



BUILDING A *SMARTER* ENERGY FUTURE®

Duke Energy  
**SUSTAINABLE  
FINANCING FRAMEWORK**

# > 01

## Introduction and Background

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## Sustainable Financing Framework

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*We're committed to a clean energy future for our customers and communities. Our long-term investment strategy is part of the solution and will provide sustainable environmental, social and customer benefits as we work to achieve our net-zero goals.*

**Lynn J. Good**  
*Chair, President and Chief Executive Officer*

# 01

## Introduction and Background

### Introduction

Duke Energy is one of the largest electric power and gas distribution holding companies in the United States, dedicated to providing reliable, affordable and increasingly clean energy that keeps our communities moving forward.

We provide electricity to 7.9 million customers in six states, with approximately 51,000 megawatts of electric generation capacity in the Carolinas, the Midwest and Florida, and our natural gas unit serves 1.6 million customers in the Carolinas, the Midwest and Tennessee. We are also a top U.S. renewable energy provider, with a portfolio of over 10,000 megawatts that includes nearly 200 sites in 22 states.

### Addressing Climate Change

We embrace our responsibility to not only power the lives of our customers and the vitality of our communities, but also to address the challenges associated with climate change. As Duke Energy takes bold steps toward a cleaner energy future, our climate strategy has become our corporate strategy.

We have set enterprisewide emission reduction goals, accelerating toward net-zero carbon emissions from electricity generation by 2050. On the way there, we are on track to cut carbon emissions by at least 50% by 2030, the same year that we plan to achieve net-zero methane emissions from our natural gas distribution businesses.

As part of our strategy, we are implementing a Sustainable Financing Framework that defines investment areas aligned with the company's focus on generating cleaner energy in a way that also lifts society. The Framework establishes how Duke Energy will issue various financing instruments to fund investments in eligible green and social project categories. These include projects related to renewable energy, energy efficiency, advanced technology, and expanded opportunity for diverse suppliers.

## We 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 Readyng 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.*

## ESG: The focus that defines our success

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

### Environmental Leadership

#### Transitioning from coal

Again, our climate strategy is our business strategy. We are laser-focused on decarbonizing our generation fleet as we move away from coal and shift to more natural gas, renewables, energy storage and other emerging technologies. In fact, Duke Energy's transition away from coal is the largest in the industry. With our eyes on net-zero, we have already cut carbon dioxide (CO<sub>2</sub>) emissions by over 40% from 2005 to 2020 by retiring more than 50 coal-fired power plants.

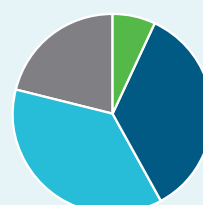
#### Adding renewables

We are also deploying significant amounts of renewables – investments that have already proven beneficial and have helped propel North Carolina, Florida and Texas to be top states for renewable energy in the country. We have committed to owning, operating or contracting at least 16,000 MW of wind, solar and biomass renewable energy by 2025, and to reducing customer energy consumption by 24,000 GWh (equivalent to the annual usage of 2 million homes) by 2025.

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

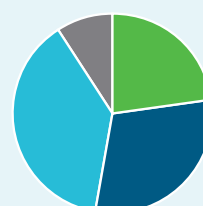
(megawatt-hour output)

