ENVIRONMENTAL, HEALTH & SAFETY POLICY

Duke Energy highly values the health and safety of our employees, contractors, customers and communities. This Environmental, Health & Safety (EHS) Policy establishes principles to protect and advance the corporation’s essential interests and to fulfill our commitment to people and the environment. Protecting and responsibly managing natural resources are critical to the quality of life in the areas we serve, the environment and Duke Energy’s long-term business success.

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ENVIRONMENTAL, HEALTH & SAFETY MANAGEMENT SYSTEM

How the Duke Energy EHS Policy and Management System work together to provide a systematic approach to managing EHS risks, opportunities and impacts.

The Duke Energy EHS Policy provides direction to ensure that corporate EHS values are consistently applied across Duke Energy. The EHS Policy clearly articulates our values for the health and safety of our employees, contractors, customers and communities and our commitment to protecting the environment and responsibly managing natural resources.

The EHS Management System establishes standards to direct Duke Energy in implementing the EHS Policy. The Management System provides a common framework that connects business planning, implementation, measurement and performance improvement, and guides our businesses in systematically managing EHS risks, opportunities and impacts.

Within the EHS Management System, nine elements organize 39 related standards focusing on results while providing flexibility in how EHS is managed. Duke Energy will integrate these EHS standards with new and existing systems and will effectively implement the EHS Policy and Management System to protect and advance essential corporate interests.

DUKE ENERGY EHS MANAGEMENT SYSTEM

BUSINESS PLANNING
1. Roles, Responsibilities & Accountabilities
2. Risk Management
3. Emergency Preparedness & Response

PERFORMANCE IMPROVEMENT
8. Incident Reporting & Investigation
9. Assessment & Management System Review

IMPLEMENTATION
4. Compliance Management
5. Supplier, Contractor & Partner Relationships
6. Stewardship & Community Relations

MEASUREMENT
7. Goals Setting & Performance Measurement
BUSINESS PLANNING

Business planning increases the likelihood that desired results will be achieved. Planning begins with anticipating EHS hazards and evaluating consequent risks and opportunities. Understanding laws and regulations, stakeholder expectations and emerging issues assists in evaluating risks and opportunities. Roles, responsibilities and authorities are defined for employee, contractor and team effectiveness. Goals and targets consistent with the EHS Policy and Management System are included in business plans.

IMPLEMENTATION

Implementation of business plans leads to reducing the impact of significant risks, capitalizing on business opportunities presented by such risks and improving EHS performance. Some EHS risks are managed through compliance with laws and regulations. Emergency situations are controlled by following defined plans. Efficient use of natural resources and energy is considered in developing products and services. Contractors, suppliers and partners are prudently selected and monitored, and overall performance is enhanced through feedback. Investigating incidents, responding to community concerns and establishing partnerships contribute to achieving desired EHS results.

MEASUREMENT

Measurement defines the degree to which business plans and management systems are being implemented. Assessing EHS performance, goals and targets, regulatory compliance and conformance with EHS management systems identify actual results. Reviewing and communicating performance progress leads to corrective and preventive actions, which deliver improved performance.

PERFORMANCE IMPROVEMENT

Management system implementation and performance improvement contribute to long-term business success. Opportunities for improvement are identified through evaluating emergency plans, investigating incidents, assessing compliance and management systems, and sharing lessons learned. The need for EHS Policy and Management System changes is addressed at both corporate and operational levels. These improvement opportunities are implemented through completion of corrective and preventive actions and often lead to changes in goals, business plans and EHS management systems.
ELEMENT 1: ROLES, RESPONSIBILITIES AND ACCOUNTABILITIES

Management ensures the effective implementation of an EHS management system to systematically manage risks, opportunities and impacts. Management creates the vision, sets performance expectations and ensures the availability of resources to support the management system. Active management participation in continually improving EHS performance visibly demonstrates commitment.

Standards:

1.1 Define and communicate clear EHS roles, responsibilities and authorities for identifying hazards, managing risks and opportunities, preventing incidents and continually improving work processes.

1.2 Ensure that individuals who can influence EHS performance have appropriate skills and qualifications.

1.3 Identify training needs considering EHS roles and responsibilities and the potential impact of work activities. Provide EHS training at the appropriate frequency and track completion.

