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Duke Energy Code of Business Ethics

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Duke Energy Code of Business Ethics

Changes to 406(b) Senior Financial Officer Standards Duke Energy's Code of Business Ethics

Duke Energy revised its Code of Business Ethics effective April 3, 2006. The revision includes the following changes to provisions applicable to Duke Energy's principal executive officer, principal financial officer and controller that relate to items enumerated in Item 406(b) of Regulation S-K: periodic employee certification of Code compliance may occur (changed from will occur); Conflicts of Interests standard was revised to require employees to consult with supervisors before seeking further approval to sit on the board of a for-profit entity that has regular business dealings with the company; Risk Management standard was revised to clarify that employees must not cause or direct others to cause the company to enter into energy commodity contracts for account of themselves or specified related parties; and the Chief Compliance Officer was added as a contact for reporting fraud.

Accuracy of Books and Records and Information Reporting Duke Energy's Code of Business Ethics

Duke Energy demonstrates accountability in all accounting (including time reporting) and financial reporting practices. All employees must accept responsibility for the accuracy of written records and public statements so that we can maintain the trust of our stakeholders.

Duke Energy's internal controls over financial reporting are consistent with the application of generally accepted accounting principles (GAAP). They help protect our financial accountability by:

- * Assuring management's authorization of financial transactions
- * Ensuring that financial transactions are properly recorded and posted
- * Satisfying government and other regulatory requirements
- * Providing reasonable assurance that we are in compliance with GAAP and applicable tax laws.

Responsibility in Reporting

Duke Energy's results of operations and financial condition are reported using GAAP and in compliance with applicable laws and regulations. Duke Energy prides itself on the transparency of its financial and non-financial reporting. To this end, we provide independent analysis and reporting of, among other things:

- * Earnings for common stock shareholders
- * Non-financial data (examples include data related to environmental responsibility, key strategic initiatives and community involvement)
- * Current and future opportunities, threats, strategic plans and critical success factors
- * Revenue recognition
- * Market risks associated with commodity prices, credit exposure and interest rates
- * Corporate and management commitment to our company's values.

It is critical to Duke Energy's reputation that information provided to management and the public is accurate, fair, complete, objective, understandable, timely and relevant. This applies to both financial and non-financial data, and includes information in public communications as well as in documents filed with regulators. Misstating information can carry serious criminal and civil fines and penalties for Duke Energy and personal criminal liability for employees.

Duke Energy applies the highest ethical standards in its financial and non-financial reporting and follows all applicable Securities and Exchange Commission (SEC), New York Stock Exchange, Sarbanes-Oxley, various regulatory commissions and other standards and rules regarding financial and non-financial reporting.

Employees should report immediately if they are pressured, threatened or aware of instances such as:

- * Use of questionable accounting techniques
- * Management of earnings
- * Manipulation of results to meet targets for incentive plans.

Our Responsibilities

Duke Energy employees are expected to be truthful and accurate in their accounting and time reporting practices. Financial professionals are expected to stay up-to-date with all financial reporting regulations related to their job functions, and to report financial statement items in a manner consistent with applicable laws and GAAP. All Duke Energy employees involved in public reporting or communications are expected to produce disclosures that are full, fair, accurate, timely and understandable.

Duke Energy employees must:

- * Maintain books, accounts and records according to GAAP, using sufficient detail to reflect Duke Energy transactions accurately and fairly
- * Record transactions in a timely manner
- * Report if financial statements are believed to be misstated or manipulated.

Employees must not:

- * Manipulate financial accounts, records or reports
- * Maintain off-the-book accounts to facilitate questionable or illegal payments
- * Take any action, or cause anyone else to take any action, to influence, coerce, manipulate or mislead auditors for the purpose of making financial statements misleading.

Affiliate Rules Duke Energy's Code of Business Ethics

Duke Energy's value is maximized by the complementary capabilities of its affiliates.

Duke Energy is subject to regulation by various energy regulatory commissions, including federal, certain state, and provincial commissions. These commissions have specific codes and standards of conduct (Affiliate Rules) that address matters such as undue discrimination and preferential treatment between regulated companies and their affiliates.

The purpose of these Affiliate Rules is to prevent the regulated businesses from subsidizing the activities of their affiliates, and to prevent the affiliates from gaining an unfair advantage because of their relationship with the regulated businesses.

Generally the Affiliate Rules include:

- * Physical and organizational separation requirements between the regulated business units and certain affiliates
- * Restrictions on sharing directors, officers, and employees
- * Prohibitions on the sharing of transportation or market information
- * Restrictions on the disclosure of customer information
- * Requirements for equal access to regulated service and prohibition against undue discrimination in providing regulated service
- * Restrictions on transactions between regulated business units and affiliates, such as transfer pricing provisions, prohibitions on certain financial transactions, and regulatory approval and reporting requirements
- * Terms for sharing certain services and resources
- * Restrictions on certain financial transactions between regulated business units and affiliates
- * Restrictions on making referrals to or endorsements of affiliates.

Compliance with both the letter and spirit of the Affiliate Rules demonstrates integrity.

Our Responsibilities

Duke Energy employees involved in the following activities for or with a regulated business unit are expected to understand and comply with the Affiliate Rules.

- * Transferring goods or services
- * Sharing customer, market or transportation information
- * Providing regulated/tariffed services to an affiliate
- * Marketing activities, including referrals or endorsements
- * Sharing employees, services, or resources.

Approval of Business Transactions, Contract Authorization, Delegation of

Authority and Purchasing Controls Duke Energy's Code of Business Ethics

Duke Energy's contractual agreements govern our business relationships and ensure that Duke Energy's intellectual property, business agreements and confidential information are protected.

