
Compliance with the Foreign Corrupt Practices Act Policy

Applicability:	Applies to Duke Energy directors, officers, employees and applicable business partners
Originator:	Law Department
Approval:	Group Executive and Chief Legal Officer
Effective Date:	06/08/2000
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THIS POLICY DOES NOT CREATE A CONTRACT OF EMPLOYMENT OR ALTER THE AT WILL NATURE OF ANY EMPLOYEE'S EMPLOYMENT IN ANY WAY.

Statement of Purpose and Philosophy:

Duke Energy (including its subsidiaries, business units and affiliates, "Duke Energy" or the "Company") is committed to maintaining high ethical standards of business conduct at home and abroad. The Company is committed to a zero tolerance policy toward bribery and an effective program of internal systems and controls to support compliance with the letter and the spirit of the U.S. Foreign Corrupt Practices Act (FCPA), similar laws contained in the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention) and the anti-corruption laws of all countries in which Duke Energy, its affiliates and subsidiaries conduct business.

1. Policy Expectations

Neither Duke Energy nor any of its employees shall offer, make, promise or authorize payments to Foreign Officials, directly or indirectly, which would violate the FCPA, the OECD Anti-Bribery Convention, or similar laws. The Company also will not condone or tolerate the offering, making or authorizing of such payments by any director, officer, employee or agent. Duke Energy shall maintain its books and records in reasonable detail to accurately and fairly reflect transactions and dispositions of assets. No director, officer, employee or agent will suffer adverse consequences for refusing to pay bribes even if this may result in the Company losing business.

2. Prohibited Conduct

The FCPA and similar laws prohibit companies and individuals from corruptly offering, promising or giving anything of value to a Foreign Official to assist the Company or individual in obtaining or retaining business or to obtain any improper advantage. It is also unlawful to make payments to agents, sales representatives or other intermediaries while knowing or having reason to know that any portion of the payment will be used illegally. Due diligence should be conducted on all third parties that Duke Energy seeks to engage to act as agents, representatives or consultants in connection with business in a foreign country and foreign controlled companies that Duke Energy intends to establish a binding business relationship (i.e., a joint venture relationship) with. The Law Department and Enterprise Protective Services shall provide guidance on the level of due diligence required for a particular business arrangement. All due diligence should be conducted prior to entering into any contractual or binding arrangement.

"Foreign Official" includes:

- a) an officer or employee of any non-U.S. federal, state, municipal, or other government, department, agency, or instrumentality;
- b) a political party or party official;
- c) a candidate for a foreign political office;
- d) an officer or employee of:
 - a. a public international organization or any department or agency thereof, e.g., United Nations, World Bank, IMF,
 - b. an organization that is affiliated with one or more foreign governments,
 - c. a commercial business, enterprise or other organization that is owned or controlled by a foreign national, regional or local government; or

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- e) a consultant, advisor, contractor, or agent of any of the above that represents or acts on behalf of or in an official capacity for such entity or person;
- f) members of foreign royal families that have governmental duties.

2.1 Facilitating Payments for Routine Governmental Actions

Payments that are minor in value and that are made to expedite or secure the performance of routine governmental actions may be permitted under the FCPA. Routine governmental actions are ministerial or clerical in nature and do not involve any discretionary decision-making. Examples include the issuance of visas, permits, licenses, or other official documents to qualify a person to do business in a foreign country, and obtaining police protection. Although the FCPA may permit such payments the laws of the foreign country may not and no facilitating payment may be made in such circumstance.

Facilitating payments should be avoided to the maximum extent possible. The prior written approval of the Law Department is required unless there is an emergency situation affecting an individual's health or safety.

- a) If the Law Department approves the payment, accurate records of the payment and its purpose must be maintained and a copy forwarded to the reviewing legal counsel.
- b) In the event of a health or safety emergency where prior approval of the Law Department cannot be obtained, information regarding the facilitating payment should be provided to the Law Department as soon afterwards as practicable.

