide essential power to our communities.*

He and other employees helped prepare and transport the fish, which were raised at the Mariculture Center. The Mariculture Center exists to serve an ever-increasing role in environmental stewardship, and Latimer and his team are always looking for ways to help the community – during the pandemic, he said, nothing is more important than feeding people.

## Continuing to Improve on Safety

Although the COVID-19 pandemic presented a significant challenge in 2020, Duke Energy's proactive response allowed our workforce to sustain daily operations while continuing to deliver strong safety results.

Duke Energy's total incident case rate improved in 2020 to 0.33, the lowest in five years. Tragically, one employee was fatally injured and another suffered a life-altering injury. The company will lean on its industry-leading safety culture as it continues to strive for zero significant injuries.

To respond to the challenges created by COVID-19, the company quickly mobilized a cross-functional team to ensure the

safety of our workforce and that we continued to provide essential power to our communities. The team took a systematic approach to limiting potential exposure to the virus and conducting testing and exposure tracking.

Duke Energy implemented workplace disinfection and social distancing practices and provided workers with personal protective equipment, following guidance from the Centers for Disease Control and Prevention. Employees also leveraged technology to minimize personal contact, including enabling nearly all customer care representatives to work from home helping to mitigate the spread of the virus. In all, the company implemented 20 new guidance procedures to help employees and leaders understand and adhere to COVID-19 safety measures.

Beyond implementing extensive workplace safety measures, Duke Energy provided resources and enhanced benefits to support our workers' mental and physical health during this challenging year. For example, the company offered health care coverage for COVID-19 testing, wellness coaching and flexible paid time off. It also launched an in-house nurse response team to guide exposed employees through recovery and eventual return to work.

### Safety Performance Metrics

	2017	2018 <sup>1</sup>	2019	2020
Employee and contractor work-related fatalities	2	3	3	1
Employee total incident case rate (TICR) <sup>2,3</sup>	0.36	0.43 <sup>4</sup>	0.38	0.33
Employee lost workday case rate (LWCR) <sup>2,5</sup>	0.15	0.15	0.14	0.18

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). Top decile in 2019 for employee TICR was 0.53 (Edison Electric Institute survey for companies with more than 7,000 employees).

4 TICR excluding Natural Gas Business Unit was 0.34.

5 Number of lost workdays per 100 workers.



Duke Energy's rigorous approach to health and safety will continue in 2021 as it looks for additional ways to support our workers, customers and communities.

## Expanding Support of Human Rights

Human rights are the basic rights and freedoms to which all humans are entitled. The freedom to life, liberty and personal security. The right to equality and freedom from discrimination and degrading treatment.

In April 2019, Duke Energy was one of the first companies in our industry to adopt a [Human Rights Policy](#) that outlines policies and practices to ensure an ongoing commitment to and respect for human rights. Duke Energy respects international human rights principles, including those identified by the United Nations. Duke Energy prohibits the use of forced labor, child labor and any form of human trafficking.

The company joins many national and global businesses that commit to mitigating human rights issues through educating employees about how to identify and report possible human rights abuses like human trafficking.

Duke Energy developed the *Energy Workers Against Human Trafficking* training course. The course is being deployed among field workers, who through their extensive work throughout our communities, may observe signs of human trafficking. In the training, workers learn how to recognize the signs of human trafficking and report what they see to the appropriate authorities.

In addition, Duke Energy is committed to serving as a strong community partner, actively working to help ensure the communities we operate in are valued and respected and treated equitably and fairly. The company will engage intentionally and proactively with stakeholders by listening, seeking feedback and responding to questions and concerns when working on infrastructure projects.

Duke Energy embraces environmental justice principles that advance the fair treatment and ensure meaningful involvement of the communities we serve, regardless of race, color, national origin, or income. These principles guide how we conduct business in our communities; whether that is siting or building a new facility or developing technologies and infrastructure, we do so with the community in mind.

As the company transitions to cleaner energy, we recognize the importance of our power plants to both the communities and the local workforce. As we retire coal plants, we will strive – as we have done in the past – to transition impacted employees to new opportunities and will work to match communities with appropriate resources. (See related article “[Developing Inside Talent](#).”)

This will continue to be an important conversation as Duke Energy – along with all stakeholders – strive for a cleaner energy future for all.

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*Duke Energy was one of the first companies in our industry to adopt a Human Rights Policy that outlines policies and practices to ensure an ongoing commitment to and respect for human rights.*

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## Our Diversity and Inclusion Journey

This past year taught Duke Energy a lot about listening and learning from our employees, customers and communities. It brought us closer together and furthered us along our journey to be more equitable, inclusive and transparent.

Duke Energy's diversity and inclusion (D&I) foundation is built on these key priorities:

- Leadership commitment and accountability
- Improving the diversity of our workforce and leadership
- Strengthening our culture of inclusion

[Learn more](#) about the actions we are taking in each of these areas.