Because the laws governing contracts are numerous and complicated, policies and procedures are in place to ensure that any contract entered into on behalf of Duke Energy has the appropriate level of review and approval.

Our Responsibilities

Duke Energy employees who enter into contracts on Duke Energy's behalf must have proper authorization, including legal review where applicable, prior to the execution of any such contract.

Duke Energy employees must:

- * Know what types of contracts we are authorized to execute on behalf of the company, if any.
- * Comply with Duke Energy policies and procedures for entering into contracts.
- * Where required by policy, make sure that a contract agent reviews and approves any contract.

Employees must not:

* Enter into any contract on behalf of Duke Energy without proper review and authorization.

Brand Management and Intellectual Property Duke Energy's Code of Business Ethics

Duke Energy's brand identity and intellectual property are among its most valuable assets. The loss of or injury to such assets could have a serious financial impact on the company. Violation of the intellectual property rights of others breaches our value of integrity, and may subject both the employee and Duke Energy to substantial liability, including criminal penalties.

Employees demonstrate accountability by consistently and appropriately protecting the intellectual property rights of Duke Energy and honoring the intellectual property rights of third parties (e.g., copyrights, trademarks, service marks and patents).

Employees must also be accurate and truthful in communicating information about Duke Energy products and services. This practice protects the Duke Energy brand and shows respect for our customers and shareholders.

Our Responsibilities

Duke Energy employees are expected to protect the intellectual property rights of Duke Energy, including the Duke Energy name and logo, taglines, inventions, processes and innovations and to respect those of all third parties.

Duke Energy employees must:

* Follow the Brand Guidelines when creating materials using the Duke Energy name, mark or logo.

* Understand that any intellectual property created by a Duke Energy employee in the performance of his or her job responsibilities belongs to Duke Energy and that innovations must be shared with the company to ensure adequate protection.

* Report any unauthorized use of Duke Energy's copyrights, patents, service marks or trademarks.

* Respect all intellectual property that Duke Energy has received from third parties under confidentiality or license agreements.

* Obtain permission to use a third party's trademark, service mark or other intellectual property.

* Use inventions patented by third parties only within the terms of a license agreement.

* Be accurate and truthful in communication of information about Duke Energy products and services.

* Adhere to established brand standards when producing any materials, including advertising, publications, on-line materials and other items using the Duke Energy or subsidiary companies' names or logos.

Employees must not:

* Make copies of copyright-protected materials until Duke Energy has obtained permission from the copyright holder or determined that limited copying is legally permitted.

* Copy or distribute software or related documentation without first ensuring that it is permitted by the licensing agreement.

* Use company letterhead, company e-mail or reference to our business address or title when expressing a personal view in a public forum.

Q&A

Q: What is intellectual property?

A: "Intellectual property" denotes the legal rights that may be secured in virtually any creation of the human mind or intellect (for example, an idea, invention, machine, device, process, program, software, drawings, blueprints, name, logo or slogan) or that may be legally protectible (such as a patent, copyright, trademark, service mark, and/or trade secret).

Q: What types of protections are available for intellectual property?

A: The type of protection available depends on the type of intellectual property involved.

* Copyrights protect original and tangible works of authorship such as books, brochures, reports, proposals, advertisements and other literary works, as well as works of art, drawings, photographs, videos, maps, charts, musical works, audiotapes and software. A copyright prohibits unauthorized copying or downloading of these works.

* Patents protect new and non-obvious inventions, such as machines, apparatus, devices, manufacturing components, chemical compositions, processes, methods and ornamental designs. A patent permits inventors and patent holders to exclude others from making, using or selling the same invention.

* Trademarks and service marks are words, phrases, symbols and designs which identify and distinguish the source of goods or services from those of others.

Registration of a trademark or service mark restricts its use by others. In some circumstances, a trademark or service mark may be protected from such use without registration.

* Trade secrets are any information used by a business such as formulas, processes, devices and customer lists that have economic value because they are not generally known or easily discovered by observation or examination, and for which reasonable efforts have been made to maintain secrecy.

Bribery, Kickbacks and Other Improper Payments Duke Energy's Code of Business Ethics

Duke Energy maintains the highest level of integrity when dealing with government officials and members of the private sector. Giving anything of value to such individuals may raise questions about Duke Energy's integrity. We demonstrate accountability by refusing to give gifts or make payments that are intended to influence, or could appear to influence, business decisions.

Bribery laws prohibit companies from directly or indirectly promising, offering or making payment of money or anything of value to anyone (including a government official, an agent or employee of a political party, labor organization or business entity, or a political candidate) with the intent to induce favorable business treatment or to improperly affect business or government decisions.

Decisions about gift giving must be carefully evaluated. In general, Duke Energy does not consider ordinary and reasonable business entertainment, or gifts of nominal value that are customary and legal in the local market, to be improper. We recognize that in certain cultures, gifts of a more substantial nature may be customary and expected.

However, we also recognize that the giving of improper gifts or payments can undermine customer relationships, damage our reputation and result in legal penalties. Employees must refrain from giving gifts or making payments that are intended to influence, or could appear to influence, business decisions.

Note: These laws and regulations are complex and can vary from country to country, and even within a country (e.g., local versus national officials) and from state to state. This Code does not necessarily take into account all local legal requirements and you should be aware that more restrictive local laws take precedence over this Code.

Our Responsibilities

Duke Energy employees are expected to be extremely careful when giving anything of value to third parties to avoid giving the impression that we are trying to influence another person's business decision.

Duke Energy employees must:

* Ensure that business entertainment provided to third parties is reasonable and customary.

* Offer only gifts that are considered customary, reasonable, legal and of nominal value in the local market.

* Obtain prior approval from management before making a decision about whether or not to offer a gift that is of more than nominal value in the local market.

