

Our Sustainability Plan and Goals

- GOAL STATUS**
- Achieved or on track
 - Currently not on track
 - Goal not achieved

1 CUSTOMERS

Improve the lives of our customers and vitality of our communities.

GOALS:

- **Affordable energy:** Maintain electric rates lower than the national averages.
2016 status: Duke Energy's electric rates in all six states we serve were lower than the national average in all three customer categories (residential, commercial and industrial). (See related graphic on page 18: "Duke Energy's Electric Rates: Below U.S. Average.")
- **Energy efficiency – consumption:** Achieve a cumulative reduction in customer energy consumption of 15,000 GWh (equivalent to the annual usage of 1.25 million homes) by 2020.
2016 status: As of year-end 2016, energy consumption was reduced by more than 12,000 GWh.
- **Energy efficiency – peak demand (previous goal):** Achieve a cumulative reduction in peak demand of 4,800 MW (equivalent to eight 600-MW power plants) by 2020.
2016 status: As of year-end 2016, peak demand was reduced by more than 4,800 MW.
New goal: Achieve a cumulative reduction in peak demand of 5,250 MW (equivalent to nearly nine 600-MW power plants) by 2020.
Potential changes in state energy efficiency rules and requirements, and changes to utility avoided costs may have an impact on our future energy efficiency goals.
- **Charitable giving:** During 2016, the Duke Energy Foundation will invest over \$30 million in charitable giving.
2016 status: The Duke Energy and Piedmont Natural Gas Foundations contributed \$33.5 million. Total 2016 Charitable Giving was \$53.6 million. (See related graphic on page 20: "2016 Charitable Giving.")
- **Community leader ratings:** During 2016, conduct a community leader study across all of our service territories to maintain insight into our performance with this important customer segment.
2016 status: The Community Leader Study was launched in October 2016 and achieved reasonably high response rates. Community Leaders reported overall satisfaction ratings ranging from 84 to 98% across all Duke Energy jurisdictions. Results showed high satisfaction with our reliable service, customer service and community support. Areas for improvement included rates/high bills, outage performance and environmental performance.

2 GROWTH

Grow and adapt the business and achieve our financial objectives.

GOALS:

- **Economic development (previous goal):** Stimulate growth in our communities and help attract at least 40,000 jobs and \$10 billion in capital investments from 2013 to 2017.
2016 status: Since 2013, Duke Energy helped our communities attract more than 50,000 jobs and over \$14 billion in capital investments to our service territories.
New goal: Stimulate growth in our communities and help attract at least 40,000 jobs and \$10 billion in capital investments from 2017 to 2021.
- **Total shareholder return (TSR):** Outperform other investor-owned utilities in TSR, annually and over a three-year period, as measured by the Philadelphia Utility Index (UTY).
2016 status: Duke Energy's TSR was 13.5% in 2016, compared to the UTY return of 17.4%. Over three years, our annualized TSR was 8.6%, compared to the annualized UTY return of 12.4%. Despite solid returns to our investors, we have trailed the UTY due to the uncertainty associated with our portfolio transition. With our portfolio transition complete, we are now focused on executing our regulated growth strategy for years to come.
- **Renewables:** Own or contract 8,000 MW of wind, solar and biomass by 2020.
2016 status: As of year-end 2016, Duke Energy owned or had under contract over 5,400 MW of wind, solar and biomass.
- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.
2016 status: We continued to enhance our engagement with shareholders on environmental, social and governance issues. To open participation to shareholders worldwide, we are holding Duke Energy's 2017 Annual Meeting of Shareholders exclusively online via webcast. We are also providing an online, interactive proxy statement to make it easier for our shareholders to access and review the information in the proxy statement.
- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.
2016 status: As of April 6, 2017, Duke Energy had a Bloomberg ESG Disclosure Score of 61.5, the highest score among our peer U.S. utilities in the Bloomberg listing.

Our Sustainability Plan and Goals *continued*

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3 OPERATIONS

Excel in safety, operational performance and environmental stewardship.

GOALS:

- **Safety – fatalities:** Achieve zero work-related fatalities.
2016 status: In 2016, there were no work-related employee or contractor fatalities.