1.4 Hold employees at all levels accountable for achieving EHS performance expectations. Reinforce that complying with applicable EHS requirements is a condition of employment.

1.5 Include EHS performance when reviewing overall employee performance and providing recognition.

1.6 Implement systems for timely and accurate communication of EHS information. Provide employees a variety of means to communicate openly and freely on EHS matters.
ELEMENT 2: RISK MANAGEMENT

Anticipate, prevent and mitigate EHS risks and impacts to protect people, the environment and the business. Risks are addressed by levels of management appropriate to the nature and magnitude of the risk.

Standards:

2.1 Identify EHS hazards considering past, existing and new business activities, products and services along with changes in organization and operations.

2.2 Evaluate EHS risks, opportunities and impacts periodically to determine their significance based on their potential consequence and likelihood of occurrence.

2.3 Integrate the management of significant EHS risks and opportunities into strategic, business and operational planning.

2.4 Evaluate and manage EHS risks and opportunities during all phases of mergers, acquisitions, divestitures and affiliate transfers.

2.5 Prevent or reduce the impact of significant EHS risks and capitalize on business opportunities presented by such risks.

2.6 Manage operations associated with significant EHS risks and opportunities through the use of procedures or other methods.

ELEMENT 3: EMERGENCY PREPAREDNESS AND RESPONSE

Anticipate, plan and conduct drills to reduce the occurrence and severity of environmental, health & safety emergency situations. Emergency preparedness helps protect employees, contractors, the public and the environment in the event of an accident and maintains public confidence in the integrity of our operations.

Standards:

3.1 Anticipate and identify EHS situations associated with Duke Energy facilities or operations that have potential for loss of life, serious injury, or significant environmental or public health impacts.
3.2 Develop emergency response plans to ensure the safety of our employees, contractors and operations and prevent or mitigate adverse environmental, health & safety impacts. Coordinate these plans with authorities and include clear roles, responsibilities, authorities and defined resources.

3.3 Communicate emergency response plans to employees, contractors, communities, authorities and others as appropriate.

3.4 Conduct periodic emergency drills. Implement corrective and preventive actions and track to ensure completion. Review, and if necessary, revise plans following drills or emergencies. Share best practices and lessons learned with others who can benefit.

3.5 Align and integrate local emergency response plans with crisis management processes, as appropriate.

ELEMENT 4: COMPLIANCE MANAGEMENT

Identify, communicate and satisfy legal and other obligations. Management ensures the effective development and implementation of an EHS compliance management program and promotes a culture that encourages ethical conduct and a commitment to compliance with legal and other requirements.

Standards

4.1 Identify and understand applicable EHS laws, regulations, permits and other requirements, including new or revised requirements.

4.2 Communicate obligations and expectations to employees, contractors and others, as appropriate to their function or responsibilities.

4.3 Develop and maintain systems to comply with laws, regulations, permits and other requirements.

4.4 Maintain appropriate EHS documents and records consistent with applicable record management policies and legal requirements.

4.5 Track significant emerging EHS issues. Participate in the formulation of laws, regulations and other requirements to promote sound public policy.
ELEMENT 5: CONTRACTOR, SUPPLIER AND PARTNER RELATIONSHIPS

Select and work with contractors, suppliers and partners to improve overall EHS performance. The actions of contractors, suppliers and partners can affect Duke Energy employees, communities, the environment and our reputation.

Standards:

5.1 Select contractors, suppliers and partners and renew contracts considering performance and ability to meet EHS requirements.

5.2 Include EHS performance requirements in contracts and agreements. Assure conformance with requirements by monitoring and providing feedback throughout the working relationship. Hold contractors accountable for achieving EHS performance expectations.

5.3 Contribute to continually improving EHS performance through effective communication and sharing of best practices and lessons learned.

ELEMENT 6: STEWARDSHIP AND COMMUNITY RELATIONS

Manage the use of natural resources and energy as an integral part of our business to maintain quality of life and to reduce resource consumption, waste, discharges and emissions or our operations. Foster open communication to build trust and cooperation with the communities we serve.