The culture, accountability and support for D&I starts at the top with our leadership team. We work hard to provide a culture that ensures employees feel welcomed, respected, heard and valued – and able to bring the best version of themselves to work every day. 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.

We believe transparency is an important part of our journey and our aspiration is to reach targets that are goal markers for D&I progress. We remain focused on our goals of increasing the representation of females and race/ethnicity in the workforce to 25 percent and 20 percent, respectively.

Our diversity data will continue to be noted in the [Workforce Performance Metrics](#) section of this report to follow our progress each year.

The events of 2020 once again illuminated the issue of systemic racism and inequity suffered by many Americans in the United States. Internally, we listened, learned and related to one another through more than 500 Pathways to Inclusion sessions. These conversations were also an opportunity for employees to share ways to make our workplace more inclusive.

These conversations sparked the formation of a new enterprise level Diversity and Inclusion (D&I) Council to reinforce the work of numerous existing business unit D&I Councils and help accelerate our progress on diversity and inclusion at Duke Energy.

Externally, the Duke Energy Foundation committed more than \$2 million to social justice and racial equity organizations with \$1 million in employee-directed grants. Employees from an employee-led resource group, Advocates for African Americans, and from company D&I Councils worked to identify local organizations. The company will continue to engage employees, local organizations and leaders to understand how to be a part of the long-term solutions our communities seek.

Much more work is needed to turn actions into results. We are committed to this journey and know that our success makes us stronger as a company and a community.

## Developing Inside Talent

The acceleration of digital technology and changes in the industry have impacted the way we work. Duke Energy is preparing for the future through a focus on developing skills and agility across our workforce.

As the COVID-19 pandemic swept the globe, Duke Energy paused its external hiring efforts, which created a natural emphasis and real-time need to have a flexible internal workforce.

At the same time, the company accelerated the launch of an internal talent marketplace to leverage short-term, temporary assignments to provide greater career development opportunities for employees. The popular program is creating greater flexibility for our workforce.

In fact, more than one-third of employees participating in temporary assignments are working outside of their normal business unit. Feedback from participants expressed support for the program – creating an atmosphere where current employees can learn and grow within the company.

The company also launched a new online learning platform – including learning programs for cybersecurity, IT and other important skills. This will help prepare employees to take on new roles and opportunities in critical areas.

Duke Energy is a strong believer in workforce agility – building new skills and competencies and continuing to shift the mindset about new ways of working. This will provide a competitive advantage going forward.

[Learn more](#) about how Duke Energy's learning and development programs prepare leaders and employees to meet future challenges.

## Net Promoter Score Tracks Employee Engagement

In January 2018, Duke Energy began using the Net Promoter Score (NPS), a well-known metric used to measure customer loyalty. The company captures information through its own proprietary survey. In the three years the company has been collecting NPS data, the survey has helped us significantly improve customer satisfaction by acting upon valuable insights gained about what matters most to customers.

In 2020, we started applying the lessons learned from our customer experience team to launch a new employee survey using an employee Net Promoter Score (eNPS). This new approach will enable us to leverage the success of the customer satisfaction program to also improve employee engagement. Duke Energy firmly believes that how customers feel about the experience of doing business with us begins with engaged employees.

The 2020 employee engagement survey allowed employees to make their voices heard, with 63 percent of employees participating. We began measuring employees' likelihood to recommend Duke Energy as a place to work by asking the eNPS question, "How likely are you to recommend working at Duke Energy or Piedmont Natural Gas to a friend or colleague?" We now have a solid baseline to build upon, allowing us to set a percentage improvement objective in the future.

Overall, employees feel proud to work at Duke Energy and are motivated to help the company reach its goals. Of particular note, 90 percent of employees said their immediate manager supports diversity and inclusion in the workplace. Employees also identified aligning rewards with performance as an improvement opportunity.

In 2021, the company is enhancing our approach to the employee engagement survey and implementing ongoing monthly status checks. We will provide data-driven insights to our leaders for ongoing employee conversations, enabling deeper discussions around employee sentiment at the team level. We will also continue to develop and implement programs to support a new employee engagement framework focused on helping employees feel heard, included and enabled to be successful in their roles.

# Workforce Performance Metrics

## Workforce Statistics

	12/31/18	12/31/19	12/31/20
Full- and part-time employees	29,923	28,649	27,730
Collective bargaining unit members as percent of workforce	18.1%	18.8%	18.7%

## 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. The COVID-19 pandemic led to an external hiring pause in 2020 and we did not make the workforce progress desired. However, progress is being made advancing diverse representation in leadership.