- **Safety – incident rate:** Maintain top-decile safety performance in employee Total Incident Case Rate (TICR).
2016 status: We improved employee TICR to 0.40 in 2016 from 0.41 in 2015, and were in the top decile of our industry peers in 2015 (when latest industry data were available).

- Reliable energy – generation:** During 2016, maintain the high reliability of our generation fleet with a nuclear capacity factor of at least 94.1%, fossil commercial availability of at least 86.9%, and renewables commercial availability of at least 96%.
2016 status: The generation fleet consistently met customer demand, but did not meet all of its goals.

- **Nuclear:** Capacity factor improved to 95.7%, from 94.2% in 2015.
- **Fossil:** Commercial availability was 84.7%, down from 87.4% in 2015.
- **Commercial renewables:** Commercial availability improved to 94.2%, up from 93.3% in 2015.

- **Reliable energy – power delivery:** During 2016, maintain the high reliability of our distribution system with an average number of outages* of 1.14 or less, and an average time without power* of 126 minutes or less.
2016 status: Average number of outages was 1.17, and average time without power was 144 minutes.
* Outages longer than 5 minutes, per customer.

- **Carbon – emissions (previous goal):** Reduce or offset carbon dioxide (CO₂) emissions from our generation fleet 17% from 2005 emissions by 2020.
2016 status: Our generation fleet emitted about 107 million tons of CO₂, a reduction of 29%.
New goal: Reduce the CO₂ emissions from our generation fleet by 40% from the 2005 level by 2030.

- **Carbon – intensity (previous goal):** Reduce the carbon intensity (pounds of CO₂ emitted per net kilowatt-hour (kWh) of electricity produced) of our generation fleet from 1.29 in 2005 to 0.94 by 2020.
2016 status: Generation carbon intensity was 0.97 in 2016, a reduction of nearly 25%.
New goal: Reduce the carbon intensity (pounds of CO₂ emitted per net kWh of electricity produced) of our generation fleet by 45% from the 2005 level by 2030 (equates to a reduction from 1.29 to 0.71 pounds of CO₂ per net kWh).

- **Solid waste:** Increase the percentage of solid waste that is recycled from 69% in 2013 to 80% in 2018. (This goal excludes Duke Energy Renewables and Piedmont Natural Gas.)
2016 status: About 76% of solid waste produced was recycled.

- **Coal ash management (updated goal):** Complete development and assessment of closure options, implement site closure plans in accordance with regulatory requirements, and safely move and store 20 million tons of coal ash from the high priority N.C. sites by 2019.
2016 status: At year-end 2016, 24 closure site plans had been developed, as tentative closure solutions, pending regulatory approvals. During 2016, we safely moved over 5 million tons of coal ash bringing the total amount removed from high priority N.C. sites and stored in approved facilities to 8.7 million tons.

4 EMPLOYEES

Develop and engage employees and strengthen leadership.

GOALS:

- Overall goal:** Foster a high-performance and inclusive culture built on strong leadership and highly engaged and diverse employees.

- Employee engagement:**
New goal: Strive for employee and manager engagement levels of 70% and 75%, respectively, by 2020, based on survey results.

- **Employee enablement and performance:** Implement tools that promote employee recognition, performance and accountability.
2016 status: Improved the performance management system with a new rating scale and an increased emphasis on collaborative goal setting, development planning and ongoing conversations. The online tool has also been simplified to be more user-friendly and efficient.

- **Diversity and inclusion:** Strengthen our diversity and inclusion framework as well as support a workforce in transition.
2016 status: Developed a new diversity and inclusion strategy that is more aligned and integrated into the business. Piloted a successful program on unconscious bias with 75 leaders across the company that will be expanded in 2017. In response to civil unrest in Charlotte, N.C., hosted a series of facilitated conversations with employees, called “Pathways to Inclusion.”

- **Leadership:** Advance leadership capabilities and bench strength.
2016 status: Introduced “Leading the Duke Energy Way,” a document that describes the leadership imperatives and associated behaviors all employees must embody to achieve the company’s strategy. Also launched the Duke Energy Leadership Academy to offer a variety of learning and development opportunities aligned to the leadership imperatives.