

Our Sustainability Plan And Goals

1

Customers

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

GOALS:

- **Affordable energy:** Maintain rates lower than the national average.

2015 Status: Duke Energy's rates were lower than the national averages for all three customer categories in all six states we serve.

- **Energy efficiency:** Achieve a cumulative reduction in customer energy consumption of 15,000 GWh (equivalent to the annual usage of 1.25 million homes) by 2020.

2015 Status: As of year-end 2015, energy consumption was reduced by more than 11,000 GWh.

- **Energy efficiency:** Achieve a cumulative reduction in peak demand of 4,800 MW (equivalent to eight 600-MW power plants) by 2020.

2015 Status: As of year-end 2015, peak demand was reduced by more than 4,700 MW.

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 2015, develop and launch a strategic philanthropy and volunteerism initiative for our communities and employees.

2015 Status: Duke Energy launched Care4Environment and Season4Giving. More than 870 employees volunteered over 6,000 hours to help protect and improve the environment, and about 450 employees volunteered over 2,000 hours supporting low-income charities, veterans assistance groups and energy assistance nonprofits.

New goal: During 2016, the Duke Energy Foundation will invest over \$30,000,000 in charitable giving.

- **Community leader ratings:** During 2015, conduct a community leader study across all of our service territories, to establish baseline performance.

2015 Status: The Community Leader Study was launched in October 2015 and achieved reasonably high response rates. Community Leaders reported overall satisfaction ratings ranging from 83-97% for all Duke Energy jurisdictions. Results showed high satisfaction with our reliable service and community support. Areas for improvement: environmental performance and more proactive communications.

2

Growth

Grow and adapt the business and achieve our financial objectives.

GOALS:

- **Economic development:** Stimulate growth in our communities and help attract at least 40,000 jobs and \$10 billion in capital investments from 2013 to 2017.

2015 Status: Since 2013, Duke Energy helped our communities attract more than 37,000 jobs and over \$10 billion in capital investments to our service territories.

- **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.

2015 Status: Duke Energy's TSR was -10.8 percent in 2015, following a very strong year in 2014 when the total return was 26.4 percent. The TSR of the Philadelphia Utility Index was -6.3 percent in 2015, compared with 28.9 percent in 2014. The utility industry significantly underperformed the broad market in 2015, in part, because of the expectation of rising interest rates and the premium valuations from the prior year's robust performance. Over three years, Duke Energy's TSR was 27.4%, underperforming the UTY's 34.1%.

- **Renewables:** Own or contract 6,000 MW of wind, solar and biomass by 2020.

2015 Status: As of year-end 2015, Duke Energy owned or had under contract nearly 4,400 MW of wind, solar and biomass.

New goal: Own or contract 8,000 MW of wind, solar and biomass by 2020.

- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.

2015 Status: In 2015, Duke Energy adopted proxy access.

- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.

2015 Status: As of January 5, 2016, Duke Energy had a Bloomberg ESG Disclosure Score of 50.2, the third-highest score, in the top quartile, among our peer U.S. utilities in the Bloomberg listing.

**PROGRESS
KEY**

- Achieved or on track
- Currently not on track
- Goal not achieved

Additional content online at sustainabilityreport.duke-energy.com.

3

Operations

Excel in safety, operational performance and environmental stewardship.

GOALS:

● **Safety:** Achieve zero work-related fatalities.

2015 Status: Tragically, five contractors lost their lives on the job in traffic-related incidents.

● **Safety:** Achieve top-decile safety performance in employee Total Incident Case Rate (TICR) by 2015.

2015 Status: We improved employee TICR to 0.41 in 2015 from 0.58 in 2014, and were in the top decile of our industry peers in 2014 (when latest industry data were available).

Reliable energy: Maintain the high reliability of our generation fleet with a nuclear capacity factor of at least 93.3%, fossil commercial availability of at least 88.5%, and renewables commercial availability of at least 96%.

2015 Status: The generation fleets performed well, consistently meeting customer demand, but did not meet all of their goals.

● **Nuclear:** Capacity factor improved to 94.2%, from 93.2% in 2014.

● **Fossil:** Commercial availability improved to 87.4%, from 85.9% in 2014, but did not achieve its goal.

● **Commercial Renewables:** Commercial availability declined to 93.3%, down from 96% in 2014.

● **Reliable energy:** During 2015, 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 124 minutes or less.

2015 Status: Average number of outages was 1.16, and average time without power was 131 minutes.

* Outages longer than 5 minutes, per customer

● **Carbon*** (Updated): Reduce or offset CO₂ emissions from our U.S. generation fleet 17% from 2005 emissions by 2020 (i.e., go from 152 million tons in 2005 to 126 million tons in 2020).

2015 Status: Our generation fleet emitted about 108 million tons of CO₂, a reduction of about 28%.

● **Carbon*** (Updated): Reduce the carbon intensity (pounds of CO₂ emitted per net kWh of electricity produced) of our U.S. generation fleet from 1.29 in 2005 to 0.94 by 2020.

2015 Status: Generation carbon intensity was 0.99 in 2015, a reduction of about 23%.

* We plan to reassess our carbon goals once the Clean Power Plan litigation is resolved.

● **Solid waste:** Increase the percentage of solid waste that is recycled from 69% in 2013 to 80% in 2018. (This goal excludes Duke Energy International and Duke Energy Renewables.)

2015 Status: About 72% of solid waste produced was recycled.

● **Coal ash management:** (Updated): Develop engineering closure plans for all coal ash sites by 2016.

2015 Status: Closure plans for six of 24 sites were developed in 2015, and the remaining plans are on track to be developed in 2016. The timing and degree of plan detail will be determined by regulatory schedules.

New goal: Safely move and store 20 million tons of coal ash by 2019.

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:** Maintain management and employee (non-managers) engagement scores of 75% and 65%, respectively, or higher, measured by favorable responses to survey questions.

2015 Status: Management and employee engagement were 77% and 70%, respectively.

● **Performance Accountability:** (Updated): Implement tools that promote employee recognition, performance and accountability through an emphasis on continuous feedback and alignment with strategic objectives.

2015 Status: Several performance and talent management processes were enhanced to provide a better user experience and more effectively enable employees.

● **Diversity & Inclusion (D&I)** (Updated): Strengthen our diversity and inclusion framework as well as support a workforce in transition.

2015 Status: In 2015 these initiatives were launched or amplified: D&I education, minority leadership development programs, early talent pipeline programs and increased minority recruiting.

New goal: Leadership: Advance leadership capabilities and bench strength with a strong focus on employee engagement, development and succession planning.