

Delivering today
for a brighter
tomorrow

PPL CORPORATION
SUSTAINABILITY REPORT 2016



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Cover: PPL employees Jason and Tonya Harris with daughter, Fiona. Jason and Tonya and their nearly 13,000 PPL colleagues are focused on delivering today for a brighter tomorrow. We understand that the work we do today benefits not only our current customers but also future generations like Fiona's.



Message from our Chairman, President and CEO

It's hard to imagine a world without electricity. It powers our homes and businesses. It powers devices that save lives, that entertain and that keep us connected with friends and family. And it powers progress and prosperity.

At PPL, we understand just how vital electricity is to our everyday lives. And we know that decisions we make today can help shape our energy future for generations to come.

That's why our focus — from our executive leadership to our lineworkers in the field — is on delivering today for a brighter tomorrow. Across PPL, from the United Kingdom to Pennsylvania to Kentucky, we are committed to creating long-term, sustainable value for our customers, our shareowners and the communities we serve.

Toward that end, our sustainability strategy centers on seven core commitments:

- Create extraordinary shareowner value
- Drive best-in-sector operational performance
- Advance a cleaner energy future
- Build tomorrow's energy infrastructure
- Exceed customer expectations
- Foster an exceptional workplace
- Strengthen communities

In each of these areas, we made progress in 2016. That progress continues today.

As nations wrestle with the challenge of aging infrastructure, we continue to act boldly. In 2016, we invested \$3 billion to make the grid smarter, more dynamic, more reliable and more secure in the

regions we serve. Overall, we have invested more than \$16 billion in infrastructure improvements and modernization over the past five years. We will invest \$16 billion more through 2021.

Meanwhile, as the world considers climate change, we continue to take steps to advance a cleaner energy future and prepare our electricity grid for new distributed energy resources. That includes conducting the U.K.'s largest electric vehicle pilot and leading the way in connecting private solar power to U.K. distribution networks. It includes launching our Keystone Solar Future Project in Pennsylvania to integrate private solar on the grid. And it includes a new solar power facility and new solar options for customers in Kentucky.

At the same time, we continue to open new doors to innovation here in the workplace, to incorporate new technology that improves the way we work, to invest in our people, to give back to the communities we serve, and to foster a workplace where all are treated with respect and dignity, and where all are given an opportunity to contribute and succeed.

The pages that follow highlight initiatives in pursuit of PPL's sustainability commitments. The report covers a wide range of topics, from our environmental and operational performance to the impact we have on the communities we serve. The report follows Global Reporting Initiative guidelines, the most widely used standards for corporate responsibility reporting.

We recognize that in every area we operate, there are always opportunities to improve. It's that quest for continuous improvement that drives employees like Tonya and Jason Harris, shown on the cover of this year's report with their daughter, Fiona. Our challenge at PPL is not only to deliver for our



WILLIAM H. SPENCE
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

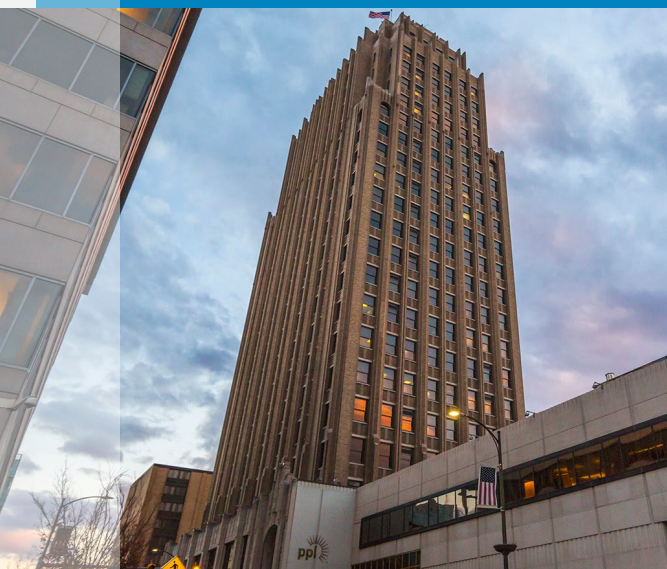
customers today, but to secure a bright energy future for children like Fiona and future generations.

Today and always, we recognize the responsibility we have to provide safe, reliable power at a reasonable cost to our customers while growing value for our shareowners and advancing sustainable business practices.