* Comply with local laws and regulations governing gifts and meals given to public officials and employees of governmental agencies.

* Understand that it is generally not acceptable to give gifts or gratuities to any federal, state or local government employees.

Employees must not:

* Give gifts that are intended to influence, or appear to influence, business decisions.

* Agree to provide any payment or other kickback in return for favorable treatment for either the employee or Duke Energy.

Q&A

Q: How do I know whether a gift or payment is improper or not?

A: A gift or payment is improper if it is used to influence, or appears to influence, a business decision. If you have questions as to whether a gift or payment could be considered improper, seek guidance before taking any action.

Business Courtesies Duke Energy's Code of Business Ethics

The giving and receiving of gifts or entertainment can be important and appropriate ways of building and maintaining proper business relationships.

However, in order to maintain trust and integrity with our business partners, it is important to be prudent when accepting business courtesies.

Our Responsibilities

Duke Energy employees are expected to act with integrity when deciding whether to accept a business courtesy (i.e., anything of value for which the recipient does not pay fair market value, including gifts, services and entertainment).

Employees who are buyers, who influence buying, or who are involved in procurement transactions in any way (e.g., determining specifications, evaluating bids, choosing vendors or suppliers) must be especially careful when deciding whether to accept a business courtesy.

Duke Energy employees must:

- * Accept only personal gifts that would be considered common business courtesies and for which we would reasonably expect to give something similar in return in the normal course of business.
- * Maintain a written list of business courtesies received.
- * Obtain written supervisory approval prior to accepting a business courtesy of significant or unique value.
- * Report gifts received from representatives of foreign countries.

Employees must not:

- * Accept or request any business courtesy that might be intended to influence, or appears to influence, a business decision.

Confidential, Proprietary and Personal Information Duke Energy's Code of Business Ethics

Duke Energy uses confidential, proprietary and personal information ("sensitive information") in the course of doing business. This includes the company's sensitive information, as well as that of third parties.

Duke Energy complies with laws protecting sensitive information from unlawful disclosure. Failure to comply with these laws and standards can cause irreparable damage to the Duke Energy brand and can result in legal penalties, adverse regulatory actions and restrictions. It can also prohibit Duke Energy from conducting business within certain countries.

Our Responsibilities

Duke Energy employees are expected to protect Duke Energy and third-party sensitive information from unlawful disclosure, and to ensure that such information is handled properly throughout the organization.

Duke Energy employees must:

- * Use sensitive information for business purposes only.
- * Use business unit procedures for labeling and handling sensitive information.
- * Share sensitive information only with appropriate parties both within and outside of Duke Energy.
- * Use health information solely for the administration of health plans.
- * Make sure that use of sensitive information is consistent with our policies, affiliate rules, contractual obligations and applicable laws.

Employees must not:

- * Disclose sensitive information to individuals (including other employees) who do not have a business need to know the information.
- * Help a third party gain access to sensitive information without authorization.

Q&A

Q: What is confidential or proprietary information?

A: Confidential or proprietary information is any information that provides a third party with some kind of business advantage and is not generally known to the public. This includes, but is not limited to:

- * Inventions
- * Operational information
- * Strategic information about current and/or future business plans
- * Supplier's pricing and specifications
- * Research
- * Records, such as financial, customer or personnel records
- * Information designated as confidential or proprietary.

Q: What type of information would be considered personal information?

A: Personal information includes, but is not limited to:

- a. health information,
- b. social security number or national ID (or equivalent),
- c. consumer report information,
- d. a natural person's first name or first initial and last name in combination with
 - * social security or employer taxpayer ID numbers
 - * drivers license, state identification card, or passport numbers
 - * banking information
 - * credit card numbers
 - * PIN codes
 - * electronic ID numbers
 - * private electronic mail names or addresses

- * private phone number
 - * internet account numbers
 - * identification names
 - * digital signatures
 - * any information that can be used to access a person's financial resources
 - * biometric data
 - * fingerprints
 - * passwords
 - * parent's legal surname prior to marriage, or
- e. any other information protected by Duke Energy's Policies, Standards, Procedures or applicable laws.

Conflicts of Interest Duke Energy's Code of Business Ethics

Duke Energy depends on its employees to act in Duke Energy's best interests. Sometimes, however, there are situations where an employee might be tempted to act otherwise or find oneself in a situation where a conflict of interest may arise.

A conflict of interest exists any time an employee faces a choice between what is in his or her personal interest (financial or otherwise) and the interests of Duke Energy. When a conflict of interest arises, others may question our integrity. Therefore, employees are accountable for acting in Duke Energy's best interests and carefully avoiding even the appearance of impropriety. If you find yourself in a position where your objectivity may be questioned because of individual interests or family or personal relationships, notify your supervisor immediately.

Conflicts of interest may arise when:

- * You or someone with a close relationship to you has an interest in an entity with which Duke Energy does business.
- * You or someone with a close relationship to you receives improper personal benefits as a result of your position at Duke Energy.
- * Other employment (including self-employment) or serving as an officer, director, partner or consultant of another organization interferes with your ability to act in the best interests of Duke Energy, requires you to use or disclose sensitive information about Duke Energy, is conducted during or conflicts with an employee's normal work times, or creates the appearance of impropriety.
- * You or someone with a close relationship to you receives a loan or other extension of credit or credit support (such as a guaranty) from Duke Energy. Duke Energy is prohibited by law from extending or arranging for the extension of personal loans to executive officers.

Our Responsibilities

Duke Energy employees owe a duty of loyalty to the company and are expected to act in Duke Energy's best interests and avoid conflicts of interest and/or the appearance of a conflict of interest.