2020<sup>1</sup>



7% Hydro, wind and solar  
35% Nuclear  
37% Natural gas  
21% Coal/oil

2030E<sup>1</sup>

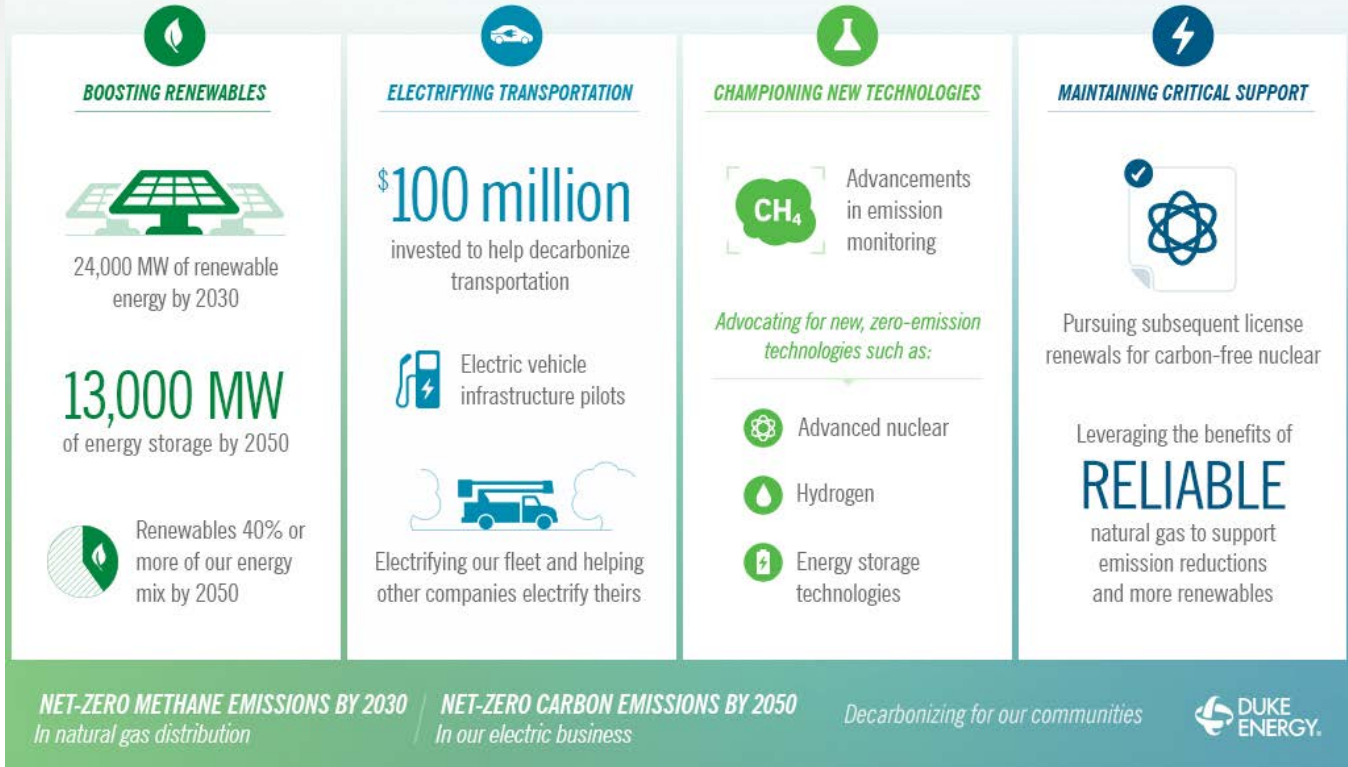


23% Hydro, wind and solar  
30% Nuclear  
38% Natural gas  
9% Coal/oil

<sup>1</sup> 2030 estimate will be influenced by customer demand for electricity, weather, fuel and purchased power prices, and other factors.

# ACCELERATING TOWARD A CLEAN ENERGY FUTURE

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



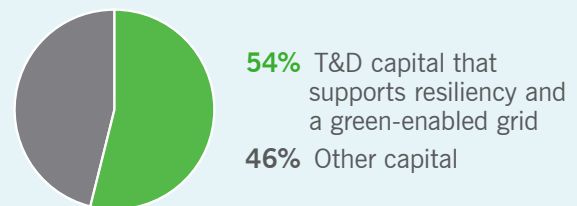
## Investing in low-carbon technologies

As we 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. We are investing in research to study the use of hydrogen for energy storage, and other new technologies including advanced nuclear, carbon capture and other long-duration energy storage technologies through partnerships with Siemens Energy, GE and TerraPower, among others.

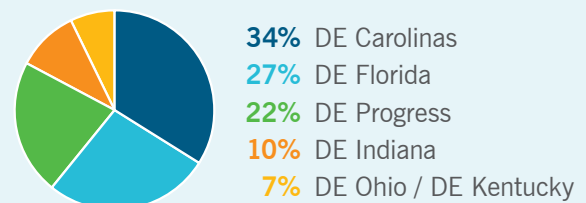
## Preparing the energy grid

We are also investing over \$30 billion to modernize our 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.

## \$59 Billion Capital Plan



## \$30 Billion T&D Capital by Jurisdiction







We are making improvements to ready the grid for more renewables and distributed technologies. This includes building a smart-thinking grid that intelligently manages the two-way power flow needed to sustainably grow solar, wind, battery storage and electric vehicles.

### Cutting methane emissions

In 2020, Duke Energy announced our goal of reducing methane emissions in natural gas distribution companies to net-zero by 2030. We have deployed new technologies, operational efficiencies and damage prevention initiatives, including increasing the measurement and monitoring of methane emissions in real time. To address upstream emissions, we are driving our natural gas procurement process toward suppliers with low methane emissions. To help reach net-zero methane, we are also investing in renewable natural gas across several projects, including the minority share investment in SustainRNG and a partnership with Bluesource.

### Helping to electrify transportation

As we work toward a cleaner energy future for all our communities, we've also introduced comprehensive initiatives to embrace and encourage the transition to greater electrification – paving the way for more electric vehicles (EVs) on the highways.

Ways we are strengthening our EV infrastructure:

- Pledged to convert 100% of our light-duty vehicles and 50% of our fleet of medium-duty, heavy-duty and off-road vehicles to EVs, plug-in hybrids or other zero-carbon alternatives by 2030.
- Installing workplace chargers at all work locations to enable employees to drive electric.
- Launched pilots in Florida and North Carolina: The Park and Plug pilot in Florida has installed more than 570 EV public charging stations throughout the state. 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.



Pledged to convert 100% of our light-duty vehicles and 50% of our fleet of medium-duty, heavy-duty and off-road vehicles to EVs, plug-in hybrids or other zero-carbon alternatives by 2030.



