



## Duquesne Light Company 2022 EEI ESG/Sustainability Report

### Section 1: Qualitative Information

Duquesne Light Company (DLC) is committed to providing more than 600,000 customers with reliable, resilient, safe and affordable power. As demand for energy increases, we are working to enhance the grid so we can continue meeting our customers' needs. We also understand the vital role we play in transitioning to a clean energy future that benefits everyone, and setting the stage for future generations to thrive. As a result, we continue to build a comprehensive environmental, social and governance (ESG) strategy that encompasses all entities within Duquesne Light Holdings Inc. — DLC, The Efficiency Network and DQE Communications — and will have a positive impact on the environment, our communities and our customers.

### **Our ESG Journey**

In 2020, DLC took a significant step toward building our ESG strategy with the completion of our first-ever ESG materiality assessment. The assessment, conducted with support from an external advisor, considered input from internal and external DLC stakeholders. In 2022, we refreshed the materiality assessment to evaluate the ways in which global shifts, such as the COVID-19 pandemic, may have influenced our priority issues. The refreshed materiality assessment specifically looked at ESG topics' significance to our business and the risk and opportunities related to our role in the community. Priority topics in our materiality matrix highlight the need to focus on the reliability and resilience of our infrastructure as well as a cleaner and energy-efficient future for all, including continued investment in beneficial electrification.

### **ESG Governance and Leadership**

At DLC, our leadership team and board of directors recognize the importance of effective governance and management of ESG issues. President and CEO Kevin Walker leads our organization's ESG efforts and is responsible for guiding our role in transitioning to a clean energy future. Our ESG strategy and relevant KPIs are managed at the vice-president level, supported by the Communications and Corporate Responsibility team and a cross-functional ESG working group tasked with leading, monitoring, tracking and reporting on material ESG topics.

Our ESG strategy relies on strong stakeholder engagement, including all segments of our customer base, regulators, elected officials, community partners and investors. We frequently connect with these stakeholder groups to identify new opportunities for increased engagement around ESG topics and issues, and to provide them with updates related to the progress made on our current strategy and activities.

## What We Are Doing

### Climate Action and Environmental Stewardship

It is evident that our rapidly changing climate is having a devastating impact around the world. Utilities play a significant role in the fight against climate change, and DLC is embracing our part in identifying solutions to one of the greatest challenges of our time.

Steps we are taking to improve our environment include:

#### Reducing Greenhouse Gas Emissions

Because DLC has no carbon-based power generation, we are in a unique position to support clean energy and reduce greenhouse gas emissions. We are actively tracking carbon emission sources such as:

- Scope 1: Direct emissions from owned or controlled sources
  - Includes tracking of and reporting on SF6 (sulfur hexafluoride) emissions
- Scope 2: Indirect emissions from the generation of purchased electricity, steam, heating and cooling

In addition, we are deploying various abatement strategies such as energy efficiency audits of our primary office locations, to reduce our emissions over time. We also are considering the many ways we can enable our customers' decarbonization journeys.

#### Advocating for Electric Mobility

Electric vehicles (EVs) produce zero tailpipe emissions and help produce cleaner air in our communities. Because of that, we are empowering our customers and the public to experience the benefits of electric mobility.

During the past four years, DLC has engaged with more than 1,400 of our EV-driving customers and helped install more than 150 charging station ports throughout the city of Pittsburgh to make EV charging more accessible. DLC also joined the [National Electric Highway Coalition](#) in 2021, which is a collaboration among electric companies committed to providing EV fast-charging stations that will enable the public to drive EVs with confidence along major U.S. travel corridors by the end of 2023.

In June of 2021, DLC began offering the [WholeHome EV Rate](#) and [Business EV Rate](#) through its Default Service Plan. The plan offers time-based electricity supply rates for qualified residential and commercial customers that drive electric or host EV charging. The rates include reduced off-peak electricity supply pricing as compared to DLC's standard default service supply rate.

In early 2022, DLC launched its [Community](#) and [Fleet](#) Charging programs to help commercial customers with the cost and construction of make-ready EV charging at qualified public, workplace, multi-family and fleet operator sites. DLC also launched its [Electric Fleet Advisory Service](#) to provide commercial customers that have on-road fleets with a free roadmap to fleet electrification based on their actual fleet data. We have also continued our partnership with Pittsburgh Regional Transit to significantly invest in the DC fast-charging stations for the region's first eight all-electric transit buses.