	12/31/18	12/31/19	12/31/20
<b>Workforce Diversity</b>			
■ Females as percent of workforce	23.3%	23.7%	23.3%
■ Race/Ethnicity as percent of workforce	18.1%	18.8%	18.8%
<b>Leadership Diversity</b>			
■ Females as percent of all leadership <sup>1</sup>	18.8%	19.4%	19.8%
■ Females as percent of vice presidents and above	22.2%	23.5%	27.2%
■ Females as percent of chief officer roles (COO, CFO, etc.)	28.6%	28.6%	30.4%
■ Race/Ethnicity as percent of all leadership <sup>1</sup>	11.9%	12.3%	13.0%
■ Race/Ethnicity as percent of vice presidents and above	18.5%	17.6%	18.5%
■ Race/Ethnicity as percent of chief officer roles (COO, CFO, etc.)	19.0%	23.8%	26.1%

<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

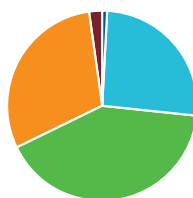
	2018	2019	2020
Turnover as percent of workforce	8.0%	12.2%	5.7%
Percentage of employees eligible to retire in five years <sup>1</sup>	42%	41%	42%
Percentage of employees eligible to retire in 10 years <sup>1</sup>	54%	52%	53%

<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 73 percent of Duke Energy's workforce. Traditionalists and baby boomers comprise about 27 percent. 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\*



**0.1%** Traditionalists (born before 1946)  
**26%** Baby boomers (born 1946-1964)  
**41%** Generation X (born 1965-1981)  
**30%** Millennials (born 1982-1995)  
**2%** 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.

2020

EEO-1 Job Category <sup>1</sup>	White	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	Total
<b>Executive or Senior Level Officials and Managers</b>	<b>141</b>	<b>19</b>	<b>4</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>173</b>
▪ Male	103	13	3	0	4	2	1	126
▪ Female	38	6	1	0	1	1	0	47
<b>First or Mid-Level Officials and Managers</b>	<b>3,416</b>	<b>319</b>	<b>79</b>	<b>4</b>	<b>49</b>	<b>21</b>	<b>29</b>	<b>3,917</b>
▪ Male	2,823	204	52	4	34	17	20	3,154
▪ Female	593	115	27	0	15	4	9	763
<b>Professionals</b>	<b>8,533</b>	<b>1,097</b>	<b>314</b>	<b>3</b>	<b>371</b>	<b>43</b>	<b>157</b>	<b>10,518</b>
▪ Male	6,369	586	198	1	246	33	116	7,549
▪ Female	2,164	511	116	2	125	10	41	2,969
<b>Technicians</b>	<b>1,364</b>	<b>141</b>	<b>31</b>	<b>1</b>	<b>15</b>	<b>13</b>	<b>21</b>	<b>1,586</b>
▪ Male	1,214	107	25	1	10	11	19	1,387
▪ Female	150	34	6	0	5	2	2	199
<b>Sales Workers</b>	<b>66</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>77</b>
▪ Male	51	4	0	0	0	1	0	56
▪ Female	15	5	1	0	0	0	0	21
<b>Administrative Support Workers</b>	<b>1,380</b>	<b>1,029</b>	<b>200</b>	<b>4</b>	<b>19</b>	<b>14</b>	<b>105</b>	<b>2,751</b>
▪ Male	260	169	66	2	5	0	33	535
▪ Female	1,120	860	134	2	14	14	72	2,216
<b>Craft Workers</b>	<b>7,174</b>	<b>658</b>	<b>127</b>	<b>3</b>	<b>32</b>	<b>81</b>	<b>108</b>	<b>8,183</b>
▪ Male	7,017	617	123	3	29	77	106	7,972
▪ Female	157	41	4	0	3	4	2	211
<b>Operatives</b>	<b>420</b>	<b>45</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>477</b>
▪ Male	394	42	4	0	1	5	2	448
▪ Female	26	3	0	0	0	0	0	29
<b>Laborers and Helpers</b>	<b>36</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>
▪ Male	31	10	0	0	0	0	0	41
▪ Female	5	2	0	0	0	0	0	7
<b>Service Workers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
▪ Male	0	0	0	0	0	0	0	0
▪ Female	0	0	0	0	0	0	0	0
<b>Totals by Race</b>	<b>22,530</b>	<b>3,329</b>	<b>760</b>	<b>15</b>	<b>492</b>	<b>181</b>	<b>423</b>	<b>27,730</b>
▪ Male	18,262	1,752	471	11	329	146	297	21,268
▪ Female	4,268	1,577	289	4	163	35	126	6,462

1 Data as of December 31, 2020, as submitted by Duke Energy on its consolidated EEO-1 report to U.S. Equal Employment Opportunity Commission.



# Governance



Delivering results with  
transparency and accountability.



## Governance

### 2020 Highlights

- Achieved adjusted earnings per share of \$5.12, compared to \$5.06 in 2019.
- Swiftly responded to COVID-19 with exceptional cost management, producing \$450 million in mitigation actions.
- Hosted inaugural Environmental, Social and Governance (ESG) Day for investors, showcasing our clean energy transformation.
- Implemented the Hire North Carolina program to maximize the use of locally owned and diverse contractors for major construction.
- In early 2021, published a [report](#) that reviewed the major trade associations to which the company belongs and their positions on climate policy.