We welcome your feedback as we move forward, and we appreciate your interest in PPL's sustainability progress.

Sincerely,

William H. Spence
Chairman, President and Chief Executive Officer



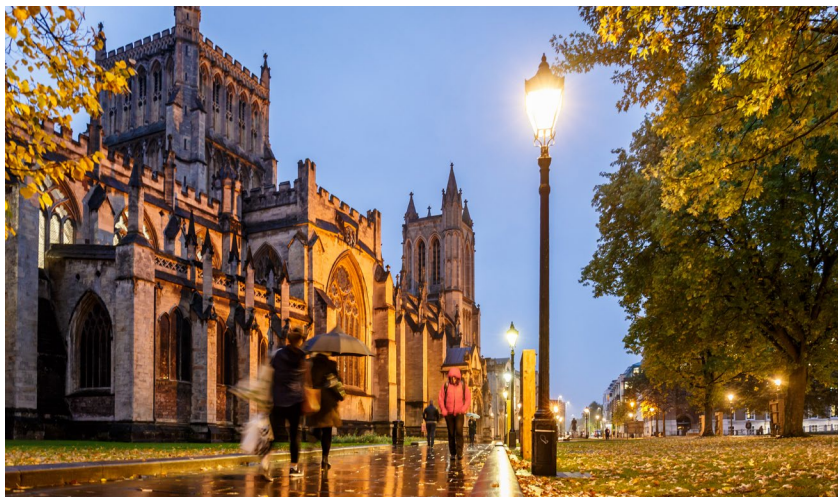
About our company

Headquartered in Allentown, Pa., PPL Corporation (NYSE: PPL) is one of the largest companies in the U.S. utility sector. The company serves more than 10 million customers in the United States and United Kingdom and employs nearly 13,000 people.

Our mission is to provide reliable, safe energy at a reasonable cost to our customers and best-in-sector returns to our shareowners. We believe our competitive earnings, growing dividend, solid management and high-quality assets represent an attractive low-risk opportunity for those looking to invest in the utility sector.

Our vision is “to empower economic vitality and quality of life,” and to be a positive force in the communities where we do business. We support human services, education, arts and culture, and environmental stewardship. In addition, our companies work closely with local and state officials to foster economic development that creates jobs throughout the territories we serve.

PPL Corporation’s operating companies are located in three primary jurisdictions: Kentucky, Pennsylvania and the U.K. Each of these jurisdictions has different laws, regulatory agencies and local governing bodies. Details are available in the company’s [2016 Form 10-K Report](#), Part I, Business (filed with the Securities and Exchange Commission).



U.K.

PENNSYLVANIA



KENTUCKY

Our vision

To empower economic vitality and quality of life

Our mission

To provide reliable, safe energy at a reasonable cost to our customers and best-in-sector returns to our shareowners

Our values

Safety and health

Customer focus

Diversity and engagement

Performance excellence

Integrity and openness

Corporate citizenship

At a glance

\$7.5 billion
IN ANNUAL REVENUE

MORE THAN
10 million
utility customers
IN THE U.S. AND THE U.K.

NEARLY **13,000** EMPLOYEES

ABOUT
8,000 MEGAWATTS
OF REGULATED GENERATION
CAPACITY IN THE U.S.

APPROXIMATELY
218,000 MILES
OF ELECTRIC LINES

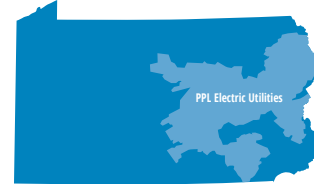
144 BILLION
KILOWATT-HOURS OF
ELECTRICITY DELIVERED

As of Dec. 31, 2016



Louisville Gas and Electric and Kentucky Utilities

Louisville Gas and Electric (LG&E) and Kentucky Utilities (KU) are regulated utilities that are engaged in the generation, transmission, distribution and sale of electricity in Kentucky, Virginia and Tennessee. They serve nearly 1.3 million customers and have consistently ranked among the best companies for customer service in the United States. In Virginia and Tennessee, KU operates under the name Old Dominion Power Company. LG&E and KU operate about 8,000 megawatts of power generation. In addition, LG&E is engaged in the distribution and sale of natural gas.