Furthermore, as part of an Edison Electric Institute initiative, DLC has committed to powering 30% of our fleet with electricity by 2030, including 100% of our light-duty vehicles.

### Supporting the Transition to Clean Energy

DLC is committed to powering the growth of resilient and sustainable communities in the regions we serve. One way we are achieving this is by supporting the growth of clean energy technology in ways that benefit all customers. This includes assessing the benefits and opportunities of electrification to help complement our customers' decarbonization efforts. In the spring of 2022, DLC released a whitepaper — "[Electrification as a Strategy for Decarbonization](#)" — focused on the benefits of electrification and its role in decarbonizing the Pittsburgh region. The project, which involved numerous experts at DLC and external contractors experienced in the energy sector, positions beneficial electrification as a critical strategy for reducing the impacts of a changing climate in our region while also benefiting the economy and public health.

In mid-2022, DLC received the Pennsylvania Public Utility Commission's approval on a long-term solar purchase power agreement (PPA), which will support the development of a new solar facility in western Pennsylvania and ultimately make solar advancement easier and more cost effective in the region. Through a competitive bid process, DLC successfully negotiated a 20-year PPA with a solar developer for 7 megawatts of output from a new facility located near our service territory. With construction expected to be complete in 2023, the facility will enhance western Pennsylvania's solar portfolio, provide family-sustaining jobs and continue moving the region toward a clean energy future.

DLC is committed to working with environmental stakeholders, regulators, policymakers and others to incorporate more renewable energy on the grid in addition to ensuring the advantages and costs of a clean energy future are shared equitably. Resources regarding our commitment to [clean energy](#) customers can be found on our external website. This site serves as a one-stop-shop for our customers interested in learning more about DLC's clean energy initiatives. DLC is also looking at how we can support our communities with clean energy options such as solar, as well as analyzing what we can do to responsibly manage our own environmental footprint.

### **Community, Customer and Employee Engagement**

At DLC, we prioritize the wellbeing of the communities we serve and acknowledge that their success influences the health of our business. For more than 140 years, we have been deeply rooted in the areas we serve and are always searching for ways to help our region, customers and employees grow and flourish.

### Diversity, Equity and Inclusion (DEI)

DLC and our board of directors are fully committed to empowering all employees and fostering an environment where everyone feels valued, respected, included and safe. We are working closely with our employees, customers and community partners to create a dynamic and sustainable future that is equitable for everyone.

With the support of our leadership team, we are increasing efforts around DEI to help grow diversity at DLC, across our industry and in our communities. In 2020, we launched our first three BERGs focused on women, veterans and Black/African Americans. We have also launched the concept of ally circles, which will serve as the starting point for future BERGs.

Our commitment to DEI applies to all aspects of our work, including how we recruit, retain, pay and promote our people.

In 2020, as part of our continuing effort to ensure [pay equity](#), DLC engaged an outside firm to assess the gender-based and race-and-ethnicity-based equity in the base annual salaries of our non-bargaining unit employees. The results showed equitable salaries across genders, races and ethnicities. On average, there is near parity in the DLC pay data. At DLC, women, on average, are paid 99.72% of what men are paid. Black or African Americans, Asian Americans and Hispanics, are, on average, paid 100.73% of what White employees are paid at DLC. We intend to reexamine pay data every few years to ensure continued parity.

### Community and Customer Relations

Whether we are launching initiatives that enhance quality of life or contributing to our region's economic growth, our goal is to help build strong and vibrant communities where we all can prosper. In 2021, DLC donated more than \$2 million to organizations that serve our local communities. Those funds were distributed through our charitable focus areas, which include social and economic equity, workforce development and sustainable communities. Furthermore, 51% of our charitable giving was directed to diverse-led organizations throughout our service territory.

In addition to charitable support, our employees volunteered more than 3,000 hours in 2021. The volunteer projects and initiatives complemented our charitable focus areas and were supported by our business employee resource groups (BERGs).

To learn more about our charitable activities, visit our [2021 Community Highlights Report](#).