### Challenges and Opportunities

- Deliver value to our stakeholders and grow our business by investing \$59 billion in capital over the next five years, with an emphasis on investments in the grid and cleaner energy.
- Stay abreast of best practices and continue to provide strong corporate governance.
- Continue to be a leader in environmental, social and governance (ESG) transparency in our industry.

# Effective Governance at the Top

Effective corporate governance is a critical component to the success of Duke Energy's 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 in which 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 environmental, social and governance (ESG) matters, goals and strategies, as well as how our company's performance metrics and incentives align with those goals.

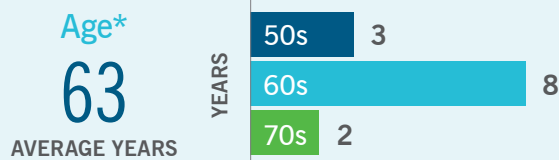
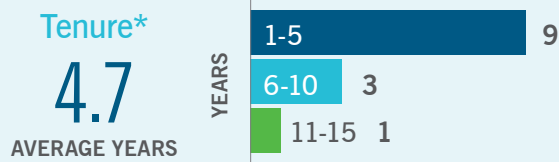
The Board looks at the composition of its members annually – with a strong focus on diversity, including gender, race, background, skills and areas of experience – which enhances the quality of the Board's discussions and decisions.

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.

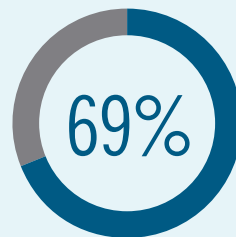
All members of the Board, except Good, are independent and comprise the six committees: Audit, Compensation and People Development, Corporate Governance, Finance and Risk Management, Operations and Nuclear Oversight, and Regulatory Policy. The committees oversee all operational, financial, strategic 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 2021 Annual Meeting of Shareholders and the [corporate governance section](#) of our website.

## Our Board Composition

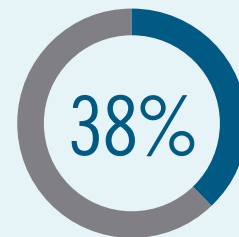


### Board Refreshment\*



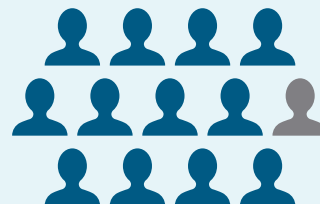
**9 out of 13 director** nominees were first appointed or nominated for election in the last five years

### Gender, Racial and Ethnic Diversity\*



**5 out of 13** director nominees are female or identify as a part of a minority group

## Independence



**12 out of 13** director nominees are independent (all directors except chair, president and CEO)

\*Information provided for director nominees at the 2021 Annual Meeting of Shareholders.

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*The Board of Directors' Compensation and People Development Committee added a climate-related metric to the short-term incentive plan in 2021, further bolstering the company's commitment to decarbonization.*

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## Compensation: Based on Performance, Metrics

Duke Energy maintains a performance-based, metrics-driven executive compensation program, designed to:

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

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, Duke Energy measures the performance of its nuclear and renewable generation assets through a reliability metric under the company's short-term incentive (STI) plan.

The Board of Directors' Compensation and People Development Committee added a climate-related metric to the STI plan in 2021, further bolstering the company's commitment to decarbonization. The metric focuses on incenting Duke Energy's leadership team to advance the company's climate strategy based on relevant criteria specific to each senior executive.

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

- **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 demands for cleaner energy, based on a composite of customer satisfaction survey results for each business area.
- **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 of injuries and illnesses among employees.

Duke Energy regularly reviews its compensation program and performance metrics with the Board's Compensation and People Development Committee, revising as needed.

For more information about Duke Energy's compensation practices, see the [proxy statement](#) for the 2021 Annual Meeting of Shareholders.



## Strong Results and a Clear Financial Vision

In 2020, Duke Energy achieved adjusted earnings per share (EPS) of \$5.12, compared to \$5.06 in 2019, representing continued growth. Despite the challenges presented during the year, Duke Energy advanced its long-term strategy to achieve a clean energy future, delivered on its commitments to customers and shareholders and positioned the company for additional growth in the years ahead.

The electric, gas and commercial renewables businesses delivered positive results in 2020, which were supported by significant customer growth in our electric and gas businesses, rate case activity in Indiana, Kentucky, North Carolina and Florida, and new renewables projects placed in service.

In 2020, the company swiftly responded to COVID-19 and major storms with exceptional cost management, producing \$450 million in mitigation actions.

The company also took proactive steps to support the balance sheet, helping pave the way for an increase in the company's five-year capital plan to fund clean energy investments, grid improvement projects and enhance customer experience. These

efforts also bolstered the company's earnings growth potential as it delivers sustainable value for shareholders.

