Principles of Corporate Governance

Duke Energy Corporation

Principles for Corporate Governance

(Amended and Restated as of December 13, 2018)

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

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.

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.

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 Board will elect a Lead Director, from among the independent members of the Board. 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 Corporate Governance Committee and Board.
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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.