

PPL Corporation
Guidelines for Corporate Governance

Revised by the Board of Directors on January 22, 2016

■ **Role of the Board.** The Board of Directors oversees the management of the business and affairs of PPL Corporation (the Company or PPL), in a manner consistent with the best interests of the Company, its shareowners and its other constituencies. In this oversight role, the Board evaluates whether appropriate systems and processes are in place to support the effective management of the Company by its officers in compliance with applicable legal requirements and the Company's *Standards of Integrity*. The Board reviews and approves long-range strategic issues and annual operating plans and specific goals. Emphasis is given to longer-term objectives over short-term performance. Also, the Board elects the Company's Chief Executive Officer (CEO) and other officers, sets their compensation, reviews management succession plans and acts as an adviser and counselor to senior management. It is the general policy of the Board that all major decisions be considered by the Board as a whole.

■ **Size and Independence of the Board.** The Board of Directors consists of such number of directors, not less than six nor more than twenty, as may be determined from time to time by resolution of the Board. The exact number may vary from time-to-time to reflect events such as the addition of an outstanding director candidate or departures. The Board should be comprised predominantly of (and in any event have a majority of) independent directors.

■ **Independent and Non-Management Directors.** As used in these Guidelines, the term "independent director" means a director who is subject to classification as such under the applicable listing standards of the New York Stock Exchange (NYSE) and who the full Board of Directors has affirmatively determined, not less than annually, has no material relationship with the Company that would compromise the director's status as an independent director. Such determination may be revised at any time in the event changing facts so warrant. The basis for the determination that any director who has any relationship with the Company other than his or her status as a member of the Board of Directors and the Committees thereof should nonetheless be classified as an independent director shall be disclosed in the Company's proxy statement for the annual meeting of its shareowners. As used in these Guidelines, the term "non-management director" means a director who has not been determined to be an "independent director" and who is not an employee of the Company. Independent and non-management directors are collectively referred to as "non-employee" directors.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between

directors and the Company and its affiliates or members of senior management and their affiliates.

■ **Role of Independent Directors.** The independent directors meet at least annually in executive session to evaluate the CEO's performance, to discuss the CEO's compensation and to address any other matters they deem appropriate. The independent directors also meet in executive session with the Chairman and CEO on an as-needed basis. The independent directors generally meet in executive sessions without any management present, including employee directors, at each regularly scheduled Board meeting and as needed to review any matters they deem appropriate.

■ **Presiding or "Lead" Director.** Whenever the Chairman of the Board is also the CEO or is a director who does not otherwise qualify as an "independent director," the independent directors shall designate one independent director to serve as the presiding director to chair the executive sessions of the Board. The presiding director shall also serve as the "lead" director and will serve for such term as the Board shall determine. The identity of the lead director shall be disclosed in the Company's annual proxy statement.

The lead director shall serve in the following roles:

- preside at all meetings of the Board at which the Chairman and CEO is not present, including executive sessions of the independent directors that occur at each Board meeting;
- serve as an adviser to the Chairman and CEO, as well as a non-exclusive liaison between the independent directors and the Chairman and CEO;
- periodically review or suggest meeting agendas and schedules for the Board and at least annually solicit suggestions from the Board on meeting topics, such as strategy, management performance and governance matters;
- have the authority to call meetings of the independent directors;
- respond to shareowner and other stakeholder questions that are directed to the presiding or lead director, as well as to the independent directors as a group; and
- fulfill such other responsibilities as the Board may from time to time request.

The Corporate Secretary's Office, together with any other key employees requested by the lead director, shall provide support to the lead director in fulfilling his or her role.

■ **Selection of Directors.** The Compensation, Governance and Nominating Committee (CGNC) establishes guidelines for new directors and evaluates director candidates. In considering candidates, the CGNC seeks individuals who possess strong personal and professional ethics, high standards of integrity and values, independence of thought and judgment and who have senior corporate leadership experience. The Company believes that prior business experience at a senior executive level is desired, and it seeks candidates who have diverse experience relevant to serving on the Board, such as financial, operating, executive management and technology experience.

In addition, the CGNC seeks individuals who have a broad range of demonstrated abilities and accomplishments beyond corporate leadership. These abilities include the skill and expertise sufficient to provide sound and prudent guidance with respect to all of the Company's operations and interests. While diversity and variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the CGNC focuses on skills, expertise or background that would complement the existing Board, recognizing that the Company's businesses and operations are diverse and global in nature. Finally, the CGNC seeks individuals who are capable of devoting the required amount of time to serve effectively, including preparation time and attendance at Board, Committee and Shareowner meetings.

Each director of the Company is elected to serve until the next annual meeting of shareowners. Shareowners may propose nominees for consideration by the CGNC, in accordance with the procedures set forth in the Company's Bylaws, by submitting the names and supporting information to: Corporate Secretary, PPL Corporation, Two North Ninth Street, Allentown, PA 18101. The Board proposes a slate of nominees to the shareowners for election to the Board.

