

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.
2017 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 21: ["Duke Energy's Electric Rates: Below U.S. Average."](#))
- **Energy efficiency – consumption:** Achieve a cumulative reduction in customer energy consumption of 15,000 gigawatt-hours, GWh (equivalent to the annual usage of 1.25 million homes) by 2020.
2017 status: As of year-end 2017, energy consumption was reduced by more than 14,400 GWh.
- **Energy efficiency – peak demand:** Achieve a cumulative reduction in peak demand of 5,250 megawatts, MW (equivalent to nearly nine 600-MW power plants) by 2020.
2017 status: As of year-end 2017, peak demand was reduced by more than 5,300 MW.
New goal: Given Duke Energy's success in meeting its original 2020 goal, we are adopting a stretch goal to achieve an additional 750 MW of peak-demand savings by 2020. The new goal is to achieve a cumulative reduction in peak demand of 6,000 MW (equivalent to ten 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 2017, the Duke Energy Foundation will invest over \$30 million in charitable giving.
2017 status: The Duke Energy Foundation contributed \$33.2 million. Total 2017 Charitable Giving was \$52.4 million. (See related graphic on page 18: ["2017 Charitable Giving."](#))
- **Community leader ratings:** During 2017, conduct a community leader study across all of our service territories to maintain insight into our performance with this important customer segment.
2017 status: Community leaders reported overall satisfaction ratings ranging from 75 to 96% across all Duke Energy jurisdictions. Hurricane Irma had a negative impact on Florida's 2017 score (75%). Overall results showed high satisfaction with our reliable service, customer service and community support. Areas for improvement included better communication during outages, rate increases/high bills, outage performance and environmental concerns.

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 2017 to 2021.
2017 status: In 2017, Duke Energy helped our communities attract more than 12,000 jobs and over \$5.9 billion in capital investments to our service territories. (See related graphic on page 26: ["Economic Development."](#))
- **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).
2017 status: Duke Energy's TSR results were:
 - 13.0% in 2017, compared to the UTY return of 12.8%.
 - 4.6% over three years on an annualized basis, compared to the annualized UTY return of 7.5%.
- **Renewables:** Own or contract 8,000 MW of wind, solar and biomass by 2020.
2017 status: As of year-end 2017, Duke Energy owned or had under contract over 6,400 MW of wind, solar and biomass.
- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.
2017 status: In 2017, the Board of Directors amended the Corporation's Securities Trading Policy to prohibit all pledging of corporate securities. In early 2018, the Board formally tasked the Corporate Governance Committee with oversight over sustainability issues by adding a designated responsibility in the Corporate Governance Committee's Charter. The Corporation also enhanced its disclosure of performance goals in the 2018 proxy statement, along with continued reporting of actual performance results.
- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.
2017 status: As of March 29, 2018, Duke Energy had a Bloomberg ESG Disclosure Score of 56.2, the third best score and in the top quartile of our peer U.S. utilities.

3 OPERATIONS

Excel in safety, operational performance and environmental stewardship.

GOALS:

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

2017 status: Tragically, in 2017 there were two work-related contractor fatalities.

● **Safety – incident rate:** Maintain top-decile safety performance in employee Total Incident Case Rate (TICR). (Does not include Piedmont Natural Gas, which has a separate TICR goal.)

2017 status: We improved employee TICR to 0.36 in 2017 from 0.40 in 2016. In 2016 when the latest Edison Electric Institute industry data were available, we were the top performing company in our peer group.

Reliable energy – generation: During 2017, maintain the high reliability of our generation fleet with a nuclear capacity factor of at least 94%, fossil commercial availability of at least 87%, and commercial renewables availability of at least 94.5%.

2017 status: The generation fleet met all of its reliability goals.

● **Nuclear:** Capacity factor was 95.6%, down slightly from 95.7% in 2016.

● **Fossil:** Commercial availability was 88.0%, up from 84.7% in 2016.

● **Commercial renewables:** Renewables availability improved to 94.6%, up from 94.2% in 2016.

Reliable energy – power delivery: During 2017, maintain the high reliability of our distribution system with an average number of outages* of 1.18 or less, and an average time without power* of 135 minutes or less.

2017 status:

● Average number of outages was 1.18.

● Average time without power was 151 minutes.

* Outages longer than 5 minutes, per customer.

● **Carbon – emissions:** Reduce the CO₂ emissions from our generation fleet by 40% from the 2005 level by 2030 (equates to a reduction from 153 million tons to 92 million tons).

2017 status: Our generation fleet emitted about 105 million tons of CO₂, a reduction of 31%.

● **Carbon – intensity:** 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).

2017 status: Generation carbon intensity was 0.96 in 2017, a reduction of over 25%.

● **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, which has a relatively small waste stream.)

2017 status: We recycled 80% of the solid waste produced during 2017, achieving our 2018 target one year early.

● **Coal ash management (updated goal):** Meet all regulatory requirements of N.C. House Bill 630 to obtain a low-risk ranking for the remaining six sites and safely move and store 20 million tons of coal ash from the high-priority sites.

2017 status: In 2017, we safely moved 5.3 million tons of coal ash bringing the total amount removed from high-priority N.C. sites and stored in approved facilities to 14 million tons. Activities are on track to meet N.C. House Bill 630 requirements to obtain a low-risk ranking for the remaining six N.C. sites by October 2018.

4 EMPLOYEES

Develop and engage employees and strengthen leadership.

GOALS:

Overall goal: Foster a high-impact, engaged, diverse and inclusive culture built on strong leadership

● **Employee engagement:** Strive for employee and manager engagement scores of 70 and 75%, respectively, by 2020, measured by favorable responses to employee engagement survey questions.

2017 status: Employee and manager engagement scores were 69 and 77%, respectively, based on responses to the 2017 employee engagement survey, which was sent to all Duke Energy employees.

● **Employee enablement and performance:** Implement tools that promote employee recognition, performance and accountability.

2017 status: Continued to help employees strengthen their impact. This focus increased favorable ratings on three questions – prioritization, accountability and coaching – in the 2017 employee engagement survey by an average of 4 points over 2015 (the last time the survey was administered).

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

2017 status: Expanded unconscious bias training to Duke Energy's top 550 leaders. Achieved 73% favorable rating on D&I questions in the 2017 employee engagement survey, up 4 points from 2015. Diversity hiring: 32.1% females, 28.6% minorities and 7.7% veterans (as of November 2017).

● **Leadership:** Advance leadership capabilities and bench strength.

2017 status: Approximately 2,200 leaders completed a core leadership program in 2017. Favorable ratings on the development questions in the 2017 employee engagement survey increased by an average of 5 points over 2015.