We remain focused on our goals of increasing the representation of females and race/ethnicity in the workforce to 25% and 20%, respectively.

### Protecting water and habitats

As we continue our energy transition, we are mindful that we serve as environmental stewards charged with protecting and enhancing the biodiversity of the land we use. This includes employing water management strategies to reduce freshwater use, implementing flood-mitigation measures and collaborating with local water utilities, environmental groups, and recreation enthusiasts on watershed and drought planning to address the long-term needs of local communities.

### *Social Responsibility*

We don't just deliver results. We are dedicated to delivering results the right way for our customers, communities and employees. This means we work to maintain a diverse, equitable and inclusive workforce, and we are committed to investing in diverse suppliers, bringing jobs and investments into the communities we serve, and ensuring our transition to cleaner energy happens in a way that is safe and fair for everyone involved.

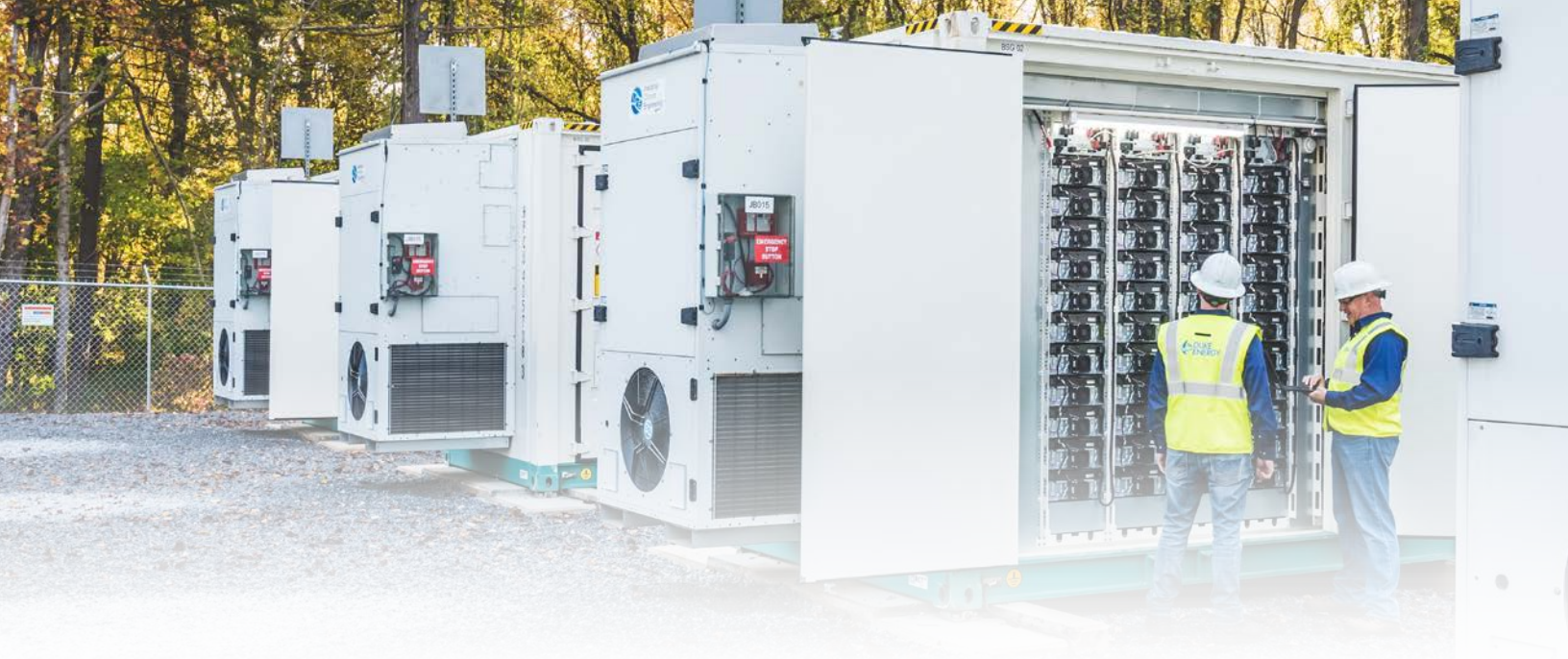
### Championing diversity and inclusion

The culture, accountability and support for diversity, equity and inclusion are driven from the top from our leadership team. We work diligently to provide a culture that ensures employees feel welcomed, respected, heard and valued – enabling them to bring the best version of themselves to work every day. We believe transparency is an important part of our journey and our aspiration is to reach targets that are goal markers for diversity and inclusion progress. In fact, our company publicly discloses detailed diversity data. We remain focused on our goals of increasing the representation of females and race/ethnicity in the workforce to 25% and 20%, respectively. An empowered, diverse workforce and inclusive workplace make us a stronger company and provide a competitive advantage for connecting with the ever-changing needs of our customers and communities.

