

# Principles of Corporate Governance

## Duke Energy Corporation

### Principles for Corporate Governance

(Amended and Restated as of February 20, 2020)

An effective Board of Directors (the “Board”) will positively influence shareholder value and enhance the reputation of Duke Energy Corporation (the “Corporation”) as a constructive resource in the communities where it does business. Good governance practices will provide a framework for timely responses to issues affecting the Corporation and thereby maximize the effectiveness of the Board. The Board of Directors of the Corporation adopts these Principles for Corporate Governance to signal its strong commitment to good corporate governance practices.

#### 1. Responsibilities of Directors

- The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors.
- A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities.
- A director is expected to regularly attend meetings of the Board and committees on which the director serves.
- A director should be familiar with the agenda for each meeting, have carefully reviewed materials delivered in advance of the meeting, and be adequately prepared to participate fully in any discussion.
- A director should at all times discharge his or her responsibilities with the highest standards of ethical conduct, in conformity with applicable laws and regulations, and act solely in the best interest of the Corporation's shareholders.
- The matters discussed and materials shared in Board and Committee meetings are confidential; and, unless otherwise stipulated; a director should maintain the information in strict confidence.
- The directors are entitled to have the Corporation purchase reasonable D&O liability insurance on their behalf; to receive the benefits of indemnification to the fullest extent permitted by law and the Corporation's charter, bylaws and any indemnification agreements; and to benefit from exculpation as provided by state law and the Corporation's charter.

#### 2. Director Nominations

- The Corporate Governance Committee will have the primary responsibility for nominating candidates for election to the Board.
- Nominees will be leaders in their field, have broad experience, show familiarity with national and international issues, possess sound business judgment, and have other attributes that will enhance shareholder value.
- The Board will seek acting or former executive officers of complex businesses, leading academics, successful entrepreneurs and individuals who will add diversity to the Board.
- The Board will possess certain experiences and core competencies that are identified as essential to the success of the Corporation.
- Each director or director nominee also should:
  - Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.
  - Have a genuine interest in the Corporation and a recognition that, as a member of the Board, one is accountable to the shareholders of the Corporation, not to any particular interest group.
  - Have, as a general rule, a background that includes broad business experience or demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business organization.
  - Be the present or former chief executive officer (the “CEO”), chief operating officer, or substantially equivalent level executive officer of a highly complex organization such as a corporation, university or major unit of government, or a professional who regularly advises such organizations.
  - Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Corporation and its shareholders. In furtherance of the foregoing, the director or director nominee must review with the CEO, Chairman of the Board or Chairman

- of the Corporate Governance Committee any relationships of the director or director nominee with competitors, suppliers, customers or service providers to the Corporation that might be construed as an irreconcilable conflict of interest.
- Have the ability and be willing to spend the time required to function effectively as a director.
  - Be compatible and able to work well with other directors and executives in a team effort with a view to a long-term relationship with the Corporation as a director.
  - Have independent opinions and be willing to state them in a constructive manner.
  - Be a shareholder of the Corporation (within a reasonable time of election to the Board).
- Directors will be selected on the basis of talent and experience and core competencies. The Board believes that diversity, including diversity of background, skill sets, experience, thought, ethnicity, race, gender, age and nationality, are important considerations in selecting candidates.
  - The following procedure is recommended whenever a vacancy occurs on the Board or the Board wishes to add to its membership. First, potential candidates are identified through the efforts of an external search organization or otherwise. Next, the Chairman of the Board or the Chairman of the Corporate Governance Committee shall make initial exploratory contacts with the potential candidates. Then, an opportunity shall be arranged for the members of the Corporate Governance Committee or as many as can do so to meet the potential candidates. The Corporate Governance Committee shall then select a candidate to recommend to the Board for consideration and appointment. Board members appointed in this manner shall serve, absent unusual circumstances, until their election by the Corporation's shareholders at the next annual meeting of shareholders of the Corporation.
  - The Corporate Governance Committee will evaluate a director candidate recommended by a shareholder in the same manner and to the same extent as it evaluates director candidates identified by other means.