Given 2020 results and a robust five-year \$59 billion capital plan, the company announced its 2021 adjusted EPS guidance range of \$5.00 to \$5.30, with a midpoint of \$5.15 per share – and increased its long-term adjusted earnings growth rate to a range of 5 to 7 percent through 2025, based on the 2021 midpoint.

Duke Energy remains committed to offering an attractive, long-term value proposition to its shareholders. 2020 marked the company's 14th consecutive year of paying an increased dividend to its investors – growing 2 percent. The company's dividend yield continues to be one of the highest in the industry at 4.1 percent as of February 9, 2021.

The company also added a fourth transaction to its growing list of capital raising efforts involving minority-owned firms serving in lead underwriting roles – a clear demonstration of Duke Energy's commitment to diversity and inclusion. Duke Energy Progress (DEP) completed a \$700 million debt offering with seven diverse and minority-owned financial firms.

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*Duke Energy advanced its long-term strategy to achieve a clean energy future, delivered on its commitments to customers and shareholders and positioned the company for additional growth in the years ahead.*

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## Financial Highlights

December 31, 2020

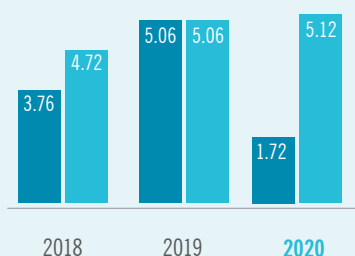
(In millions, except per share data)<sup>1</sup>

	2018	2019	2020
Total operating revenues	\$24,521	\$25,079	\$23,868
Income from continuing operations	\$2,625	\$3,578	\$1,075
Reported basic and diluted earnings per share (GAAP)	\$3.76	\$5.06	\$1.72
Adjusted basic and diluted earnings per share (non-GAAP)	\$4.72	\$5.06	\$5.12
Dividends declared per share	\$3.64	\$3.75	\$3.82
Total assets	\$145,392	\$158,838	\$162,388
Long-term debt including finance leases, less current maturities	\$51,123	\$54,985	\$55,625

<sup>1</sup> See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2020, for detailed notes and further explanations.

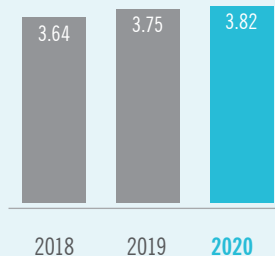
### Earnings per share

(in dollars) ■ Reported Diluted ■ Adjusted Diluted



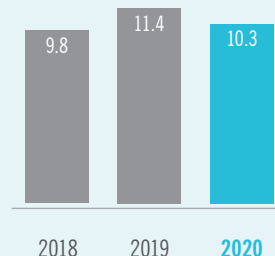
### Dividends declared per share

(in dollars)



### Capital and investment expenditures

(dollars in billions)



The company also hosted its inaugural [Environmental, Social and Governance \(ESG\) Day](#) during 2020 – highlighting those important issues to shareholders.

Duke Energy's total shareholder return – measured as the change in stock price plus the reinvestment of dividends – for 2020 was 4.8 percent, outperforming the Philadelphia Utilities Index (UTY) by approximately 210 basis points.

Duke Energy is confident in its climate strategy, vibrant service area growth, proven capability to control costs and consistent work with stakeholders will achieve constructive outcomes that benefit a wide range of stakeholders. The company is confident in the road ahead, focused on delivering strong, long-term returns for our shareholders and providing industry-leading service to our customers for years to come.

## Incorporating Risk Management

Operating critical infrastructure to deliver clean, reliable and affordable energy comes with inherent risk. As interest around climate change and the company's clean energy transition continues to grow, Duke Energy is leveraging its enterprisewide risk management philosophy to help inform and advance our long-term vision.

Duke Energy's strong risk management culture is underpinned by the company's ability to plan beyond the next year – or even five years. The company is looking into the next decade to identify, evaluate and mitigate risks associated with its net-zero carbon emissions target, including physical infrastructure, the transition to cleaner energy sources, federal and state energy policies and the development of new technologies.



To manage these risks effectively, the company includes climate change considerations into its 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.

The responsibility for managing climate risk is cascaded throughout the organization. Business unit leaders across the company analyze risks and determine how the company can best address near-term and long-term risks. The Board of Directors is also integral in reviewing the annual enterprise risk assessment and routinely discusses climate risk governance.

Duke Energy incorporates 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- or 20-year plans (depending on the state) provide options for how Duke Energy can continue to serve customers and communities in the future.

The filings consider forecasts of potential future climate policies, future electricity demand, fuel prices, transmission improvements, new generating capacity, integration of renewables, energy storage, energy efficiency and demand response initiatives. As we prepare these proposals, the company incorporates feedback from stakeholders and clearly considers risks to reach climate-focused goals at the state, federal and company level.