### Contracting with local and diverse suppliers

Through our Supplier Diversity initiatives, we build relationships with diverse businesses capable





of providing commodities and services at competitive prices. We further strive to improve the vitality of our communities by consistently considering local economic impact, diversity and sustainability in our sourcing selection process. For example, the Hire North Carolina program was implemented to maximize the use of locally owned and diverse contractors for major construction.

In 2020, Duke Energy spent nearly \$1.3 billion with diverse suppliers, with 30% of the spending from subcontracting by our prime contractors. We also initiate local, regional and national outreach efforts with educational institutions, trade associations, community economic development organizations and others to create awareness of opportunities to work with Duke Energy.

As a testament to Duke Energy's commitment to the equitable inclusion of local and diverse suppliers, we 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.

### Bringing in jobs

We are also committed to bringing jobs and investment to the communities we serve. Duke Energy's economic development team helped bring nearly 18,000 new jobs and \$9.1 billion in new capital investment, through 114 projects in 2020, to local communities in North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky – states served by Duke Energy's electric utilities. In addition, the team evaluated 21 properties for potential business and industrial development through Duke Energy's Site Readiness program. We also provided more than \$2 million to local economic development agencies and initiatives to fund job creation and business development projects.

### Maintaining reliability and competitive rates

As we transition our generation sources and build the future of our industry, our customers can depend on us for affordable, reliable energy. Each year the company sets customer delivery and generation reliability targets to help us constantly improve reliability performance. And, in 2020, we provided electric rates below the national average in all customer classes and all service areas for the seventh consecutive year.



Duke Energy's economic development team helped bring nearly 18,000 new jobs and \$9.1 billion in new capital investment through 114 projects in 2020.



## Leading in safety

Safety for our employees, the communities we serve and the environment is a core value at Duke Energy. We have remained one of the electric utility industry's top leaders in safety performance with a total incident case rate of 0.33 in 2020. We are also leading the industry in safety performance based on the Edison Electric Institute (EEI) ESG metrics, with a 35% reduction in Recordable Environmental Events since 2016.

## Working to ensure equity

Duke Energy aims to serve as a strong community partner actively working to help ensure the communities we operate in are valued, respected and treated equitably and fairly. The company engages intentionally and proactively with stakeholders by listening, learning and seeking feedback when working on infrastructure projects. We embrace 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 we are siting or building a new facility or developing technologies and infrastructure, we do so with the community in mind.

Furthermore, as we transition to cleaner energy, we recognize the importance of our power plants to both the communities and the local workforce. As we retire even more coal plants, we will continue to help transition impacted employees to new opportunities, and to match communities with appropriate resources. This will continue to be an important conversation as we strive to deliver a cleaner energy future for all the communities we serve.

## Culture of Governance

Duke Energy operates with an unwavering commitment to transparent governance and maintains an ethical culture in all we do – from the board and senior leaders to those on the front lines. It's who we are and the underpinning for how we deliver sustainable value.

## Maintaining oversight

Our board of directors is responsible for overseeing the company's long-term strategy to provide reliable, affordable and increasingly cleaner 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 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.

## Bringing diversity to the boardroom

Duke Energy's board of directors has evolved through a deliberate approach to refresh our directors, with the majority of our board members nominated in the past five years, bringing more diversity to our boardroom – from gender, race, backgrounds and areas of experience – to advance our clean energy strategy and support the communities we serve. Currently, approximately 38% of Duke Energy's directors are diverse in terms of race, gender or ethnicity. Diversity is a key consideration in Duke Energy's board selection process, along with a focus on key experiences and expertise such as customer service, environmental, risk management,



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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.

financial, industry, legal, regulatory or governmental experience, and technology or cybersecurity experience, among other things.

#### **Rewarding clean energy advancements**

Duke Energy maintains a performance-based, metrics-driven executive compensation program. 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 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.

#### **Celebrating transparency**

Our commitment to transparency is reflected in our goal to achieve top-quartile performance in disclosure, as measured by the Bloomberg ESG Disclosure Scores for our industry. As of February 2021, we had the highest score listed by our peers. In addition to our annual Sustainability Report, we report [Global Reporting Initiative \(GRI\)](#)

[indicators](#), [Sustainability Accounting Standards Board aligned metrics](#), [CDP disclosures](#), publish [EEI ESG disclosure](#), and a standalone [Climate Report](#), which can all be found in our dedicated [ESG website](#).

Additionally, all projects undergo Environmental Impact Assessments or Social Impact Assessments (EIAs/SIAs), which are conducted for activities that may have a potential effect upon natural resources, public health and safety, natural beauty, or historical or cultural elements of the state. EIAs/SIAs are used as preventive, management and decision-making tools when planning for new projects or renovating installations. EIAs/SIAs are performed as part of plant siting and licensing projects and for transmission construction projects. Due to the nature of these activities, active communication with affected stakeholders on environmental issues is imperative for the success of the projects. EIAs/SIAs are performed in compliance with state, federal and country-specific environmental regulations and international best practices.