### 3. Voting for Directors

- Pursuant to the Corporation's bylaws, directors will be elected by the affirmative vote of a majority of the votes cast at a meeting of the shareholders for the election of directors at which a quorum is present. However, if the number of nominees exceeds the number of Board seats open for election, the individuals receiving the greatest number of votes, up to the number of Board seats open for election, will be the directors.
- In an uncontested election of directors, any incumbent nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will, within five days following the certification of the shareholder vote, tender his or her written resignation to the Chairman of the Board for consideration by the Corporate Governance Committee. As used herein, an "uncontested election of directors" is an election in which the number of nominees is not greater than the number of Board seats open for election.
- The Corporate Governance Committee will consider such tendered resignation and, promptly following the date of the shareholders' meeting at which the election occurred, will make a recommendation to the Board concerning the acceptance or rejection of such resignation. In determining its recommendation to the Board, the Corporate Governance Committee will consider all factors deemed relevant by the members of the Corporate Governance Committee including, without limitation, the stated reason or reasons why shareholders who cast "withhold" votes for the director did so, the qualifications of the director (including, for example, the impact the director's resignation would have on the Corporation's compliance with the requirements of the Securities and Exchange Commission, the New York Stock Exchange and these Principles for Corporate Governance), and whether the director's resignation from the Board would be in the best interests of the Corporation and its shareholders.
- The Corporate Governance Committee also will consider a range of possible alternatives concerning the director's tendered resignation as members of the Committee deem appropriate including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Corporate Governance Committee to have substantially resulted in the "withheld" votes.
- The Board will take formal action on the Corporate Governance Committee's recommendation within a reasonable period of time following the date of the shareholders' meeting at which the election occurred. In considering the Corporate Governance Committee's recommendation, the Board will consider the information, factors and alternatives considered by the Corporate Governance Committee and such additional information, factors and alternatives as the Board deems relevant.
- Following the Board's decision on the Corporate Governance Committee's recommendation, the Corporation will promptly disclose, in a Form 8-K filed with the Securities and Exchange Commission, the Board's decision, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.
- No director who, in accordance with this policy, is required to tender his or her resignation, shall participate in the Corporate Governance Committee's deliberations or recommendation, or in the Board's deliberations or determination, with respect to accepting or rejecting his or her resignation as a director. If a majority of the members of the Corporate Governance Committee received a greater number of votes "withheld" from their election than votes "for" their election, then the independent directors then serving on the Board who received a greater number of votes "for" their election than votes "withheld" from their election will appoint an ad hoc Board committee from amongst themselves (the "Ad Hoc Committee"), consisting of such number of directors as they may determine to be appropriate, solely for the purpose of considering and making a recommendation to the Board with respect to the tendered resignations. The Ad Hoc Committee shall serve in place of the Corporate Governance Committee and perform the Corporate Governance Committee's duties for the purposes of this policy. Notwithstanding the foregoing, if an Ad Hoc Committee would have been created but fewer than three directors would be eligible to serve on it (including in circumstances where the entire Board receives a greater number of votes "withheld" from their election than votes "for" their election", the entire Board (other than the directors

whose resignations are being considered) will make the determination to accept or reject the tendered resignation without any recommendation from the Corporate Governance Committee and without the creation of an Ad Hoc Committee. x

#### 4. Director Orientation

- New directors will receive a comprehensive package of orientation materials.
- Senior managers and other appropriate personnel and outside advisors will brief new directors on the Corporation and the industry, including the Corporation's strategic plans, internal control procedures, compliance programs, code of ethics and related policies, management and internal and independent auditors.
- Directors will be encouraged to take advantage of field visits to the Corporation's facilities.

#### 5. Combination of Chairman and Chief Executive Officer

- The positions of Chairman of the Board and Chief Executive Officer may be held by the same individual.