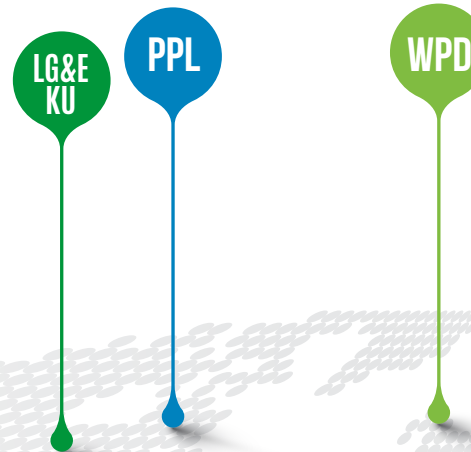
PPL Electric Utilities

PPL Electric Utilities (PPL Electric) provides electricity distribution and transmission services to about 1.4 million customers in Pennsylvania and consistently ranks among the best companies in the U.S. for customer service.



Western Power Distribution

Western Power Distribution (WPD) is the electricity distribution network operator in the United Kingdom for the East and West Midlands, South West England and South Wales, serving 7.8 million end-use customers. As the U.K.'s largest distribution network, WPD covers densely populated residential areas and widely dispersed rural communities. WPD has been recognized consistently as the best electricity distribution network operator group in the U.K. by U.K. regulator Ofgem.



Awards and honors

In 2016, PPL and its utilities were recognized for outstanding performance in a number of areas, including these highlighted below.



PPL Corporation

- ▶ Received the ATHENA Organizational Leadership Award, presented annually by chambers of commerce, women's organizations and universities, for support of women leaders in Pennsylvania's Lehigh Valley region
- Earned the highest score in 2016 Corporate Equality index, a national benchmarking survey and report on corporate policies and practices relating to lesbian, gay, bisexual and transgender workplace equality
- Recognized by Savoy Magazine as having two of 2016's Most Influential Black Corporate Directors



PPL Electric

- ▶ Received "POWERGRID International" magazine's Customer Engagement Project of the Year for its proactive outage alerts
- Ranked highest for residential customer satisfaction among large utilities in the East region for a fifth-consecutive year by J.D. Power
- Recognized for the second year as one of Training Magazine's Top 125, which ranks the training and development programs of companies throughout the U.S.
- Recognized by the Electric Power Research Institute for its innovative use of computer software to design transmission lines

WPD

- ▶ Received the prestigious Excellence Award from the charity Action on Hearing Loss Cymru for efforts to communicate and engage with the deaf community
- Achieved the top position for U.K. regulator Ofgem's Stakeholder Engagement and Consumer Vulnerability Incentive
- Rated by Ofgem as the top performing distribution network operator group for customer satisfaction in the U.K.
- Became the highest scoring organization of the 237 organizations accredited by G4S using the Customer Service Excellence standard in the U.K.
- Received a Clean Energy Award, which recognizes outstanding achievement in the solar and clean energy sectors



LG&E and KU

- ▶ Together, LG&E and KU won four J.D. Power Awards, including the top residential customer satisfaction award among midsize utilities in the Midwest
- Recognized as the 2016 Coal-Fired Project of the Year for Mill Creek Generation Station's air compliance project by Power Engineering and Renewable Energy World magazines
- Received a Fit-Friendly Worksite Community Innovation Award from the American Heart Association
- Received an Electric Power Research Institute Technology Transfer Award, which recognizes power system leaders and innovators who have helped their companies deliver safe, affordable, reliable and environmentally responsible electricity via the application of R&D in the utility industry
- Received Edison Electric Institute's Safety Excellence Award, which recognized employees at the company's operations center in London, Ky., for completing 266,966 hours without a lost workday
- Named one of Site Selection magazine's Top 10 Utilities for economic development in 2016



Sustainability strategy and commitments

The following **sustainability commitments** provide a framework for PPL to grow and innovate in a responsible, reliable way that benefits customers, shareowners, employees and society as a whole.

Our current sustainability programs, performance metrics and initiatives are presented throughout this report and are referenced in the GRI index on [page 81](#). This report presents our sustainability performance following the GRI Framework with the intent to be “in accordance” with GRI-G4 guidelines at the core level.

Our views about the company's direct and indirect impacts, risks, challenges and opportunities are presented throughout this report and in other publicly available documents such as the [2016 Form 10-K](#), [10-Q's](#), [2017 Proxy Statement](#) and [2016 Annual Report](#) posted on the company's website.