## Storm Response at Home and Elsewhere

A record hurricane season, winter storms and severe weather, and an unprecedented pandemic challenged Duke Energy crews and every community that we serve in 2020. It was clear by March that the pandemic would be transformative for Duke Energy's storm response process.

A task force immediately went to work revising work processes and storm procedures to improve social distancing, modify travel and lodging procedures, deploy protective equipment, screen and monitor crew health, and coordinate storm response operations virtually.

These protocols were quickly put into action when a series of storms pummeled the Carolinas and Midwest in April, and again when hurricanes Isaias, Zeta and Eta struck Duke Energy service areas. This proactive planning resulted in no identified employee COVID-19 exposures during storm response efforts on our system in 2020.

Smart, self-healing technology systems helped to avoid more than 187,000 extended customer outages during storms, saving more than 1 million hours of lost outage time and helping speed overall storm restorations. Duke Energy is significantly expanding this technology over the next few years, which automatically detects power outages and reroutes power to restore power faster.



Smart meters also play a key role in improved restoration times. Restoration teams were able to successfully ping 41,000 meters to verify that power had been restored after completion of repairs, saving around 5,500 truck rolls and freeing up resources during major event responses in 2020.

In a record year that went beyond the standard list of named storms, Duke Energy also helped its neighbors recover from hurricane impacts. More than 3,500 Duke Energy crews and contract teams were deployed to assist multiple utilities along the Gulf Coast and other areas in 2020, providing more than 70 days of support and helping restore power in communities hit hard by extreme weather.

The company is working hard to prepare for the next storm. Duke Energy recently completed the installation of protective barriers around essential systems in flood-prone areas of the Carolinas, is continuing to upgrade poles and wires in vulnerable areas, and has grid strengthening and resiliency initiatives underway in all the regions we serve.

## Supply Chain Drives Local and Diverse Economic Impact

Duke Energy promotes economic development and supports its communities through various aspects of its operations, including investment with suppliers, vendors and contractors.

In 2020, Duke Energy spent more than \$11.7 billion purchasing goods and services to provide electricity and natural gas to our customers. Our [Supplier Code of Conduct](#) describes in detail our expectations of suppliers.

Duke Energy also rolled out an innovative new program during 2020 – Hire North Carolina – to maximize the use of locally owned and diverse contractors for major construction, extension and repair projects that exceed \$700,000 in cost.

As part of this program, which is directed and overseen by the North Carolinas Utilities Commission, Duke Energy developed a list of resident contractors, including women- and minority-owned businesses, in order to expand the local contracting source pool for high-value work taking place in North Carolina, such as managing coal ash, upgrading or building plants and substations, and improving the grid.

## Diverse and Local Supplier Spending

(in millions)	2016	2017	2018	2019	2020
Spending with Tier I diverse suppliers <sup>1,2</sup>	\$681	\$776	\$850	\$1,153	<b>\$895</b>
Spending with Tier II diverse suppliers <sup>3</sup>	\$494	\$437	\$492	\$467	<b>\$387</b>
Total diverse supplier spending	\$1,175	\$1,213	\$1,342	\$1,620	<b>\$1,282<sup>4</sup></b>
Spending with Tier I local suppliers <sup>2</sup>	\$3,500	\$3,670	\$4,180	\$4,940	<b>\$4,094</b>

1 Piedmont Natural Gas data from the first three quarters are included in 2016. Full-year data are included beginning in 2017.

2 Tier I represents direct purchases from diverse or local suppliers.

3 Tier II consists of spend by Duke Energy suppliers with diverse suppliers/subcontractors.

4 The decrease in 2020 diverse spend from 2019 was mainly due to lower overall spend.



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*Duke Energy prioritizes ethics and integrity in all our actions with our customers, employees and the communities we serve.*

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Hire North Carolina is in alignment with and a complement to our supplier diversity initiative and our corporate responsibility sourcing strategy. We improve the vitality of our communities by consistently considering local economic impact, diversity and sustainability in our sourcing selection process. During 2020, Duke Energy spent more than \$4 billion with local suppliers.

Spending with diverse suppliers was nearly \$1.3 billion, with 30 percent of the spending from subcontracting by our prime contractors. Through the collaborative efforts of internal customers, prime contractors and our supply chain department, Duke Energy has spent more than \$1 billion annually with diverse suppliers for six consecutive years.

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

The company presented several virtual business opportunity forums during the year. It also hosted the annual Energizing Powerful Connections (EPC) conference. EPC is sponsored by six southeastern energy companies and focused on best practices and strategies for minority-owned businesses.

As a testament to Duke Energy's commitment to the equitable inclusion of local and diverse suppliers, it earned both the African American Chamber of Commerce of Central Florida (AACCCF) Corporation of the Year, and the National Association of Women Business Owners (NAWBO) Greater Raleigh Corporate Partner of the Year awards.