#### 6. Lead Director

- Unless an independent director is filling the role of Chairman of the Board, the independent members of the Board will elect a Lead Director, from among the independent directors. The Lead Director will have the following specific duties and responsibilities, among others:
  - Serve as liaison between the Chairman of the Board and the Chief Executive Officer and the independent directors.
  - Lead, in conjunction with the Corporate Governance Committee, the process for review of the Chief Executive Officer and Board.
  - Preside at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent members of the Board, and apprise the Chairman of the Board of the issues considered, as appropriate.
  - In the event of the death or incapacity of the Chairman of the Board or in other situations where it is not possible or appropriate for the Chairman to assume leadership of the Board, become the acting Chairman of the Board until such time as a Chairman of the Board shall have been selected.
  - Assist the Chairman of the Board and the Chief Executive Officer in setting, reviewing, and approving agendas and schedules of Board meetings.
  - Approving meeting schedules to assure there is sufficient time for discussion of all agenda items.
  - Review and approve information sent to the Board, including advising on quality, quantity and timeliness of information.
  - Develop topics for discussion during executive sessions of the Board
  - Call meetings of the independent members of the Board when necessary and appropriate.
  - Assist the Chairman of the Board and the Chief Executive Officer to promote the efficient and effective performance and functioning of the Board.
  - Consult with the Corporate Governance Committee on the Board's annual self-assessment.
  - Be available for consultation and direct communication with the Corporation's major shareholders.
- The name of the Lead Director shall be disclosed in the Corporation's proxy statement for the annual meeting of its shareholders, together with a method for interested parties to communicate directly with the Lead Director or with the independent directors as a group.

#### 7. Size of the Board

- Due to the size of the Corporation and the number of committees needed to oversee the complexity of its business, including its nuclear operations, the optimal size of the board is believed to be between twelve and sixteen directors.

#### 8. Frequency of Meetings

- The Board will meet as frequently as required to attend to the business of the Corporation.
- Regular meetings will be supplemented by teleconference meetings as required.

#### 9. Independence of Directors

- Independent directors will constitute a substantial majority of the Board.
- The Corporate Governance Committee will confirm that the composition of relevant committees conforms to applicable director independence requirements.

#### 10. Service on Other Boards

- Interlocking directorships will only be allowed in conformance with applicable laws and regulations.

- Current directors will notify the Chairman of the Board or the Lead Director when considering a request for service on another board, and the Corporate Governance Committee will discuss potential conflicts of interest and whether the service would interfere with such director's ability to properly discharge his or her duties.
- Outside members of the Board must notify the Lead Director prior to accepting any nomination to serve on the Board of another public company, and will serve on no more than four other public company Boards without the prior approval of the Board.
  - Neither the CEO nor the Executive Chairman, if any, may serve on any other company boards, other than not-for-profit organizations, without the prior approval of the Board.

## 11. Directors Whose Responsibilities Change

- A director whose occupational responsibilities change will, as a matter of course, submit a letter of resignation, except where the duties changed as a result of normal retirement.
- The Corporate Governance Committee will review letters of resignation to determine whether a resignation should be accepted.

## 12. Director Retirement

- Except as set forth below, independent directors are normally expected to retire from the Board by not standing for reelection at the annual meeting in the calendar year following the earlier of (i) the year of his or her 71st birthday, and (ii) the year of his or her 15th anniversary of service on the Board.
- The Board retains the right, after examining the Board composition and impending Board retirements in light of the Corporation's strategy, to request that a director who has reached the age of 70 accelerate his or her normal retirement date by not standing for reelection at the annual meeting in the calendar year following the year of his or her 70th birthday. The Board further retains the right to request that a director serve additional terms after his or her normal retirement date, provided that no director will be nominated for reelection at the annual meeting in the calendar year following the year of his or her 75th birthday.

## 13. Director Compensation / Share Ownership

- Director compensation and benefits will be competitive, reasonable and customary in comparison to companies that are similarly situated.
- The Board, upon the recommendation of the Compensation Committee, will approve director compensation and benefits.
- Stock ownership guidelines will require directors to have a financial stake in the Corporation.