## 02 Sustainable Financing Framework

### Scope

In accordance with its strategy, Duke Energy Corporation (“Duke Energy”) has designed this Sustainable Financing Framework (“the Framework”) under which it or any of its subsidiaries will finance or refinance new and/or existing projects, in whole or in part, that have environmental and/or social benefits. This Framework details which project types are eligible for financing/refinancing with the net proceeds of various types of financings the company elects to use (e.g., bond issuances, loans, commercial paper, among other options (each a “Sustainable Financing”)).

This Framework addresses the core components and key recommendations (shown below) of the International Capital Markets Association (ICMA) Green Bond Principles (2021), Social Bond Principles (2021), and Sustainability Bond Guidelines (2021) and the LSTA Green Loan Principles (2021).

#### Core Components:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

#### Key Recommendations:

- 1) Use of Framework
- 2) External Review

These principles are voluntary process guidelines for best practices when issuing Green Bonds, Social Bonds, Sustainability Bonds and/or Green Loans as referenced above.

## Use of Proceeds

For each Financing under this Framework, we intend to allocate an amount equal to the net proceeds to financing or refinancing, in whole or in part, existing or new Eligible Green or Social Projects (“Eligible Projects”). Eligible Projects include investments and expenditures by Duke Energy and its subsidiaries related to one or more of the criteria listed below. Eligible Projects will include those for which Duke Energy made disbursements within the two years prior to the applicable Sustainable Financing through the maturity of the applicable Sustainable Financing, unless otherwise noted in the respective financing documents. We may allocate to a single Eligible Project or any combination of Eligible Projects, and no assurances can be provided that any amount will be allocated to fund any particular category of Eligible Projects.

## Eligibility Criteria

### *Eligible Green Projects*

GBP Eligible Project Category	Eligibility Criteria and Example Projects	UN SDG Alignment <sup>1</sup> and Key Objectives
<b>Renewable Energy</b>	<ol style="list-style-type: none"> <li>Expenditures and investments related to the construction, development, expansion, production, acquisition, maintenance, transmission, research and development, and operation of renewable energy generation and infrastructure including solar power and wind power</li> <li>The purchase of renewable energy from wind and solar power facilities, pursuant to long-term (minimum tenor of five years) power purchase agreements or virtual power purchase agreements entered into prior to the commencement, or in the case of rehabilitated projects, the re-commencement of commercial operation of the applicable facility</li> <li>Expenditures related to transmission and distribution networks projects that aim to connect renewable energy sources, support increased deployment of renewables on the grid, or reduce GHG emissions through installation of equipment that will improve system efficiency or energy use management (e.g., transmission built for the purpose of connecting renewable generation resources)</li> <li>Expenditures on the development, construction, maintenance, research and development, and acquisition of new non-hydro energy storage capacity, or purchases of energy storage capacity or services under long-term capacity agreements entered into prior to commercial operation of the facility</li> <li>Capital investment in existing hydropower facilities, which (i) does not expand the physical footprint of the reservoir, and (ii) is intended to either extend the useful life of the facility or increase the energy storage and/or production capacity of a pumped hydro storage facility</li> </ol>	7, 13 Environmental Objective: climate change mitigation and pollution prevention & control

<sup>1</sup> <https://sdgs.un.org/goals>



GBP Eligible Project Category	Eligibility Criteria and Example Projects	UN SDG Alignment <sup>1</sup> and Key Objectives
<b>Green Innovation</b>	<ol style="list-style-type: none"> <li>Expenditures including research and development costs related to technology intended to improve energy efficiency in residential, office or commercial buildings</li> <li>Investments in the development of low- or no-carbon technologies such as carbon capture and storage, hydrogen or zero-carbon renewable natural gas</li> </ol>	11, 13 Environmental Objective: climate change mitigation and pollution prevention & control
<b>Energy Efficiency</b>	<p>Expenditures and programs related to construction, development, expansion, production, acquisition, research and development, and maintenance of energy technologies or assets. Examples include:</p> <ul style="list-style-type: none"> <li>Smart meters and related communication networks</li> <li>Programs to aid customers with energy efficiency including energy efficiency rebates (electric only) and costs to provide customer energy audits</li> </ul>	7, 13 Environmental Objective: climate change mitigation and pollution prevention & control
<b>Clean Transportation</b>	<p>Expenditures related to the procurement, maintenance, and operation of electric vehicles (“EV”) and associated infrastructure. Examples include:</p> <ul style="list-style-type: none"> <li>Installation of EV charging stations and infrastructure</li> <li>Procurement of EVs for company fleet</li> </ul>	11 Environmental Objective: climate change mitigation and pollution prevention & control
<b>Climate Change Adaptation</b>	<p>Investments in transmission and distribution infrastructure designed to make the system more resilient and improve customer reliability when considering climate change related impacts such as:</p> <ul style="list-style-type: none"> <li>Severe weather events, including more frequent and severe hurricanes, as well as other impacts and changing weather patterns</li> </ul> <p>A vulnerability assessment and associated adaptation plan will be conducted for such investments, where applicable.</p>	13 Environmental Objective: climate change mitigation and pollution prevention & control
<b>Green Buildings</b>	<p>Expenditures related to the new construction/renovation, development, expansion, maintenance, or operation of offices or manufacturing facilities that have received or are expected to receive:</p> <ul style="list-style-type: none"> <li>LEED: Gold or Platinum</li> <li>BREEAM: Very Good, Excellent or Outstanding</li> <li>Energy Star (85+)</li> <li>Other equivalent internationally and/or nationally recognized certifications</li> <li>Realized energy savings of greater than 30%</li> </ul>	11 Environmental Objective: climate change mitigation and pollution prevention & control