Duke Energy employees must:

- * Be able to identify potential conflicts of interest when they arise.
- * Notify supervision immediately when we are in a position where our objectivity may be questioned.
- * Make certain that any second jobs, financial interests, or management interests in another entity do not cause a conflict of interest or have a negative impact on the confidence the public has in Duke Energy.
- * Get approval from a group executive when an entity in which you or a family member owns or acquires an interest that is greater than 5 percent seeks to do business with Duke Energy, and:
 - o The entity makes sales of goods or services to Duke Energy exceeding \$1,000 annually, or
 - o You help make Duke Energy purchasing decisions for those goods or services, or
 - o You have a role in making sure the entity gets paid for the goods and services it provides.
- * Get approval from a group executive to:
 - o Perform work or services for any person or organization that competes with or seeks to do business with Duke Energy
 - o Take a position on the board of directors of a for-profit entity that has regular business dealings with Duke Energy. Prior to taking any such board position, employees are required to consult with their supervisor before seeking approval from a group executive who shall notify the General Counsel.
- * Always keep Duke Energy's interests uppermost even if the above criteria do not apply to a situation.

Employees must not:

- * Take for personal gain an opportunity available to Duke Energy that is discovered through the use of company assets, information or position.
- * Interface with Duke Energy's contractors, vendors, suppliers, customers or others in a manner which creates even the appearance of a conflict of interest. When in doubt, check with your supervisor.

Q&A

Q: I've been asked to sit on the board of directors of a non-profit organization. Do I need my supervisor's approval to do this?

A: No, but you should still make your supervisor aware of the situation. Also, you should excuse yourself from any discussions or votes on any matter involving Duke Energy, to avoid the appearance of improper behavior or a conflict of interest.

Q: I am considering a temporary second job for extra money during the holiday season. Is this okay?

A: Yes, but remember your first responsibility is to our company. You must be able to fulfill all your responsibilities including overtime if that is a requirement. The job must not be with a competitor or vendor/supplier.

Q: An employee's spouse owns a company which would like to bid on a contract exceeding \$1,000 annually. The employee discloses the ownership to their supervisor. Is this a conflict of interest?

A: No. The employee was honest about their relationship and removed themselves from the purchasing process. If the company owned by the employee's spouse is chosen as a vendor, the employee cannot be involved in supervising the work or processing payments for the work.

Environment, Health and Safety Duke Energy's Code of Business Ethics Protecting and responsibly managing natural resources demonstrates stewardship and is critical to the quality of life in the communities we serve, the environment and Duke Energy's long-term business success. The health and safety of co-workers, contractors, customers and communities is the responsibility of all Duke Energy employees.

Duke Energy accepts responsibility in these areas by systematically managing risks, setting goals, measuring and reporting performance, and conducting assessments to evaluate and improve:

- * Compliance with environmental, health and safety laws, regulations and other requirements such as permits.
- * Systematic implementation of Duke Energy environmental, health and safety (EHS) policies and standards.

Our Responsibilities

Duke Energy employees are expected to abide by all company policies and procedures in the areas of environment, health and safety.

Duke Energy employees must:

- * Comply with all applicable environmental, health and safety laws, regulations and other requirements, such as those dealing with:
 - o Employee and public safety and health
 - o Contractor EHS management
 - o Work conditions
 - o Pollution control and management
 - o Waste management
 - o Infrastructure safety
- * Follow work instructions and procedures on environmental, health and safety laws, regulations and risk management, and apply training to protect others, the environment and yourself.
- * Promptly report all environmental, health and safety incidents, including significant near misses.
- * Report to work fit to perform our duties and be free of the effects of alcohol or drugs at work.
- * Demonstrate a personal commitment to continuous safety improvement and look out for the safety of others.
- * Understand and incorporate our EHS responsibilities into daily work activities.

Employees must not:

- * Threaten or injure other people.
- * Handle a weapon in any manner while on Duke Energy premises or while engaged in Duke Energy business, unless authorized to do so.
- * Use, possess, sell or transfer illegal drugs, illegal narcotics or alcohol on the job.

Q&A

Q: How do I prepare for a workplace emergency?

A: A workplace emergency may be an injury accident, a severe illness, a chemical spill, a fire, flood or storm, an assault or other incident.

* Find out who to contact to get help in the event of an emergency. Emergency numbers should be posted at each telephone. Local personnel may be appointed and trained to respond to emergencies.

* Know the address of your work location in case you have to call for emergency help.

* Know the location of emergency equipment including fire extinguishers, break-glass alarms, first aid kits, safety showers, eye wash stations, chemical spill control materials and other equipment.

* Know the evacuation route from your work area. Be aware of at least two exits and know where you are supposed to assemble with co-workers outside the building.

Equal Employment Opportunity Duke Energy's Code of Business Ethics

Duke Energy seeks and values diversity. The dignity of each person is respected, and everyone's contributions are recognized. We expect Duke Energy employees to act with mutual respect and cooperation toward one another. We do not tolerate discrimination in the workplace.

We comply with laws concerning discrimination and equal opportunity that specifically prohibit discrimination on the basis of certain differences. We will recruit, select, train and compensate based on merit, experience and other work-related criteria.

Our Responsibilities

Duke Energy employees are expected to treat others with respect on the job and comply with equal employment opportunity laws, including those related to discrimination and harassment.

Duke Energy employees must not:

* Use any differences protected by law as a factor in hiring, firing or promotion decisions.

* Use any differences protected by law when determining terms or conditions of employment, such as work assignments, employee development opportunities, vacation or overtime.

* Retaliate against a person who makes a complaint of discrimination in good faith; reports suspected unethical conduct, violations of laws, regulations, or company policies; or participates in an investigation.

Q&A

Q: What are the differences that are protected by law or Duke Energy policy?