■ **Director Resignation Policy.** In any election of directors that is not a "contested election" as defined in the articles of incorporation, any incumbent director nominee who is not reelected shall promptly tender his or her resignation to the Board following the final tabulation of the shareowner vote.

The CGNC will consider the director's resignation and will make a recommendation for consideration by the Board. Within 90 days following the final vote tabulation, the Board will act on the tendered resignation and the CGNC's recommendation. The CGNC and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

Any director who tenders his or her resignation pursuant to this policy shall not participate in the CGNC recommendation or Board action regarding whether to accept the resignation offer.

Thereafter, the Board will promptly disclose its decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

If each member of the CGNC fails to receive the sufficient vote in favor of his or her election in the same election, then those independent directors who were reelected shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

However, if the only directors who were reelected constitute less than three directors, all directors may participate in the action regarding whether to accept the resignation offers.

■ **Director Service on Other Public Boards and Audit Committees.** Directors who are considering service on the board of a public company other than the Company must notify the CEO, the Chair of the CGNC and the Corporate Secretary before accepting membership on any such board.

- Ordinarily, directors should not serve on more than three boards of other public companies in addition to the PPL Board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the director's service on the PPL Board.
- A director who is an executive officer of a public company may not serve on the boards of more than two public companies.
- A director who is a member of the Company's Audit Committee may not serve on the audit committees of more than two public companies in addition to the PPL Audit Committee.

■ **Ethics and Conflicts of Interest.** The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies set forth in the Company's *Standards of Integrity*. It is the responsibility of each director to advise the Corporate Secretary of any actual or potential conflict of interest, as well as any affiliation with public or privately held enterprises, including for profit and non-profit entities, that may create a potential conflict of interest, embarrassment to the Company or inconsistency with applicable laws, Company policies or values.

■ **Director Orientation and Continuing Education.** New directors participate in an orientation program, including visits to Company facilities, discussions with key executives and attending additional meetings or seminars as appropriate. Also, new directors receive the Directors Handbook, which contains information about the Company, various laws and standards related to directorship and specific expectations for directors of the Company. In addition to education sessions

provided to the Board by the Company, directors are encouraged to participate in continuing education opportunities of their own choosing that will enhance their performance as a director.

■ **Expectations of Directors.** Expectations of directors include: (i) a thorough review of all material circulated in advance of Board meetings and meetings of a Committee of which they are a member; (ii) regular attendance at all Board, Committee and Shareowner meetings (with scheduling conflicts being regularly resolved, wherever possible, in favor of such attendance); (iii) review of Company reports and filings circulated to Board members other than in the context of a specific meeting; (iv) proactive participation in meetings; and (v) the exercise at all times of the particular skills and experience which formed the basis of the director's nomination to the Board and of a healthy, constructive inquiry on all matters presented to the Board and Committees for discussion, review or approval.

■ **Director Access to Management.** Board members understand that they each have direct access to members of the Company's management and are encouraged to exercise that right.

■ **Director Access to Independent Advisers.** The Board and each of its Committees have the right at any time to retain independent outside financial, legal, compensation or other advisers at the Company's expense.

■ **Director Compensation.** The Board believes that, to continue to attract talent to the Board over time, outside directors should be remunerated for their services at a level competitive with that provided by other comparable publicly traded corporations. The Company does not pay consulting fees to non-employee directors. Directors who are employees receive no separate compensation for their services as directors.

■ **Director Stock Ownership.** To align directors' interests with those of shareowners, the current practice is to defer each director's annual retainer fee in excess of an amount determined periodically by the CGNC automatically to deferred stock units of the Company through the Directors Deferred Compensation Plan (DDCP). Also, directors may elect to defer all or part of their remaining compensation to deferred stock units in the DDCP. The Board requires directors to hold, within five years after their election to the Board, Company stock (including deferred stock units held in the DDCP) with a value of at least five times the annual cash retainer fee.

■ **Director Retirement and Term Limits.** Non-employee directors shall retire prior to the Annual Meeting of Shareowners which follows their 75th birthday. Directors who are employees shall retire from the Board when they cease to be employees.

The Board does not believe it should establish term limits at this time. As an alternative to establishing term limits, the CGNC will review each director's

continuation on the Board at the time the director's current term expires and he or she is considered for renomination.

Incumbent directors eligible for renomination will be considered in light of the attributes noted under "Selection of Directors" above and the needs of the Company.

■ **Change in Directors' Business Positions.** Incumbent directors should apprise the Chairman and CEO and the Chair of the CGNC of any change in their primary business position and offer their resignation for consideration by the CGNC. The CGNC will recommend to the Board the action, if any, to be taken with respect to the resignation. Incumbent directors should also notify the Chairman and CEO and the Chair of the CGNC of any change in their job responsibilities.