## Maintaining the Focus on Ethics

Duke Energy prioritizes ethics and integrity in all our actions with our customers, employees and the communities we serve. This includes adhering to our ethics codes for [directors](#), [employees](#) and [suppliers](#) and complying fully with all legal and regulatory requirements.

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



The company continuously reviews policies and tightens controls and oversight whenever opportunities to achieve higher levels of performance and accountability arise. By restructuring reporting functions, the company's designated chief ethics and compliance officer's responsibilities now include a full-time commitment to the ethics and compliance program.

2020 marked the end of independent oversight by a court-appointed monitor and a second independent monitor required by the EPA as part of a plea agreement stemming from a coal ash spill in 2014. The company exited probation and debarment without a single violation of the agreements during those five years.

In the final report to the EPA, the independent monitor observed the company's ethics and compliance

program was adequately designed to prevent and detect non-compliance with applicable laws.

Duke Energy was cognizant of the varying ethical and security risks associated with a work-from-home environment. We digitally transformed the employee concerns hotline by adding an option to report an issue using a smartphone-friendly form.

Employees utilized the company's hotline to voice both individual and societal concerns, and as a result of lessons learned, Duke Energy revamped ethics training, social media, political activity and workplace harassment communications to bring a common understanding of an inclusive work environment despite the polarization of our social discourse.

## Environmental, Social and Governance Ratings

To drive continuous improvement, Duke Energy benchmarks its environmental, social and governance (ESG) practices against best-in-class and peer companies. The ESG ratings for Duke Energy by various companies are provided below.

	Scale	2019	2020	2021
<b>Dow Jones Sustainability North American Index (DJSI NA)</b>	0-100 (best) Represents the top 20% of companies in sector	73 Duke Energy was included in the 2019 DJSI NA	77 <b>Duke Energy was included in the 2020 DJSI NA</b>	2021 results to be announced in September
<b>MSCI</b>	Letter grade and 0-10 (best) score	BBB 5.2	A 6.7	A 6.7
<b>Sustainalytics</b>	0 (best)-100 risk rating rank (1=best)	33.3 risk rating 45 out of 180 in global electric sector	33.2 risk rating 51 out of 180 in global electric sector	New results pending
<b>Bloomberg ESG Disclosure Score</b>	0-100 (best)	56.6 (second-highest score for our peer U.S. utilities )	57.4 (third-highest score for our peer U.S. utilities)	61.89 (highest score for our peer U.S. utilities)
<b>ISS Quality Scores<sup>1</sup></b>	1 (best rating) -10			
■ <b>Environmental</b>		3	3	3
■ <b>Social</b>		4	2	3
■ <b>Governance</b>		2	1	1

<sup>1</sup> Scores are as of March 1.



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*Duke Energy is in the middle of a historic period of transformation, as our company executes a bold strategy to secure a clean energy future for the millions of Americans we are proud to serve.*

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In 2020, we received 2.6 reports per 100 employees of breaches of our ethics codes compared to our benchmark median of 1.9. Of those, 40 percent were substantiated resulting in corrective action. The company also expects company leadership to frequently discuss ethical issues with employees.

[Learn more](#) about Duke Energy's ethics and employee engagement programs.

## Involved in the Political Process

Duke Energy is in the middle of a historic period of transformation, as our company executes a bold strategy to secure a clean energy future for the millions of Americans we are proud to serve.

This transformation requires sound policy at the local, state, and federal levels to provide the path forward for addressing climate change while continuing to deliver affordable, reliable, and increasingly clean energy.

It is therefore essential for the company to engage in public policy discussions – both on behalf of Duke Energy and through trade associations – to advocate for the interests of customers, shareholders, employees and communities.

In March of 2021, Duke Energy published a [report](#) that reviewed the major trade associations to which the company belongs and their positions on climate policy. This report is among the first of its kind in our industry.

DukePAC, a voluntary, nonpartisan political action committee, leverages the collective financial contributions of eligible employees to support political organizations and candidates who share the concerns and best interests of Duke Energy employees and customers. In 2020, DukePAC's total contributions were \$1,261,320.

Duke Energy's total reportable federal lobbying expenses in 2020 were \$4,320,000. That amount includes the \$755,197 federal lobbying portion of trade association dues (includes dues in excess of \$50,000) to support policy research and advocacy.

The company also contributed approximately \$2,045,000 to Section 527 organizations created to support the nomination, election, appointment or defeat of a candidate. (For additional details, see Duke Energy's [Corporate Political Expenditure Reports](#).)

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*The company has a dedicated cybersecurity awareness team focused on educating employees on increasing threats – employing sophisticated test phishing emails, conducting annual cyber responsibility training, and creating seminars and video resources.*

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Duke Energy's [Political Expenditures Policy](#) was adopted several years ago and is reviewed regularly. It sets out the principles governing our corporate political expenditures and the contributions of Duke Energy's political action committee. It also requires a semiannual update on political expenditures to the Corporate Governance Committee of the Duke Energy Board of Directors.