A: Differences protected by law or Duke Energy policy include:

* Race

* Gender

* Religion

* Color

* National origin

* Ethnicity

* Citizenship

* Age

* Disability

* Sexual orientation

* Veteran status

* Marital status

Q: We posted a job for an entry level position expecting to hire a recent graduate and were surprised when several older workers applied. Is it okay to hire a younger person, the way we planned?

A: It is against the law to discriminate on the basis of an individual's age. Interview all the qualified candidates, and hire the best person for the job, regardless of their age. There must be a valid reason, unrelated to age, for all employment decisions.

Fair Competition: Complying with AntiTrust Laws Duke Energy's Code of Business Ethics

Duke Energy succeeds in the marketplace by offering competitively priced, quality products and services. As a company, we support full and fair competition by complying with antitrust laws prohibiting activities that reduce competition and restrict trade.

Our Responsibilities

All Duke Energy employees must deal fairly with the company's customers, suppliers and competitors. Employees are expected to act with integrity by maintaining Duke Energy's independent judgment in the pricing, marketing,

purchasing and selling of all products and services.

Duke Energy employees must:

- * Understand how fair competition laws apply to us and our business, and learn how to avoid engaging in potentially unlawful behavior.
- * Leave any meeting or informal gathering immediately and report any discussions with competitors that could be considered anti-competitive.

Employees must not:

- * Improperly attempt to prevent an entity from competing with Duke Energy or from entering the markets in which Duke Energy participates.
- * Suggest to suppliers that our purchasing decisions depend on their use of Duke Energy's goods or services, or that failing to do business with a Duke Energy subsidiary or affiliate could jeopardize business with another Duke Energy entity.
- * Make inaccurate or misleading statements about competitors, suppliers, customers or their offerings.

Q&A

Q: What types of behavior could be considered anti-competitive and a violation of antitrust laws?

A: The following behavior could be considered anti-competitive and a violation of antitrust laws:

- * Discussions or agreements with a competitor regarding pricing, territories, market share or intent to bid (or not bid) for particular business.
 - * Providing inconsistent information about a request for quotation/proposal to competing bidders.
 - * Entering into an exclusive dealing arrangement or understanding in which you agree to work only with certain suppliers or distributors in a particular market where Duke Energy has market power.
 - * Taking advantage of market power to eliminate or threaten a competitor or potential competitor in that or another market.
 - * Suggesting that a product or commodity must be resold at or within a particular price or range of prices.
 - * Participating in actions by any trade association or other industry group regarding membership restrictions, sharing information (including benchmarking) or desired governmental actions. Participating in such actions could be anti-competitive and should be performed under the proper guidelines
- Fraud Duke Energy's Code of Business Ethics
Fraud, or the potential of fraud, compromises the integrity of our financial reporting system and the safety of our assets, both physical and intellectual. Fraud is the act of intentionally misrepresenting or concealing facts that cause another party to act or not act in reliance on the misrepresentation or concealment. Fraud may be committed by one person or by two or more (collusion) and may be committed by internal and/or external parties (vendors, customers, etc.).

Our Responsibilities

All employees must understand what constitutes fraud and refrain from engaging in fraudulent activity including collusive fraud which bypasses existing controls. Moreover, employees are responsible for reporting all instances of potential fraud.

Duke Energy employees must:

- * Understand what constitutes fraud and refrain from engaging in fraudulent activity.
- * Report all instances of potential fraud.

Employees must not:

- * Engage in fraudulent activity including collusive fraud which bypasses existing controls.

Q&A

Q. What are some examples of fraud?

A. Some examples of fraud may include:

Fraudulent financial reporting

- * Intentional reporting of false expense or revenue data which improperly states amounts reported on publicly filed financial statements.
- * Intentional misstatement of price data reported for price index purposes.
- * Intentional misapplication of accounting principles relating to amounts, classification, manner of presentation, or disclosure.
- * Intentional misstatement of accounting estimates and judgments.

Misappropriation of assets

- * Submitting an inaccurate expense report for personal expenses.
- * Excessive personal use of company supplies or assets.

* Fraudulent financial reporting (see above) for purposes of increasing personal gain through incentive measure calculations.

* Improper time reporting with intent to defraud.

Corruption and other fraud related malfeasance

* Overriding existing controls, rendering the controls ineffective.

* Falsifying personal credentials.

* Tampering with documents.

Q. What are certain examples of fraud in the energy market?

A. Market Manipulation: Any action, transaction, or conspiracy for the purpose of impairing, obstructing or defeating a well-functioning market, including such actions as:

* Wash trades: Any pair of offsetting trades entered into simultaneously or by pre-arrangement with the same counterparty, for the same product, involving no economic risk and no net change in beneficial ownership.

* Collusion with another party to manipulate market prices, market conditions or market rules.

* Earnings Manipulation: Transactions made in violation of accounting rules (GAAP in U.S.) in order to beneficially represent the firm's financial performance, usually through the artificial inflation of revenues or deflation of expenses.

* False Reporting: Knowingly submitting false or misleading information, or omitting material information, to Index Price Publishers or governing regulators.

Harassment in the workplace Duke Energy's Code of Business Ethics

Duke Energy is committed to maintaining a positive work environment where all employees are treated with dignity and respect. Harassment of any kind in the workplace is not tolerated.

We respect the dignity of every person and honor our differences. It is important that employees speak up if they witness harassment.

Harassment generally means offensive conduct that is severe and pervasive and singles out an employee to the detriment or objection of that employee because of a difference protected by law or by Duke Energy policy such as race, gender, sexual orientation, religion, national origin, ethnicity, citizenship, age, marital status, disability or veteran status. Harassment covers a wide range of conduct, from direct requests of a sexual nature to situations where offensive behavior (e.g., insults, offensive jokes or slurs, offensive material in the workplace) results in a hostile work environment.