## Eligible Social Projects

SBP Eligible Project Category	Eligibility Criteria and Example Projects	UN SDG Alignment <sup>2</sup> and Social Objective
<b>Socioeconomic Advancement and Empowerment</b>  Target population: <ul style="list-style-type: none"> <li>Minority-owned, female-owned, veteran-owned, LGBTQ+- owned and small businesses as defined by the Small Business Administration ("SBA")<sup>3</sup>/ suppliers or businesses owned by other excluded, marginalized or underserved individuals</li> </ul>	Expenditures and programs related to enabling opportunities for diverse and small businesses/ suppliers. Examples include: <ul style="list-style-type: none"> <li>Procurement of products and services from diverse suppliers</li> <li>Programs that empower small businesses through training, education on potential business opportunities and mentoring</li> <li>Education assistance related to technology, infrastructure, and professional development for minority populations</li> <li>Resources to identify and fund businesses with diverse founders such as mentoring programs, access to professional services and networking</li> </ul>	1, 2 Social Objective: Expand and enable economic opportunities for the target population(s)

<sup>2</sup> <https://sdgs.un.org/goals>

<sup>3</sup> The Small Business Administration is a U.S. government agency that provides support to entrepreneurs and small businesses. Small businesses are defined according to size standards that determine the largest size a business can be to participate in government contracting programs and compete for contracts reserved or set aside for small businesses. Size standards vary by industry and are generally based on the number of employees or the amount of annual receipts the business has. Table of size standards found [here](#).

## Exclusions from Allocation of Sustainable Financings

We will not intentionally allocate proceeds from any Sustainable Financing to:

- Investments that received an allocation of proceeds under any other Green, Social, or Sustainable Financing;
- Activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas)
- Consumption of fossil fuels for the purpose of power generation

Nuclear energy is a key part of Duke Energy's transition to net-zero, and we continue to make investments in maintaining and operating our nuclear generation fleet. Nonetheless, we will not intentionally allocate proceeds from any Sustainable Financing to Nuclear Energy.

## Process for Project Evaluation and Selection

Duke Energy's Sustainable Financing committee, which is comprised of members of Duke Energy's Sustainability

department together with members of Duke Energy's Treasury department, will select projects that meet the above listed eligibility criteria and that adhere to the requirements of Duke Energy's Environmental/ Social Impact Assessments (EIAs/SIAs). Additionally, the committee will oversee internal tracking systems to manage the allocation of an amount equal to the net proceeds from the Sustainable Financing to Eligible Sustainable Projects.

## Management of Proceeds

So long as a Sustainable Financing remains outstanding, our internal records will show the amount of the net proceeds from the issuance of such Sustainable Financing allocated to Eligible Sustainable Projects, as well as the amount of net proceeds pending allocation. Pending allocation, an amount equal to the net proceeds from the issuance of any Sustainable Financing will be held in accordance with Duke Energy's internal liquidity policy. An amount equivalent to the net proceeds from any future Sustainable Financing under this Framework will be allocated and managed by Duke Energy's Finance department.



Payment of principal and interest on the Sustainable Financing will be made from Duke Energy's general funds and will not be directly linked to the performance of any Eligible Projects. Duke Energy will use reasonable efforts to substitute any material Eligible Projects that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Project.

## Reporting

### Allocation Reporting

During the term of the Sustainable Financing, we will provide, and keep readily available on a designated website, information on the allocation of an amount equal to the net proceeds of the Sustainable Financing, to be updated at least annually until full allocation and as necessary thereafter in the event of material

developments. This information will include (i) amounts allocated to Eligible Projects, by category, (ii) the amount pending allocation, and (iii) assertions by Duke Energy's management with respect to (i) and (ii) above.

### Impact Reporting

Where feasible and subject to any confidentiality considerations, Duke Energy will report estimated environmental impacts (on an annual basis until full allocation), the respective calculation methodology and key assumptions for each metric, and case studies of Eligible Projects to which a portion of the net proceeds of a Sustainable Financing under this Framework are allocated. This is in line with ICMA Harmonized Framework for Impact Reporting (June 2021). Performance of estimated impacts will not be tied to the pricing or other characteristics of a Financing under this Framework.

