WHEREAS: The Intergovernmental Panel on Climate Change released a report finding that "rapid, far-reaching" changes are necessary in the next 10 years to avoid disastrous levels of global warming.

The energy sector has a critical role to play in mitigating climate risks. Already, the sector is undergoing a comprehensive and rapid transition by moving away from coal, but growing reliance on natural gas creates ongoing risk. Natural gas is a major contributor to climate change due to combustion emissions and methane leaks. In 2018, gas contributed to an *increase* in power sector emissions, jeopardizing chances of achieving reductions in line with the Paris Agreement's goal of keeping global warming below 1.5 degrees Celsius, which requires reaching net zero emissions globally by 2050.

Building new gas infrastructure may be uneconomic and result in costly stranded assets comparable to early retirements now occurring for coal. While some low-carbon scenarios show gas use continuing, they rely on significant carbon removal technologies -- a risky assumption given the technology has not proven economic at scale.

Existing alternatives to gas -- such as renewables plus storage, demand response, electrification, and energy efficiency -- are all increasingly cost-effective means of serving energy needs while reducing fossil fuel use and climate impacts. City governments, recognizing gas' climate impacts, are setting policies prohibiting gas hookups for new buildings in favor of safer, healthier electric buildings. Furthermore, states, cities, and large consumers are setting ambitious renewable energy targets, which utilities will need to supply or risk losing business.

While Duke is to be commended for setting a long-term climate goal, investors lack sufficient information to understand if or how the Company is addressing the growing risks of reliance on natural gas. The Company's disclosures indicate Duke is continuing to build out expensive gas infrastructure but is not sufficiently addressing how those costly assets reconcile with its decarbonization goals or the existence of increasingly low cost, clean energy pathways.

Peer utilities, including NextEra and Xcel, have demonstrated alternatives to investing in new gas infrastructure by replacing coal assets with renewables and storage, creating win-win solutions. Shareholders are concerned that Duke Energy is lagging behind on such opportunities and increasing its exposure to climate-related risks by investing in significant gas holdings that may become stranded.

BE IT RESOLVED: Shareholders request that Duke issue a report, at reasonable cost and omitting proprietary information, describing how it is responding to the risk of stranded

assets of planned natural gas-based infrastructure and assets, as the global response to climate change intensifies.

SUPPORTING STATEMENT: While the company has the discretion to determine the precise content of the report, meaningful disclosures would allow investors to assess:

- How proposed gas infrastructure and depreciation timelines reconcile with achieving Duke's mid to long-term climate goals.