### Health and Safety

The safety and well-being of our employees, customers and communities is paramount. DLC has identified four pillars of focus to create a culture of safety excellence: trust, training, teamwork and transparency. To further illustrate our commitment to health and safety, we have incorporated several safety metrics in our performance framework, which tie performance to compensation for employees who are eligible for inclusion in our short-term incentive plan and for those who participate in the 401(k) retirement savings plans. All DLC employees must understand that safety is a top priority in all we do. Employees are not only responsible for their own safety, but also the safety of their coworkers, our customers and the public.

## **Governance and Risk Management**


DLC understands that a successful ESG strategy goes hand in hand with effective risk and opportunity management. We are constantly working to evaluate emerging risks and opportunities that impact our business and industry.

### Enterprise Risk Management (ERM)

DLC has established an ERM program that includes an enterprise risk register within the framework. The ERM team facilitates processes designed to effectively identify, assess, monitor and report material risks. This information is reported to the Audit Committee of the Board, which is actively engaged in the oversight of material risks. DLC's ERM framework measures risk impact according to safety, reputation, regulatory and financial criteria for all risks included in the enterprise risk register, including ESG-related issues.

### Cybersecurity and Data Privacy

Cybersecurity risk has been identified as a material risk within our enterprise risk register. DLC's cybersecurity governance and execution approach presents a holistic, forward-looking view of cyber risk. The program exists to define, communicate and support cybersecurity risk decision accountability and aligns business priorities with cybersecurity risk management.



Furthermore, DLC's Enterprise Information Security program helps us execute our mission and achieve goals by protecting the confidentiality, integrity and availability of data systems that support our customers and employees. The program aligns with the National Institute of Standards and Technology Cybersecurity Framework for securing critical infrastructure.

*Compliance and Ethics*

Our standards and commitment to ethics and integrity are embraced at the top levels of management. Our board of directors sets a high standard for our employees, officers, contractors and themselves. The board includes two independent directors and five committees, comparable to a public company. In addition, we have an established internal audit function and are subject to external audits with our regulators to help identify process and policy improvements. Our workforce is also required to complete annual ethics training, including training on conflicts of interest, data privacy and security training, as well as other trainings on regulatory compliance requirements.



## Section 2: Quantitative Information

	2020	2021	Comments
<b>Portfolio</b>			
<b>Purchased Net Generation for the data year (MWh)</b>	4,547,645	4,159,854	
Total Renewable Energy Resources	727,370	726,554	
<b>Capital Expenditures and Energy Efficiency (EE)</b>			
Total Annual Capital Expenditures (nominal dollars)	\$ 374.5	\$ 357.3	<i>\$ in millions</i>
Incremental Annual Electricity Savings from EE Measures (MWh)	90,090	60,463	
Incremental Annual Investment in Electric EE Programs (nominal dollars)	\$ 18.8	\$ 14.8	<i>\$ in millions</i>
<b>Retail Electric Customer Count (at end of year)</b>			
Commercial	61,633	61,858	
Industrial	1,045	1,051	
Residential	543,056	544,441	
<b>Emissions</b>			
<b>GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e)</b>			
<b>Purchased Power</b>			
Carbon Dioxide Equivalent (CO2e)	28,973	25,164	<i>In tCO2e</i>
<b>Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6)</b>			
Total CO2e emissions of SF6 (MT)	4,687	597	<i>In tCO2e</i>
<b>Resources</b>			
<b>Human Resources</b>			
Total Number of Employees	1,577	1,642	<i>As of year-end</i>
Percentage of Women in Total Workforce	28%	28%	<i>As of year-end</i>
Percentage of Minorities in Total Workforce	14%	14%	<i>As of year-end</i>
Total Number on Board of Directors/Trustees	9	8	
Percentage of Women on Board of Directors/Trustees	33%	25%	
Percentage of Minorities on Board of Directors/Trustees	11%	13%	
<b>Employee Safety Metrics</b>			
Recordable Incident Rate	0.90	0.97	
Lost-time Case Rate	0.10	0.24	
Days Away, Restricted, and Transfer (DART) Rate	0.69	0.44	
Work-related Fatalities	0	0	
<b>Fresh Water Resources used in Thermal Power Generation Activities</b>			
Water Withdrawals - Consumptive (Millions of Gallons)	N/A	N/A	<i>In megaliters</i>
<b>Waste Products</b>			
Amount of Hazardous Waste Manifested for Disposal	170	81	<i>In tonnes</i>