## Unwavering Commitment to Cybersecurity

There is no denying that cybersecurity is a critical issue facing our country. This past year, we saw threats increase in frequency, scale and sophistication and bad actors' relentlessness to exploit the global COVID-19 pandemic.

As an essential service provider and one of the largest grid operators, we recognize with great responsibility comes increased risk, so we remain laser-focused on protecting our teammates, assets and operations from cyber events. That remains job one for our cybersecurity team as we continue to modernize our grid and accelerate digital transformation across our company.

Duke Energy's risk mitigation strategy is concentrated in three core areas: partnership and information sharing, multilayered defense approach, and robust physical and cyber security standards.

Duke Energy routinely collaborates and coordinates with peer utilities, industry partners, government agencies and security organizations to share intelligence, lessons learned and best practices.

On defense, the company has an incident response team and highly skilled cyber and physical security professionals devoted to this mission 24 hours a day. The cross-functional team identifies and mitigates security incidents and engages organizations across the company as well as local, state and federal agencies to respond quickly. And recognizing our job is never done, we continue to modernize our cyber defense tools and processes, including the implementation of advanced security measures for the operational technology found in our substations, power plants and grid modernization initiatives.

Lastly, the electric, nuclear power and natural gas sectors adhere to a range of mandatory regulations as well as enforceable cybersecurity standards and voluntary guidelines. But we go beyond what is required – we're focused on exceeding these standards. To ensure we are adequately prepared to identify, protect, detect, respond and recover from the increasing threats to our critical infrastructure, we conduct multiple drills each year to test incident response plans and ensure employees understand their roles.

The company has a dedicated cybersecurity awareness team focused on educating employees on increasing threats – employing sophisticated test phishing emails, conducting annual cyber responsibility training, and creating seminars and video resources. All of this helps ensure that Duke Energy plays a leading role in the security of our nation's grid and energy infrastructure.

# 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.



# 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 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 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 and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- Changing customer expectations and demands, including heightened emphasis on environmental, social and governance concerns;
- 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;
- 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 U.S. 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 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 company's 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 Parent);
- 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 U.S. 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; and
- The ability to implement our business strategy, including enhancing existing technology systems.

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 2020 Sustainability Report references adjusted EPS for the year-to-date periods ended December 31, 2020, 2019 and 2018 of \$5.12, \$5.06 and \$4.72, 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:

- Gas Pipeline Investments represents costs related to the cancellation of the ACP pipeline and additional exit costs related to Constitution.
- Regulatory and Legislative Impacts in 2020 represents charges related to Duke Energy Carolinas and Duke Energy Progress coal combustion residuals settlement agreement and the partial settlements in the 2019 North Carolina rate cases. In 2018, the charges related to the Duke Energy Progress and Duke Energy Carolinas North Carolina rate case orders and the repeal of the South Carolina Base Load Review Act.
- Severance in 2020 represents the reversal of 2018 costs, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and the Duke Energy Progress 2019 North Carolina rate cases. In 2018, severance charges relate to companywide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.
- Impairment Charges in 2019 represents a reduction of a prior year impairment at Citrus County CC and an other-than-temporary impairment (OTTI) on the remaining investment in Constitution. For 2018, it represents an impairment at Citrus County CC, a goodwill impairment at Commercial Renewables, and an OTTI of an investment in Constitution.
- Costs to Achieve Mergers represents charges that result from strategic acquisitions.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impacts of the Tax Act represents amounts recognized related to the Tax Act.

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 table presents a reconciliation of reported EPS to adjusted EPS for 2020, 2019 and 2018:

(per share)	Years Ended December 31,		
	2020	2019	2018
GAAP Reported Earnings/EPS	<b>\$1.72</b>	\$5.06	\$3.76
Adjustments to Reported:			
Gas Pipeline Investments	<b>2.32</b>	—	—
Regulatory and Legislative Impacts	<b>1.19</b>	—	0.29
Severance	<b>(0.10)</b>	—	0.21
Impairment Charges	—	(0.01)	0.25
Sale of Retired Plant	—	—	0.12
Costs to Achieve Mergers	—	—	0.09
Impacts of the Tax Act	—	—	0.03
Discontinued Operations	<b>(0.01)</b>	0.01	(0.03)
Adjusted Diluted EPS	<b>\$5.12</b>	\$5.06	\$4.72

### Adjusted EPS Guidance

Duke Energy's 2020 Sustainability Report references Duke Energy's forecasted 2021 adjusted EPS guidance range of \$5.00 to \$5.30 per share. The materials also reference a preliminary estimate of the 2021 adjusted EPS midpoint of approximately \$5.15. In addition, the materials reference the long-term range of 5 to 7 percent through 2025 off the midpoint of 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.



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