

# Duke Energy

## Detailed assessment of Duke Energy’s corporate industry association review

November 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on InfluenceMap’s CA100+ Investor Hub [here](#).

Key	Explanation
<span style="color: green;">■</span>	Has broadly met investor expectations in this area.
<span style="color: yellow;">■</span>	Has made some progress on investor expectations in this area, but with significant deficiencies.
<span style="color: red;">■</span>	Has fallen short of investor expectations in this area.

A summary of Duke Energy’s disclosures on industry associations is shown below. Duke Energy has undertaken two reviews of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
March 2021	7 / 100
March 2022	29 / 100

This assessment focuses solely on Duke Energy’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of Duke Energy [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment.

Disclosure & Transparency	Policy Alignment Process
<span style="color: red;">■</span> Corporate climate positions	<span style="color: red;">■</span> Identify & Assess
<span style="color: yellow;">■</span> Industry group climate positions	<span style="color: green;">■</span> Monitor & Review
<span style="color: red;">■</span> Alignment assessment method	<span style="color: red;">■</span> Act
<span style="color: yellow;">■</span> Framework for misalignment	

## Duke Energy's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Duke Energy's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

### Disclosure & Transparency

#### Corporate climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

#### **Duke Energy**

In its 2022 review, Duke Energy has limited its disclosure on climate policy positions to operational commitments and high-level statements on climate change, including support for the Paris Agreement and describing the type of climate policy the company supports. The 2022 review includes links to Duke Energy's ESG Website, 2022 ESG Report, 2020 Climate Report and Investor Relations webpage. However, Duke Energy does not appear to disclose its positions on, or engagement with, specific items of regulation and legislation in these sources.

#### **Best Practice**

*Shell* has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.

#### Industry association climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

#### **Duke Energy**

Duke Energy has disclosed some climate policy positions for some of its industry associations. For example, the company outlines support for the US Infrastructure Investment and Jobs Act by American Clean Power Association, Business Roundtable, US Chamber of Commerce, Edison Electric Institute, and Nuclear Energy Institute. However, Duke Energy did not disclose any climate policy positions or engagement on specific policies for the remaining five industry associations. Further, the company appears to overlook detailed examples of negative climate lobbying by key industry associations, such as the American Gas Association and the US Chamber of Commerce (see Identify & Assess for further details).

<b>Best Practice</b>	No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.
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### Alignment assessment method

**To meet investor expectations under this indicator:** The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<b>Duke Energy</b>	Duke Energy states that it assesses alignment by industry associations with two criteria: its corporate climate policy and policies that support the Paris Agreement. However, the company does not explain how this is assessed, what its climate policy includes, or what constitutes a finding of alignment or misalignment in relation to this criteria. Duke Energy provides a limited explanation behind the evaluation of each industry association, but this lacks detail. The company just states that each industry association is aligned with its climate policy and whether or not it has explicitly supported the Paris Agreement.
<b>Best Practice</b>	<i>BASF</i> has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.

### Framework for addressing misalignment

**To meet investor expectations under this indicator:** The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<b>Duke Energy</b>	Duke Energy has disclosed a framework to address misalignment with its industry associations, including escalating steps. The company stated that if a potential misalignment is identified, it may directly engage with the industry association staff and/or other members to express collective concerns and elevate concerns to executives sitting on association committees or the board if necessary. If a misalignment persists, the company will determine whether continued participation in the association is in the best interests of the company, and withdraw its membership if necessary. However, Duke Energy did not include clear deadlines for associations which do not amend misaligned practices.
<b>Best Practice</b>	<i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.

## Policy Alignment Process

Identify & Assess	
<p><b>To meet investor expectations under this indicator:</b> The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p>	
<b>Duke Energy</b>	<p>Duke energy assessed 10 industry associations in its 2022 review, and found that "the current climate positions of the trade associations reviewed align with those of Duke Energy".</p> <p>InfluenceMap analysis indicates that Duke Energy has at least three memberships to industry associations misaligned with the Paris Agreement (<i>US Chamber of Commerce, American Gas Association, Tennessee Chamber of Commerce &amp; Industry</i>) and at least two memberships to industry associations potentially misaligned with the Paris Agreement (<i>Business Roundtable, Edison Electric Institute</i>).</p> <p>InfluenceMap analysis finds that Duke Energy's industry associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> <li>■ <i>US Chamber of Commerce</i>: In August 2022, the US Chamber strongly <i>opposed</i> the Inflation Reduction Act. In March 2022, it <i>submitted</i> an amicus brief in support of the Line 5 pipeline.</li> <li>■ <i>American Gas Association (AGA)</i>: In September 2022, AGA appeared to <i>oppose</i> the energy efficiency provisions in the Inflation Reduction Act. In <i>May</i> and <i>June</i> 2022, AGA also appeared to emphasize economic cost concerns with the updated federal energy efficiency standards for water heaters and residential gas furnaces.</li> </ul>
<b>Best Practice</b>	<p><i>Enel</i> is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review	
<p><b>To meet investor expectations under this indicator:</b> The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.</p>	
<b>Duke Energy</b>	<p>Duke Energy has published annual reviews of its industry associations in 2021 and 2022.</p>
<b>Best Practice</b>	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations' climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

Act	
	<p><b>To meet investor expectations under this indicator:</b> The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i>, <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.</p>
<p><b>Duke Energy</b></p>	<p>Duke Energy has shown limited evidence of action to address misalignments. For each industry association, the company has a section titled "Summary of Engagement". However, this is broadly limited to an overview of the company's role within each association, including memberships to the board and relevant committees. There is no disclosure of specific actions taken to address misalignments within individual industry associations.</p> <p>The company also does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify &amp; Assess).</p>
<p><b>Best Practice</b></p>	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

# Appendix A: Methodologies for Assessment

## Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

## Assessing Disclosures

Since BHP’s 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *‘Investor Expectations on Corporate Climate Lobbying’* report, the PRI highlights the need for disclosure on the company’s positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company’s stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap’s Assessment Criteria
<b>Corporate climate policy positions and influencing activities</b>		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company’s description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.
		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company’s disclosure is limited to a brief overview of its ‘top-line’ climate statements and operational commitments without reference to specific items of regulation and legislation.

<b>Industry association climate policy positions and influencing activities</b>		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
<b>Alignment assessment method</b>		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
<b>Framework for addressing misalignment</b>		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

## Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
<b>Identify &amp; Assess</b>		The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.

		The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of “potential” misalignment (industry associations with Organization Scores 51-75 in InfluenceMap’s database).
		The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of “potential” misalignment (industry associations with Organization Scores 51-75 in InfluenceMap’s database).
Monitor & Review		The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.
		The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
		The company has not committed to any follow-up processes as part of its review of industry associations.
Act		The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
		The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or “potential” misalignment identified by InfluenceMap’s <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap’s database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
		The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap’s <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations’ positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.