GBP Eligible Project Category	Estimated Impact
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>■ Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>■ Annual renewable energy generation in MWh/GWh (electricity) and gigajoule/terajoule (other energy)</li> <li>■ Annual Absolute (gross) GHG emissions from the project in tonnes of CO<sub>2</sub> equivalent</li> </ul>
<b>Green Innovation</b>	<ul style="list-style-type: none"> <li>■ Qualitative description of technology developed through investments</li> <li>■ Proportional share of impact reported by our venture capital investments, including Energy Impact Partners<sup>4</sup></li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>■ Annual energy savings in MWh/GWh (electricity) and gigajoule/terajoule (other energy savings)</li> <li>■ Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>■ Number of electric vehicles procured</li> <li>■ Number of electric vehicles serviced with charging infrastructure</li> </ul>
<b>Climate Change Adaptation</b>	<ul style="list-style-type: none"> <li>■ Increase in grid resilience, energy generation, transmission/distribution and storage in MW</li> <li>■ Annual outage frequency per customer</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>■ Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equiv. vs local baseline/baseline certification level</li> <li>■ Square footage of green buildings that meet criteria</li> </ul>

<sup>4</sup> (EIP) is a global investment platform leading the transition to a sustainable energy future, bringing together entrepreneurs and the world's most forward-looking energy and industrial companies to advance innovation.



SBP Eligible Project Category	Estimated Impact
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>Number of small businesses as defined by the SBA, minority-owned, female-owned, veteran-owned, or LGBTQ+-owned businesses, and/or businesses owned by other excluded, marginalized or underserved individuals</li> </ul>

## External Review

### Second Party Opinion

Duke Energy has commissioned S&P Global to conduct an external review of its Sustainable Financing Framework, and to issue a Second Party Opinion (“SPO”) on the Framework’s environmental credentials, and its alignment with the Green Bond Principles (2021), Social Bond Principles (2021), and Sustainability Bond Guidelines (2021) and the LSTA Green Loan Principles (2021). The SPO will be made available on S&P’s website.

### Verification

For each Sustainable Financing, the final allocation report will be accompanied by a report from an independent registered public accounting firm in respect of its examination of management’s assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

# Appendix

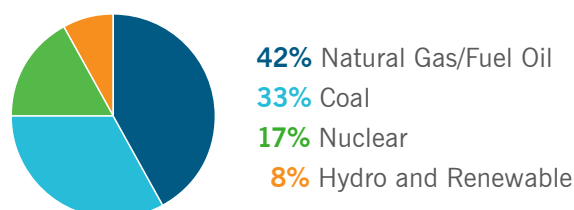
## Duke Energy at a Glance

### Electric Utilities and Infrastructure

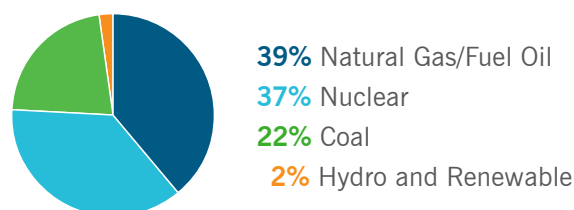
Electric Utilities and Infrastructure conducts operations primarily through the regulated public utilities of Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Indiana and Duke Energy Ohio. We own approximately 50,807 megawatts (MW) of generating capacity and our service area covers about 91,000 square miles with an estimated population of 25 million, bringing service to approximately 7.9 million residential, commercial and industrial customers.

### Electric Utilities and Infrastructure

Generation Diversity (percent owned capacity)<sup>5</sup>



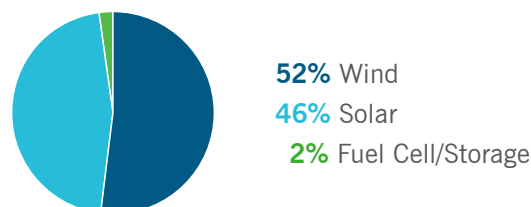
Generated (net output gigawatt-hours (GWh))<sup>6</sup>



### Commercial Renewables

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. 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 22 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.



### Natural Gas Utilities and Infrastructure

Natural Gas Utilities and Infrastructure conducts natural gas distribution operations primarily through the regulated public utilities of Piedmont Natural Gas and Duke Energy Ohio. We provide regulated natural gas transmission and distribution services to approximately 1.6 million customers in the Carolinas, Tennessee, southwestern Ohio and Northern Kentucky, and maintain more than 34,200 miles of natural gas transmission and distribution pipelines, in addition to 27,200 miles of natural gas service pipelines.

<sup>5</sup> As of December 31, 2020

<sup>6</sup> For the year ended December 31, 2020



# Annex I: Commercial Paper Issuances by Duke Energy

This annex clarifies the approach of Duke Energy and its subsidiaries for issuing Sustainable Financing Instruments in the Commercial Paper format (“Sustainable CP Series”).

Duke Energy intends to establish a Sustainable CP Series with unique series documentation that describes how each Sustainable CP issuance is intended to align with the Green Bond Principles, 2021 (“GBP”), Social Bond Principles, 2021 (“SBP”), and Sustainability Bond Guidelines, 2021 (“SBG”). Each Sustainable CP Series will be identifiable as distinct from the General Corporate Purpose CP series and issuances by unique Bloomberg identifiers, such as ticker and CUSIPs.