Our Responsibilities

Duke Energy employees are expected to do their part to ensure a safe and secure workplace in which employees can perform their duties without fear of harassment.

Duke Energy employees must:

* Treat all people with respect.

* Report all incidents of harassment.

Employees must not:

* Harass anyone.

Reports of harassment will be promptly and thoroughly investigated in a confidential manner. Duke Energy will take immediate and appropriate action if harassment is determined to have occurred.

Q&A

Q: What is considered offensive material in the workplace?

A: Possession of any text, communications, software, images, sounds, data or other information that facilitates improper conduct (such as involvement with illegal drugs, illegal materials or illegal weapons) or that is threatening, unlawful, abusive, harassing, defamatory, libelous, deceptive, fraudulent or invasive of another's privacy, or that contains explicit or graphic descriptions or accounts of sexual acts.

Information and Information Resources Duke Energy's Code of Business Ethics

Duke Energy's information systems support internal and external business activities. Because these resources connect us with the outside world, there is a risk of attack or exploitation. Duke Energy is committed to protecting these resources from such intrusions.

All Duke Energy employees are responsible for information security. We must be aware of information security processes and policies, and take steps to reduce the risk of security breaches.

Our Responsibilities

Duke Energy expects employees to manage and use information and information systems appropriately.

Duke Energy employees must:

- * Follow all policies and procedures related to the protection of information and information resources, including network access and appropriate use of the Internet and e-mail.

- * Report any unusual activities to a local Computer Incident Response Team representative as quickly as possible to facilitate a coordinated response.

Employees must not:

- * Let personal use of information system technologies interfere with Duke Energy business activities or incur unnecessary cost.

- * Let business or non-business use of information and information resources violate Duke Energy policies or legal requirements.

Note that Duke Energy randomly monitors information technologies it provides, including the Internet and e-mail, for misuse or abuse, except where prohibited by law.

Insider Trading Duke Energy's Code of Business Ethics

Duke Energy's success in the marketplace requires that we maintain the trust and confidence of the investment community. Duke Energy employees must act with integrity when trading public securities, adhering to all applicable laws.

Insider trading may occur when you:

- * Know material non-public information about Duke Energy or any company with whom Duke Energy has a business relationship, and

- * Buy, sell, short-sell or otherwise trade a company's securities, such as stocks, bonds or options while in possession of that information or tell others about it before it is made public.

"Material non-public information" is information that would affect a reasonable investor's decision on whether or not to invest in a company's securities.

Examples include, but are not limited to:

- * Plans to issue securities

- * Sharp changes in earnings patterns

- * Changes in dividend rates

- * Changes in key management personnel

- * Mergers and acquisitions

- * Important regulatory actions affecting the company.

Circumstances suggesting the possibility of insider trading may result in an investigation by a stock exchange or by governmental authorities. Such an investigation could damage Duke Energy's brand and reputation and result in liabilities or penalties, including criminal charges and/or fines against the employee.

Our Responsibilities

Duke Energy employees are expected to be very careful when trading securities, even the Duke Energy securities in our retirement accounts, to make sure that trades are not made while in possession of material non-public information.

Duke Energy employees must not:

- * Trade the securities of Duke Energy while in possession of material non-public information about Duke Energy or any affiliate or subsidiary.

- * Trade the securities of Duke Energy or those of its suppliers, customers or other companies with whom Duke Energy has a business relationship while in possession of material non-public information relating to them.

- * Trade the securities of Duke Energy (or of an applicable outside company) until the third business day after any material non-public information of which we are aware has been made available to the public. This includes transfers into and out of the Duke Energy stock fund in our savings plans, and changes in patterns involving purchases of Duke Energy securities within the plans.

(Regularly scheduled monthly purchases of Duke Energy securities within plans are not prohibited.)

- * Give material non-public information to anyone not authorized to have that information, including other Duke Energy employees. If that information is subsequently used by the person to trade on securities, it is considered illegal "tipping" and is a violation of insider trading laws. Even a casual remark to a friend or family member may find its way to a broker and eventually to the entire financial community, thereby requiring the company to make a premature or unplanned public announcement.

Q&A

Q: I am a financial professional and often talk about business with my spouse. That's not a problem, is it? I only occasionally reveal non-public information and my spouse knows not to tell anyone else.

A: This is a problem that could be costly for both you and the company. If your spouse were ever to use material non-public information given by you to buy or

sell securities, both of you could be prosecuted for illegal insider trading. You should not give any non-public information to your spouse or to others. International Ethics and Compliance Duke Energy's Code of Business Ethics Duke Energy maintains the highest standards of integrity when conducting business in the United States and abroad. We build relationships based on trust and respect with our customers, suppliers and community stakeholders. Duke Energy's success in global business transactions depends on our compliance with country-specific constraints and conditions, and sensitivity to local customs. The laws, regulations and conventions governing our international business relationships vary from country to country. It is Duke Energy's policy to comply not only with the letter of these laws but also with their spirit. Duke Energy is also responsible for following certain U.S. laws when doing business outside of the United States. Since violations can result in substantial fines, imprisonment and severe restrictions on the company's ability to do business, it is essential that Duke Energy employees follow them. If local law conflicts with applicable U.S. law, or if in doubt for any reason, ask for guidance before taking any action.

Our Responsibilities

Duke Energy employees who conduct business outside of the United States are expected to be familiar with the laws and regulations of each country in which they conduct business, as well as the following laws and regulations:

- * The anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) and the antibribery legislation of the Organization for Economic Co-operation and Development (OECD) Convention

- * U.S. anti-boycott laws

- * U.S. Treasury embargo sanctions

- * U.S. export control restrictions.