Standards:

6.1 Include consideration of efficient use of natural resources and energy in the development, design and construction of assets and in the development and distribution of products and services. Emphasize the reduction of resource use, waste, discharges and emissions in a cost effective manner.

6.2 Identify stakeholders and pursue strategic EHS partnerships that can influence business success. Increase mutual understanding of EHS interests and pursue opportunities to resolve common issues.

6.3 Anticipate and respond to community expectations and concerns.
ELEMENT 7: GOALS SETTING AND PERFORMANCE MEASUREMENT

Establish goals, implement business plans and track progress to improve EHS performance and achieve expectations. Measuring results using leading and trailing metrics is essential to continually improving EHS performance.

Standards:

7.1 Establish and communicate EHS goals and targets consistent with the EHS Policy and appropriate to business functions.

7.2 Include goals and targets in business plans. Identify and plan responsibilities, resources and time frames to achieve desired EHS results.

7.3 Measure performance against EHS targets and update goals and revise business plans accordingly.

7.4 Ensure accurate and timely reporting of EHS performance information to improve business decisions.

ELEMENT 8: INCIDENT REPORTING AND INVESTIGATION

Report and investigate incidents to determine causes, correct deficiencies and prevent recurrence. Effective incident investigation, reporting and follow-up provide opportunities to learn and improve performance.

Standards:

8.1 Report and investigate EHS incidents, including significant near misses. Include contractors in incident investigations when appropriate. Identify root causes and trends that lead to corrective and preventive actions.

8.2 Implement corrective and preventive actions and track to assure completion. Share, as appropriate, best practices and lessons learned with others who can benefit.
ELEMENT 9: ASSESSMENT AND MANAGEMENT SYSTEM REVIEW

Conduct assessments to determine EHS compliance and assure management systems are in place and working effectively. Review EHS management systems periodically to assure they are effectively managing risks and opportunities.

Standards:

9.1 Conduct regular EHS assessments to ensure compliance with laws, regulations and other requirements and conformance with the EHS Policy and Management System. Prioritize assessments based on the significance of risks and previous performance.

9.2 Identify the scope, methodology and responsibility for conducting assessments.

9.3 Report assessment results and recommendations to management for correction of compliance issues and appropriate changes to the EHS management systems.

9.4 Implement corrective and preventive actions and track to ensure completion. Share, as appropriate, best practices and lessons learned with others who can benefit.

9.5 Review EHS management systems periodically using indicators of implementation progress and system performance. Make changes as appropriate considering assessment results, EHS performance, changing business needs and interested stakeholder concerns.
DEFINITIONS:

1. **Assessment** – systematic process of evaluating evidence to determine whether an organization complies with laws and regulations and conforms with its management system compared to requirements and goals.

2. **Continual improvement** – recurring process of enhancing business and work processes in order to achieve improvements in overall performance.

3. **Corrective action** – action to resolve a nonconformance.

4. **Hazard** – potential source of serious harm to people, property or the environment resulting from an activity, product or service. Examples of potential hazards include: working with electricity (electrical shock) and natural gas (flammable or explosive properties); working in high places (fall); working near industrial equipment (noise); handling hazardous waste (environmental damage and employee exposure); and transporting chemicals (spills).

5. **Impact** – any change to people, property or the environment, whether adverse or beneficial.

6. **Incident** – event or sequence of events that results in an adverse impact to people, property or the environment.

7. **Management system** – systematic approach to managing risks that includes business planning, implementation, measurement and performance improvement to achieve a desired level of performance.

8. **Near miss** – event or sequence of events that could have resulted in an adverse impact to people, property or the environment.

9. **Other requirements** – voluntary initiatives to which the company subscribes that are not related to laws or regulations (e.g. ISO 14001, OSHA Voluntary Protection Program, OHSAS 18001, ANSI Z10, etc.)

10. **Preventive action** – action to address root causes and prevent the recurrence of a nonconformance.

11. **Risk** – likelihood of a harmful impact resulting from a hazard. Significant risk is identified based on severity of consequence, likelihood of occurrence or a combination of the two conditions. Examples of significant risk situations may include: working on a transmission tower without fall protection; working on a distribution pipeline without proper grounding; lack of secondary containment for oil storage tanks; and exceeding permitted discharges.