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Duke Investors Deliver Stunning Rebuke Against Company Leadership, Doubling Votes Against Board Directors and Securing Majority Support for Political Spending Resolution

NEW YORK - Duke Energy shareholders today doubled investor opposition against at least one director at the company's annual meeting and secured majority support for a political spending disclosure resolution calling for greater transparency about Duke's secretive political lobbying activity.

"Today's vote represents a stunning rebuke to the board leadership of Duke Energy, which has repeatedly resisted efforts from investors and advocates for accountability on climate change, racial equity, and political spending." said **Eli Kasargod-Staub, Executive Director of Majority Action**. "Leading shareholders stood up to a board that had grown accustomed to rubber stamps of approval despite failure to adequately oversee environmental, social, and governance risks. What remains to be seen: whether Duke's largest shareholders, asset managers like BlackRock, Vanguard, and State Street, supported or once again undermined this critical moment for director accountability and long overdue structural board reform."

One or more directors failed to secure the support of 12% of the company's voting shareholders, more than double the votes against directors from 2020, when no director received less than 95% support. On Monday, the state treasurers of Vermont, Illinois and Connecticut announced their votes against Chair Lynn Good and Lead Independent Director Michael Browning. A proposal to establish an independent chair of the board of directors was flagged as a key resolution by the Climate Action 100+ coalition and received support from over 35% of voting shareholders; BlackRock and Vanguard control over 15% percent of Duke Energy shares and opposed the same resolution in 2020.

"We do not support directors that fail to execute the board's oversight responsibilities," said **Illinois Treasurer Michael W. Frerichs**. "When companies fail to demonstrate an adequate response to systemic risks that may have a material impact on performance, including climate change, it is our fiduciary duty to hold directors accountable and advocate for better governance."

"CEO and Chair Lynn Good has failed to align Duke's decarbonization plans and policy influence with its net-zero commitment, and Lead Independent Director Michael Browning—after

31 years on the board of Duke and its predecessors—has failed to provide robust independent oversight of these risks. Duke's board must be held accountable," said **Vermont Treasurer Beth Pearce**.

Majority Action and climate and racial justice activists had highlighted the need for investors to hold Duke's leadership accountable for failures of corporate governance related to material environmental and social risks. The political spending measure was also backed by 140+ racial justice leaders and their allies published as a full-page ad in the Financial Times last month, which called on major asset managers to support the measure, among others.

Background

As the largest generator of electricity and second largest carbon dioxide emitter among U.S. power producers, Duke's failure to align spending with its stated goal of achieving net-zero carbon emissions by 2050 adds significant systemic climate risks for investors. The failure of management and oversight of material ESG risks led to a $1.6 billion writedown in 2020 associated with the Atlantic Coast Pipeline project, which was vigorously and successfully opposed by Black and Indigenous communities and organizations in its proposed pathway, among whom noted, "[t]he ACP will disproportionately harm low income, African American, and indigenous communities, many of whom have been excluded from important decision-making processes." NAACP branches have also rallied against Duke's numerous coal plants for their harmful impact on African American communities.

Duke has also long faced criticism for undisclosed policy influence activities, including a track record of support for the American Legislative Exchange Council (ALEC), a public policy advocacy organization which has led efforts to pass voter suppression laws disenfranchising communities of color across the U.S, as well as other lobbying groups and elected officials who have opposed legislators and policy to advance decarbonization. In January 2021, Duke faced additional scrutiny when it was revealed that it had donated via its PAC more than $500,000 to members of Congress who voted to object to the certification of the U.S. election results after the Jan. 6 Capitol Insurrection. Duke abruptly announced that former board member Dan Dimicco would leave the Duke board in January after Majority Action revealed his support for attempts to challenge the 2020 election result.

The Duke effort is part of Majority Action's broader initiative by Majority Action and state treasurers, Proxy Voting for 1.5°C World, which aims to hold board directors accountable for their failures to address climate change. Duke is chief among a list of systemically important companies in the energy generation, oil and gas, and banking sectors that have not set emissions targets aligned to limiting warming to 1.5°C or aligned business plans and policy influence to those targets.

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Majority Action *is a nonprofit organization dedicated to empowering shareholders of all sizes to hold corporations and their leadership accountable to high standards of long-term value creation, corporate governance, and social responsibility.* *www.majorityaction.us*