Duke Energy employees must:

- * Report any FCPA and OECD Convention concerns.

- * Seek advice in advance from legal counsel regarding whether a payment is legal and legitimate.

- * Record all payments and transactions accurately and fairly.

- * Report all requests for boycott support or boycott-related information.

- * Obtain technical and legal guidance about export control restrictions when exporting sensitive goods or technology.

- * Seek advice regarding any sensitive political issues in countries where Duke Energy is doing or considering doing business.

- * Get the training needed to understand laws and regulations governing international transactions.

Employees must not:

- * Make payments or give business courtesies directly or indirectly (such as payments to agents, sales representatives or other third parties) if there is reason to believe they will be used illegally. This includes corporate and personal funds.

- * Violate anti-boycott laws, governmental embargoes or export control restrictions or prohibitions.

Related Information

The following are summaries of the key U.S. laws and regulations governing international business. Because most are based on U.S. foreign policy and national security goals, they are subject to change. It is your responsibility to stay updated on changes in these laws.

FCPA and the OECD Convention

The FCPA and OECD Convention legislation make it a crime to promise, offer or give anything of value to a government official or a political party or candidate in order to obtain or retain business or gain any improper advantage. The FCPA covers all countries in which Duke Energy currently has operations, and the laws implementing the OECD Convention have been ratified by many of those countries.

Anti-boycott Laws

Anti-boycott laws make it illegal to cooperate in any boycotts between foreign countries if the boycotts are not sanctioned by U.S. law.

Treasury Embargo Sanctions

The Treasury Department's Office of Foreign Assets Control prohibits U.S. companies and their foreign subsidiaries from doing business with certain countries, agencies and individuals. Regulations vary depending on the country and the type of transaction.

Export Control Restrictions

To prevent sensitive goods, technology and software from falling into the wrong

hands, exports of items sensitive to certain countries and individuals may be restricted or prohibited. These restrictions and prohibitions may also apply to transfers between Duke Energy and its foreign subsidiaries.

Laws, Rules and Regulations Duke Energy's Code of Business Ethics
Duke Energy and its business units are subject to various external laws, rules and regulations. Violations of these rules expose Duke Energy and its employees to potential monetary penalties, loss of the ability to execute in the marketplace, reputational damage, loss of shareholder value, and civil and criminal charges.

Our Responsibilities

Duke Energy employees are required to comply with the letter and intent of all applicable laws, rules and regulations, and to act with integrity and in a principled and ethical manner.

Duke Energy employees must:

- * Be aware of the laws, rules and regulations that affect your daily job responsibilities and understand how they apply to your work.
- * Receive training on applicable laws, rules and regulations.
- * Ask questions and gain clarification on the impact of applicable rules prior to acting.
- * Communicate any ethics and compliance concerns to your supervisor, or their manager, your human resources representative, or the ethics and compliance office. If you desire anonymity, contact the EthicsLine at 1-800-525-3783 or <http://www.dukeenergy-ethicsline.com/>.

Additional leadership responsibilities:

- * Research questions and issues on applicable laws and regulations and provide guidance to employees.
- * Educate employees on the meaning of the applicable laws and regulations and their effect on work activities.
- * Monitor work activities for on-going compliance.
- * Report any potential acts of non-compliance.
- * Review the organization's compliance risk and the effectiveness of procedures in place to mitigate that risk.
- * Provide the proper incentives to ensure on-going compliance.

Media and Public Releases of Information Duke Energy's Code of Business Ethics
Duke Energy employs professionals who are trained and qualified to release information to the public.

Unauthorized and inappropriate releases of information to the public can result in violation of SEC full disclosure laws, stakeholder confusion, and damage to Duke Energy's competitive position, brand, and reputation. Only trained and authorized corporate or business unit spokespersons should provide information to the media about Duke Energy.

There are also very specific rules regarding the reporting of information to government agencies or elected officials. Only trained and qualified professionals should handle requests for information from public agencies or individuals. However, all employees are expected to cooperate fully and truthfully with regulatory and governmental investigations and proceedings, and not obstruct other employees from doing so.

Additionally, employees planning to provide information about Duke Energy to public audiences through speeches, presentations, interviews, panel discussions, articles, papers, surveys and the like should obtain prior management approval and notify communications staff.

Our Responsibilities

Duke Energy employees must:

- * Forward requests for information to the appropriate department below, if communicating outside of Duke Energy is not part of your assigned responsibilities:

Source

Refer to

Financial community

Investor Relations

News or trade media

Corporate Communications

Regulatory agencies

Legal Department

Elected officials

Governmental Affairs

Person seeking information about a current or former Duke Energy employee

Human Resources

* Inform your supervisor immediately about any request from a government agency or individual that is outside the scope of your routine job responsibilities.

* Report any violations of law or this Code that may warrant disclosure to appropriate government authorities.

* If your personal cooperation has been requested (such as by subpoena), cooperate fully and truthfully with regulatory and governmental investigations. Failure to cooperate will result in corrective action up to and including employment termination.

Duke Energy employees planning to provide information about Duke Energy to public audiences through speeches, presentations, interviews, panel discussions, articles, papers, surveys and the like must:

* Get management approval before proceeding with public communications.

* Provide adequate advance notice to the appropriate communications staff, who will advise on the opportunity. Included are situations where employees are speaking on behalf of an industry taskforce or committee.

* Refrain from offering opinions or answering questions beyond your area of expertise.

Political Process Duke Energy's Code of Business Ethics

Duke Energy strongly supports individual participation in the political process in our communities, including involvement with political parties, candidates or issues, and participation by eligible employees in Duke Energy's political action committee, DUKEPAC. Such activities demonstrate stewardship, by showing that we care about the communities in which we live and work.

