Our Sustainability Plan and Goals

GOAL STATUS
- ● Achieved or on track
- ● Currently not on track
- ● Target not achieved

1 | CUSTOMERS

Improve the lives of our customers and vitality of our communities.

GOALS:

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

2019 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 20: "Duke Energy's Electric Rates: Below U.S. Average.")

● **Energy efficiency – consumption:** Achieve a cumulative reduction in customer energy consumption of 18,750 gigawatt-hours (GWh) (equivalent to the annual usage of 1.56 million homes) by year-end 2020.

2019 status: As of year-end 2019, energy consumption was reduced by nearly 19,000 GWh.

Updated goal: 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.

● **Energy efficiency – peak demand:** Achieve a cumulative reduction in peak demand of 6,000 megawatts (MW) (equivalent to 10 600-MW power plants) by year-end 2020.

2019 status: As of year-end 2019, peak demand was reduced by nearly 6,700 MW.

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

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.

● **Charitable giving:** The Duke Energy Foundation will invest more than $30 million annually in charitable giving.

2019 status: The Duke Energy Foundation contributed $31.3 million. Total 2019 charitable giving was $50.4 million. (See related graphic on page 22: "2019 Charitable Giving.")

● **Community leader ratings:** During 2019, conduct a community leader study across all our service territories to maintain insight into our performance with this important customer segment.

2019 status: Community leaders reported overall satisfaction ratings ranging from 85 to 96 percent across all jurisdictions. Results showed satisfaction with power quality and reliability performance. Improvement areas included rate increases/high bills and renewables.

● **Community volunteerism:** Support our communities with more than 100,000 employee and retiree volunteer hours annually.

2019 status: Over 136,000 volunteer hours were donated.

2 | GROWTH

Grow and adapt the business, and achieve our financial objectives.

GOALS:

● **Economic development:** Stimulate growth in our communities and help attract at least 40,000 jobs and $10 billion in capital investment from 2017 through 2021.

2019 status: Since 2017, Duke Energy helped our communities attract more than 41,000 jobs and over $18.3 billion in capital investment to our service territories. (See related graphic on page 31: "Economic Development.")

Updated goal: Stimulate growth in our communities and help attract at least 45,000 jobs and $23 billion in capital investments from 2017 through 2021.

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).

2019 status: Duke Energy's TSR results were:
- ● 10.3 percent in 2019, compared to the UTY return of 26.8 percent.
- ● 10.2 percent over three years on an annualized basis, compared to the annualized UTY return of 14.0 percent.

● **Renewables (updated goal):** 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.)

2019 status: As of year-end 2019, Duke Energy owned, operated or had under contract over 8,100 MW of wind, solar and biomass.

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

2019 status: In 2019, the Board of Directors focused on oversight of the company's strategy and the necessary composition of the Board to oversee that strategy. As part of that focus, the Board appointed three new directors; now approximately 40 percent of directors are members of a traditional diverse class, including four women. In addition, the Board modified the responsibilities and names of two committees to better align its structure with the oversight of key operational risks.

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

2019 status: As of January 29, 2020, Duke Energy had a Bloomberg ESG Disclosure Score of 57.4, the third-best score and in the top quartile of our peer U.S. utilities.

Our Sustainability Plan and Goals
CONTINUED

3 | OPERATIONS

Excel in safety, operational performance and environmental stewardship.

GOALS:

- **Safety – incident rate:** During 2019, achieve an employee Total Incident Case Rate (TICR) of 0.38.

  2019 status: Total company employee TICR was 0.38. Duke Energy was one of the industry leaders for the fifth year in a row.

- **Safety – fatalities:** During 2019, achieve zero work-related fatalities.

  2019 status: Tragically, in 2019 there were three work-related fatalities.

Reliable energy – generation: During 2019, maintain the high reliability of our generation fleet with a nuclear optimized reliability of less than 203.67, fossil/hydro optimized reliability of less than 57.34 and renewables availability of at least 95.0 percent.

2019 status:

- **Nuclear**: Optimized reliability was 183.36.
- **Fossil/hydro**: Optimized reliability was 57.83.
- **Renewables**: Renewables availability was 94.0 percent.

- **Reliable energy – customer delivery:** During 2019, maintain the high reliability of our distribution system with a customer delivery reliability score of 100 or higher.

  2019 status: The customer delivery reliability score was 144.

- **Reliable energy – natural gas distribution:** During 2019, maintain the high reliability of our natural gas distribution system with two or fewer outages.

  2019 status: There was one outage. (Outages impacting at least 100 customers that were not caused by a third party.)

- **Carbon emissions (updated goal):** Reduce the carbon dioxide (CO_2) 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.

  2019 status: Our generation fleet emitted about 93 million tons of CO_2, a reduction of 39 percent, representing solid progress compared to 31 percent through 2018.

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

  2019 status: Water withdrawals were approximately 4.66 trillion gallons, a reduction of 0.68 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).

  2018 status: Releases of TRI chemicals to water were approximately 520,000 pounds in 2018. These releases are expected to decrease significantly as coal ash basins are closed. (Data for 2019 will be available in August 2020.)

- **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.)

  2019 status: Approximately 77 percent of solid waste generated in 2019 was recycled.

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

  2019 status: In 2019, we safely moved 4.5 million tons of coal ash bringing the total amount removed from high-priority N.C. sites and stored in approved facilities to 23.5 million tons. We met all requirements for N.C. House Bill 630 and reached a Settlement Agreement with the N.C. Department of Environmental Quality in early 2020 on the approach for permanently closing the nine remaining coal ash basins in the state.

4 | EMPLOYEES

Develop and engage employees, and strengthen leadership.

GOALS:

Overall goal: Foster a high-impact, engaged, diverse and inclusive culture built on strong leadership.

Employee engagement: Strive for a companywide engagement score of 76 percent by 2022, measured by favorable responses to employee engagement surveys.

2019 status: The next employee engagement survey will be conducted in 2020.

- **Diversity and inclusion:** Increase the percentage of females and minorities in our workforce to 25 percent and 20 percent, respectively, by year-end 2020.

  2019 status: Female representation in the workforce was 23.7 percent (up from 23.3 percent in 2018), and minority representation was 18.8 percent (up from 18.1 percent in 2018). The 2020 COVID-19 (coronavirus) pandemic may create an impact on external hiring, making it challenging for the company to meet this goal by year-end 2020.

- **Leadership:** Advance leadership capabilities and bench strength.

  2019 status: 85 percent of senior management positions have at least one Ready Now Candidate. Plans were identified for advancing diverse leaders with focus on strengthening the culture of inclusion, improving the diversity talent pipeline, and reinforcing leadership commitment and accountability.