2.2 Promotional Expenses

Payments to Foreign Officials for expenses related directly to the promotion, demonstration, or explanation of products or services, or execution or performance of a contract (i.e., promotional expenses) that are reasonable and bona fide are permissible. Accordingly, payment of reasonable expenses for the travel, meals and entertainment of Foreign Officials that directly relate to the promotion, demonstration or explanation of Duke Energy's products or services, or the performance of a contractual obligation are permissible.

The Law Department can advise on the suitability of any such payments. Accurate records of the payment and its purpose must be maintained in accordance with the books and records provisions of the FCPA.

2.3 Gifts to Foreign Officials

Exchanging gifts with foreign officials is intended to build good will and sound working relationships, but not to gain any special advantage in the relationship. A gift of any value given for corrupt purposes violates the FCPA and is prohibited. Company personnel must only provide gifts in good faith and not with any corrupt intent or to obtain any improper advantage. Moreover, gifts must be permitted under the local laws of the foreign country and the regulations of the foreign official's government entity.

Each employee must maintain a log of business courtesies or gifts of any value provided to or received from any foreign official.

2.4 Charitable Donations

All charitable donations should be transparent and permissible under the FCPA or local law. Prior to making a charitable contribution to an organization in which a foreign official is known to have an interest or position, consult with the Law Department.

2.5 Political Contributions

The FCPA permits companies to make political contributions to foreign political parties or candidates to the extent that political contributions are permitted under local written law. Prior to engaging in any political activity in a foreign country, including the provision of political contributions, consult with the Law Department.

2.6 Record-Keeping Requirements

The FCPA also requires companies to maintain reasonably detailed books, records and accounts, as well as a system of internal accounting controls, in order to reflect accurately all transactions and disposition of their

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assets. These provisions apply to both domestic and foreign operations and payments and are not limited to sums that would be "material" in the traditional financial sense.

2.7 Consequences of Violation

Violations of this policy will result in corrective action that may include, but is not limited to, verbal or written warnings, suspension from work, or other disciplinary action up to and including employment termination. Verbal or written corrective action is intended to eliminate inappropriate workplace conduct of a more minor nature. Immediate termination without use of progressive discipline may be appropriate for serious incidents.

Violations could also result in criminal and civil charges in the United States or abroad, with significant penalties if an employee and/or the Company is convicted. The Company also could face civil litigation and serious harm to its reputation as a result of FCPA violations. Employees who are convicted of FCPA violations also could face imprisonment.

3. Accountability: Roles and Responsibilities

Every Business Group, including business development, operations, sales, marketing or purchasing, is responsible for implementing, at a minimum, the Foreign Corrupt Practices Act – Corporate Compliance Procedure. Business Groups with greater exposure to FCPA risk may implement additional procedures. Additional procedures shall be reviewed and approved by the Law Department prior to implementation.

The Law Department is responsible for:

- a) Interpreting this Policy, the FCPA, OECD Anti-Bribery Convention, and other anti-corruption laws which apply to Duke Energy, its subsidiaries and/or affiliates.
- b) Counseling and advising Business Groups regarding issues that raise concerns under the FCPA, the OECD Anti-Bribery Convention and other anti-corruption laws.
- c) Providing assistance in the performance and evaluation of due diligence regarding foreign agents, joint venture partners or other international transactions.
- d) Evaluating the legality of proposed facilitating payments, promotional expenses, and contributions to charities and political parties or candidates.
- e) Evaluating and approving additional procedures adopted pursuant to this Policy.

The Corporate Controller is responsible for implementing and monitoring systems of internal controls and record keeping procedures that comply with the FCPA.

Ethics and Compliance is responsible for developing training materials which include a compliance certification and deploying training to the Business Groups.

Audit Services is responsible for reviewing and assessing the implementation of and compliance with this Policy.

It is the individual responsibility of each director, officer, employee and agent to:

- a) Comply with this Policy, the FCPA and other anti-corruption laws and the Code of Business Ethics.
- b) Participate in training as directed.
- c) Make sure subordinates get the training needed to understand laws and regulations governing international transactions.
- d) Raise concerns regarding this Policy, the FCPA and other anti-corruption laws or the Code of Business Ethics - including any suspected violations - to management, the Law Department or EthicsLine.