## 14. Assessing the Board's Performance

- The Corporate Governance Committee will annually assess the Board's performance.
- The Corporate Governance Committee is responsible for coordinating the annual self-assessments of the individual directors.
- The Corporate Governance Committee will address any issues concerning the performance of an individual director.
- Directors are encouraged to make suggestions as to Board practices.

## 15. Board Interaction with Institutional Investors, Press, Customers

- The Chief Executive Officer has primary responsibility for communications with various stakeholders.
- Board members who meet with stakeholders should first coordinate with management.

## 16. Board Access to Management

- Board members have complete access to management.
- The Board welcomes the exposure of top managers to the Board.

## 17. Selection of Agenda Items for Board Meetings

- The Chief Executive Officer and the Chairman of the Board with the assistance of management and the Lead Director will establish the agenda for Board meetings.
- Board members are free to suggest agenda items.
- The Board annually reviews long-term strategic plans and reviews strategic updates.
- The Board annually reviews operating plans and specific goals at the beginning of the year and financial performance periodically.

## 18. Board Materials Distributed in Advance

- The Board will be fully informed of major proposals.  
Materials will be distributed approximately one week prior to each Board meeting, unless circumstances require otherwise.

Materials will be concise but thorough.

- The Secretary will discuss adequacy of materials with Board members periodically.

## 19. Board Presentations

- Presentation materials shall be provided in advance of meetings.
- Sensitive matters may be discussed without written materials.
- Board members will review fully all materials and will be prepared for crisp and focused discussion on management proposals.

## 20. Committees of the Board

- The Board will appoint from among its members, committees it deems to be necessary or appropriate. Currently, the standing committees of the Board include Audit, Compensation, Corporate Governance, Finance and Risk Management, Regulatory Policy and Operations, and Nuclear Oversight.
- Each committee will have a formal statement of responsibilities in the form of a charter complying with all applicable laws, rules and regulations.

## 21. Assignment and Rotation of Committee Members

- The Corporate Governance Committee will recommend to the Board the assignment of Board members to committees.
- The rotation of committee memberships will be encouraged, but not mandated.

## 22. Frequency and Length of Committee Meetings

- The committee chair will determine the frequency and length of meetings.
- Committee actions will be reported to the full Board.
- All directors are free to attend any committee meetings but may be excluded by the committee as the committee deems appropriate in order to carry out its responsibilities.

## 23. Evaluation of the Chief Executive Officer

- Directors are encouraged to comment to the Chief Executive Officer, the Chairman of the Board, the Lead Director or the Chairman of the Corporate Governance Committee upon the performance of the Chief Executive Officer when circumstances warrant.
- The Corporate Governance Committee will conduct annually a formal evaluation of the Chief Executive Officer and will consider factors such as individual performance, the extent to which measures related to enterprise challenges are successfully achieved, the feedback of directors and the advice of outside experts when recommending changes to the Compensation Committee which shall establish the compensation of the Chief Executive Officer.

## 24. Succession Planning and Development Plan

- The Chairman of the Board and/or the Chief Executive Officer will review management succession plans at least annually with the Board of Directors.
- The Board will review Chief Executive Officer succession plans at least annually.
- The Board will seek to assure that the status of organizational strengths is equal to requirements of long-range goals.

## 25. Periodic Review

- The Corporate Governance Committee will review these Principles for Corporate Governance periodically and will make recommendations to the Board as appropriate.

## 26. Executive Sessions

- The independent members of the Board will hold regular meetings without management.
- The Chairman of the Board or, if the Chairman of the Board is not an independent director, the Lead Director will preside over executive sessions of the Board.

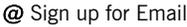
## 27. Continuing Education

- Directors are encouraged to take advantage of continuing education opportunities that will enhance their ability to fulfill their responsibilities.









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OUR COMPANY

PARTNER WITH US

SAFETY AND PREPAREDNESS

COMMUNITY

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