However, because laws and regulations governing political activities and contributions are complex and diverse, employees must not undertake such activities on behalf of Duke Energy or on company time without the prior approval of Duke Energy's governmental affairs department.

Duke Energy provides information on its political activities and shares its viewpoint with employees, customers and the general public. We respect anyone's right to disagree with the official company positions regarding political preferences.

Our Responsibilities

Duke Energy employees are expected to follow these guidelines to avoid violating laws and regulations concerning political activities and contributions.

Duke Energy employees must:

* Make clear that political statements you make are your individual, personal views and not those of Duke Energy.

* Get approval from governmental affairs before performing political activities on company time or using company resources, including photocopy machines, computers, telephones and other forms of company property.

* Notify your supervisor when making plans to campaign for or serve in public office.

* Avoid conflicts of interest when serving in public office by excusing yourself from any political matters involving Duke Energy.

Records Management Duke Energy's Code of Business Ethics

Duke Energy creates, delivers and exchanges information in many ways. We must demonstrate accountability by handling records properly.

Employees manage a variety of business records in many forms, including but not limited to:

* Recorded conversations

* Presentations

* Audio conferences

* E-mails

* Paper documents

* Engineering drawings

* Videos

* Databases

* Instant Messaging

Information integrity, information privacy, information standard setting and information security issues require on-going attention.

Duke Energy's records must be retained and disposed of in accordance with Duke Energy Records Retention Rules, which include applicable laws and regulations.

Duke Energy's integrity can be seriously questioned if records are not managed appropriately, retained for the appropriate length of time or are not disposed of properly. Failure to appropriately manage records places us at risk for possible penalties, fines and other sanctions. It could also put the company at a serious disadvantage in any litigation. We must demonstrate accountability by handling records properly.

Our Responsibilities

Duke Energy employees must:

- * Manage our business records in accordance with the Record Management Policy and Standard, regardless of medium or characteristics.

Employees must not:

- * Knowingly destroy, alter or falsify records in order to impede any pending or potential internal, civil, or governmental investigation or proceeding.

Q&A

Q: What is the definition of a "record"?

A: A record is recorded information created or received, regardless of medium or characteristics that is evidence of the company's operations, and has value requiring its retention for a specific period of time.

Risk Management Duke Energy's Code of Business Ethics

Duke Energy achieves its commercial objectives by executing transactions in the energy commodity markets of the United States and internationally. Participation in these markets exposes Duke Energy to credit and market risk.

Duke Energy has established risk management policies and procedures to guide its personnel in mitigating the potential negative financial impacts posed by these risks and to build a portfolio of positions that collectively meet Duke Energy's desired risk reward profile. By following these policies and procedures, Duke Energy personnel assure its shareholders, counterparties, rating agencies and regulators that transactions are being executed consistently to meet Duke Energy's risk tolerance.

Our Responsibilities

Duke Energy employees who execute, and who support the execution of, Duke Energy's commercial activity are expected to follow established risk management processes, policies and procedures.

Business unit personnel with authority to execute Duke Energy's commercial activities are responsible for developing and executing business plans that are consistent with corporate strategies and risk tolerances and that comply with established policies, procedures and limits.

Business unit personnel are also responsible for developing procedures and processes designed to govern commodity risk management activity in compliance with the requirements established in Duke Energy's various Risk Management policies, and train their applicable personnel on these procedures.

Duke Energy's corporate risk management group is responsible for assessing the adequacy of the company's risk management controls, approving and maintaining business unit-specific risk practices, and providing independent identification, oversight and management of market risks.

Duke Energy employees must:

- * Only execute transactions in authorized commodities, using approved instruments, and following the applicable procedures for maintaining compliance with the specific risk limits and hedge guidelines.

Duke Energy employees must not:

- * Cause Duke Energy (or its affiliates) to enter into, or direct others to cause Duke Energy (or its affiliates) to enter into, energy commodity contracts for accounts of themselves, members of their families, friends, or persons or entities with whom they have a personal business interest.

- * Knowingly, willfully or intentionally, disclose to any person not employed by the company any confidential business strategy or position, except when compelled by an outside government or oversight body, or with approval from Senior Management.

Safeguarding Company Resources Duke Energy's Code of Business Ethics

Duke Energy invests in and uses certain assets to advance its business strategy and objectives. These assets include, but are not limited to books, office supplies, fax machines, computers, phones and work time.

Limited personal use of these assets on company time is allowed. However, because excessive personal use can be costly and impact profitability, employees are expected to use good judgment.

The personal use of equipment, tools and machinery is not allowed, except where specific business unit procedures allow for such use.

Our Responsibilities

Duke Energy employees are expected to use Duke Energy assets and resources responsibly and for legitimate business purposes.

Duke Energy employees must:

- * Talk to a supervisor when it is unclear if the use of a company asset in a given situation is appropriate.

Employees must not:

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- * Reproduce protected materials for personal use.
- * Make personal use of any Duke Energy asset (including computers and other office resources, equipment, tools and machinery) that creates any additional costs for Duke Energy, interferes with work duties or violates any company policies.

- * Allow company property to be used for illegal activities.

- * Use company property or information for personal gain.

Ethics and Compliance Program Responsibilities Duke Energy's Code of Business Ethics

As part of Duke Energy's commitment to conducting its business ethically, we have created the Ethics and Compliance Program to help employees follow this Code of Business Ethics and to meet legal or regulatory requirements related to company business.

- * The Audit Committee of the board of directors exercises reasonable oversight with respect to the implementation and effectiveness of the program.

- * The management of the company promotes an organizational culture that encourages ethical conduct and a commitment to compliance with all applicable laws, rules and regulations.

- * The Chief Ethics and Compliance Officer has overall responsibility for the program's effectiveness.