## Use of Proceeds

For each Sustainable CP Series under this Framework, we intend to allocate an amount equal to the net proceeds to financing or refinancing, in whole or in part, existing or new Eligible Projects as defined in this Framework, including investments and expenditures by Duke Energy and its subsidiaries.

## Process for Evaluation and Selection

Duke Energy’s Sustainable Financing committee, which is comprised of members of Duke Energy’s Sustainability department together with members of Duke Energy’s Treasury department, will select projects that meet the above listed eligibility criteria and that adhere to the requirements of Duke Energy’s Environmental/Social Impact Assessments (EIAs/SIAs). Additionally, the committee will oversee internal tracking systems to manage the allocation.

## Management of Proceeds

Prior to the first Sustainable CP Series issuance, Duke Energy will identify a portfolio of potential Eligible Projects that may be financed or refinanced via Sustainable CP issuances over the next 12 months and disclose to investors a summary of this portfolio. The portfolio of potential Eligible Projects will be updated at least annually and will apply to Sustainable CP issuances until the earlier of (i) the anniversary of the update or (ii) the subsequent update.

Duke Energy will ensure that the total amount of concurrently outstanding Sustainable CP Series will not

exceed the amount of potential Eligible Projects that have been identified and disclosed at any moment of time. The Sustainable CP Series proceeds may be used to finance or refinance Eligible Projects of varying duration and size at Duke Energy’s discretion.

Payment of principal and interest on the Sustainable Financing will be made from Duke Energy’s general funds and will not be directly linked to the performance of any Eligible Projects. Duke Energy will use reasonable efforts to substitute any material Eligible Projects that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Project.

## Reporting

We will provide, and keep readily available on a designated website, a brief summary of the portfolio of Eligible Projects utilized during the previous reporting period, to be updated at least annually. This annual update report will include:

- i. The size of the portfolio of Eligible Projects to be financed with Sustainable CP issuances, and the average and peak amount of Sustainable CP issuances outstanding during the reporting period
- ii. Where feasible and subject to any confidentiality considerations, Duke Energy will report estimated environmental impacts (on an annual basis where relevant)

## External Review

### *Second Party Opinion*

Duke Energy has commissioned S&P Global to conduct an external review of its Sustainable Financing Framework and an SPO that encompasses Annex I: Commercial Paper Issuances by Duke Energy.

### *Verification*

Each annual update report will be accompanied by a report from an independent registered public accounting firm in respect of its examination of management’s assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

## Disclaimer

The information and opinions contained in this Duke Energy Sustainable Financing Framework (this “Framework”) are provided as of the date of this Framework and are subject to change without notice. None of Duke Energy or any of its subsidiaries assumes any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Duke Energy policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Duke Energy or its subsidiaries and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Duke Energy or its subsidiaries as to the fairness, accuracy, reasonableness or completeness of such information.

Certain information contained in this Framework is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, future emission expectations and reduction goals, future business strategies and planned allocation of net proceeds. Duke Energy and its subsidiaries caution that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Duke Energy and its subsidiaries; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Duke Energy’s and its subsidiaries’ Annual Reports on Form 10-K for the year ended December 31, 2020, Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes as well as changes in application of existing laws and regulations; the impact of the COVID-19 pandemic; the extent and timing of costs and legal requirements related to coal ash remediation; current and future litigation or regulatory investigations, proceedings or inquiries; the effects, extent and timing of the entry of additional competition in the markets in which Duke Energy’s subsidiaries operate; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels; the ability to control costs and avoid cost and schedule overruns during the development, construction and operation of facilities or other projects; the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives and to integrate facilities into the Duke Energy system upon completion of construction; state and federal rate regulations and the impact of pending and future rate cases and negotiations; and catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events or other similar occurrences.

None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework. No representation is made as to the suitability of any Sustainable Financing Instruments to fulfill environmental and sustainability criteria required by prospective investors. Each potential purchaser of Sustainable Financing Instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant documentation for such Sustainable Financing Instruments regarding the use of proceeds and its purchase of Sustainable Financing Instruments should be based upon such investigation as it deems necessary. Duke Energy has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Sustainable Financing Instruments. However, nothing in this Framework is intended to modify or add to any covenant or other contractual obligation undertaken by Duke Energy or any of its subsidiaries in any Sustainable Financing Instruments that may be issued in accordance with this Framework. This Framework does not create any legally enforceable obligations against Duke Energy or any of its subsidiaries; any such legally enforceable obligations relating to any Sustainable Financing Instruments are limited to those expressly set forth in the indenture and notes governing such Sustainable Financing Instruments. Therefore, unless expressly set forth in the indenture and the notes governing such Sustainable Financing Instruments, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such Sustainable Financing Instruments if Duke Energy or any of its subsidiaries fails to adhere to this Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) those described in the immediately preceding paragraph could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that an Eligible Project may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. This Framework does not constitute a recommendation regarding any securities of Duke Energy or its subsidiaries. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Duke Energy or any of its subsidiaries. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any Sustainable Financing Instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such Sustainable Financing Instruments. Prospective investors are required to make their own independent investment decisions.



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