■ **Number of Board Meetings.** In general, six (6) Board meetings are held annually. The number of scheduled meetings could vary with circumstances, however. Special meetings may be held whenever called by the Chairman or by two or more directors.

■ **Conduct of Meetings.** The Board believes its meetings should be conducted in a manner that ensures open communication, objective and constructive participation and timely resolution of issues.

■ **Location of Meetings.** Generally, Board and Committee meetings are held at or near the Company's corporate headquarters, with interim meetings usually held by conference telephone. To provide directors with first-hand knowledge of the environment in which the Company operates and competes, Board and Committee meetings may be held from time-to-time at locations other than the corporate headquarters.

■ **Interaction with Subsidiary Boards.** The Board is informed of significant developments affecting the Company's subsidiaries. The Chairman and CEO, together with subsidiary management, are responsible for presenting material information to the Board in this regard.

■ **Board and Committee Meeting Agendas.** Board agendas are set by the Chairman and CEO, in consultation with the Lead Director and with input from all directors. Committee agendas are prepared by the staff liaisons to the Committees, with input from the Committee Chairs. Directors are encouraged to make suggestions for agenda items at any time.

■ **Board Committees.** The Committees of the Board of Directors of the Company are Audit, CGNC, Executive and Finance. In general, Committees of the Board focus on issues that may require more in-depth time or attention than could be consistently provided by the full Board.

Each Committee shall have the authority to form and delegate functions to subcommittees when appropriate.

Members of each Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of each Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Committee Chairs report the highlights of their meetings to the full Board. Approved minutes of meetings of all Committees are regularly circulated to the full Board of Directors.

■ **Committee Charters.** The Board approves a charter for each Committee that sets forth specific duties and responsibilities delegated by the Board. The Charter of each Committee is reviewed annually by the applicable Committee, and any recommended substantive changes are presented to the full Board for its consideration. The current Committee charters shall be publicly available on the Company's website.

■ **Committee Composition.** Except for the Executive Committee, Committees are comprised entirely of independent directors. The Chairman of the Board, after consideration of the desires, experience and expertise of individual directors, shall confer with the Lead Director regarding the assignment of directors to Committees, including the designation of Committee Chairs. The Chairman of the Board shall then make such recommendations to the full Board for its approval.

Members of the Audit Committee and the CGNC shall meet such additional standards of independence and other qualifications as are required by law and the applicable listing standards of the NYSE.

■ **Evaluation of the Chief Executive Officer.** The Chair of the CGNC annually solicits input from all directors regarding the performance of the CEO and discusses the results of the evaluation with non-employee directors in executive session. The Chair of the CGNC then communicates the results of the evaluation to the CEO.

■ **Succession Plan.** The CGNC shall approve and maintain a succession plan for the CEO and other senior officers; provided, however, that the CGNC may update such plan at any time.

■ **Annual Assessment of Board Performance.** The Board annually conducts a collective evaluation to determine whether the Board and its Committees are functioning effectively and to generate suggestions for possible improvement. The CGNC shall have the responsibility for ensuring that the annual review and evaluation are carried out.

■ **Director Communications with Third Parties.** It is the Company's policy that directors should respond to general questions from media representatives, shareowners and others by indicating that, as a general matter, the Company's spokesman is the CEO or his designee and that comments on behalf of the Company would come from the CEO or his designee. This policy does not preclude non-employee directors, including the lead director, from meeting with shareowners, but it is suggested that in most circumstances any such meetings be held with management present.

Directors should at all times maintain the confidentiality of sensitive or proprietary Company information. The Company must disclose the method for interested parties to communicate directly with the presiding/lead director of the executive sessions or with the independent directors as a group.

■ **Communications with the Board.** Shareowners or other interested parties who would like to communicate with, or otherwise make his or her concerns known directly to the lead director, the Board or any member of the Board, or the independent directors as a group, may write to such person or persons at the following address: c/o Corporate Secretary's Office, PPL Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101.

■ **Corporate Support.** The Corporate Secretary serves as secretary to the Board and, at the request of the Chairman and CEO or the Committee Chairs, arranges meetings and coordinates the materials presented to the Board and its Committees. The staff liaisons to each Committee attend Committee meetings, assist the Committee Chair as requested and may act as secretary of the Committee meetings. The Company will not make any personal loans or extensions of credit to directors or executive officers or arrange such loans or extensions of credit.

■ **Periodic Review of These Guidelines.** The operation of the Board of Directors is a dynamic and evolving process. As such, these Guidelines are reviewed annually by the CGNC and the full Board.

■ **Guidelines.** These Guidelines shall be publicly available on the Company's website. The Company's annual proxy statement filed with the SEC shall disclose such availability and the Company's website address.