Create extraordinary shareowner value

Create long-term value for shareowners through fiscal discipline, continuous improvement, environmental stewardship and enduring strategic investments



Drive best-in-sector operational performance

Excel in safety, reliability, customer responsiveness and energy efficiency while maintaining a culture that cultivates innovation



Advance a cleaner energy future

Encourage responsible stewardship in partnership with our customers and stakeholders to have a sustainable environmental impact



Build tomorrow's energy infrastructure

Invest in tomorrow's energy infrastructure by developing a more reliable, resilient and efficient grid that fosters continued progress and a cleaner energy future



Exceed customer expectations

Provide affordable, reliable, safe and environmentally responsible energy



Foster an exceptional workplace

Cultivate success by energizing an inclusive, respectful and diverse workplace that rewards performance, enables professional development, encourages employee engagement and enables employees to achieve their full potential



Strengthen communities

Empower the success of future generations by helping to build strong communities today



About this report

Report profile

This report's content covers activities that occurred in calendar year 2016. The report was published in 2017.

Throughout the report, we reference GRI-G4 guidelines and have included a GRI index for ease of review on [page 81](#).

PPL Corporation intends to report on its sustainability activities annually. The report is reviewed by the company's leadership team, including the chief executive officer. External audits for this report have not been conducted, but an internal review was completed by the Corporate Auditing and Business Ethics department.

Throughout this report, when we refer to PPL we are discussing all of PPL Corporation and its subsidiaries, including PPL Electric, LG&E and KU, and WPD. For specific issues, data and discussion about each entity may be disclosed.

Statements contained in this report concerning future events are forward-looking statements as defined by federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. Any such forward-looking statements should be considered in light of such uncertainties and assumptions and in conjunction with PPL Corporation's [2016 Form 10-K](#) and other of its reports on file with the Securities and Exchange Commission.

Conversions of British pounds sterling to U.S. dollars throughout this report were based on the foreign exchange rate on Dec. 31, 2016.

Questions and comments about this report can be directed to Community@pplweb.com.

Materiality

PPL defines sustainability materiality to include issues that may be helpful to stakeholders in evaluating the company's social, governance, economic and environmental performance and overall commitment to sustainability.

In 2016, a cross-functional corporate sustainability team conducted an initial materiality assessment to determine the key priorities for the company and our stakeholders.

To identify sustainability priorities, the team conducted benchmarking of PPL's peer companies, analyzed the materiality study conducted by the Energy Sustainability Interest Group of the Electric Power Research Institute and reviewed company documents, such as enterprise risk management reports, business plans and customer satisfaction surveys.

This work generated a list of sustainability topics. To prioritize these initial topics, the team assessed how important each topic was to our business and external stakeholders. The priorities that ranked the highest in level of importance during this assessment were identified as the leading "material aspects" that are included in this report.

The sustainability materiality assessment also resulted in updates to the corporate sustainability commitments that were developed in 2014 (see [page 8](#)).

The corporate sustainability committee, which includes senior leaders throughout the corporation and its various business units, is responsible for developing sustainability strategy, providing oversight and establishing the final list of priorities.

The sustainability strategy, commitments and priorities are reviewed by the corporate leadership council and presented to the board of directors.

Sustainability priorities

Affordability

Strive to deliver affordable electric and natural gas service for our customers

Cybersecurity and information protection

Protect the grid, customer and employee data, and the company's assets

Diversity and inclusion

Foster an inclusive, respectful and diverse workplace

Environmental management

Exercise responsible environmental stewardship

Energy efficiency

Implement tools and resources to reduce energy consumption

Grid security

Protect the physical security of the grid

Operational efficiency

Strive for best-in-sector performance

Community investments

Make positive contributions to the communities we serve through procurement practices, philanthropy and volunteerism

Economic viability

Promote long-term financial viability of the company

Emergency preparedness

Maintain business continuity and prepare for events that affect our ability to serve customers

Governance and ethics

Maintain strong corporate governance, compliance and ethical business practices

Infrastructure investments

Enhance reliability and resiliency of service through continued investments

Reliability

Excel in reliability

Customer satisfaction

Deliver excellent customer service

Distributed energy resources

Encourage and support development of distributed energy resources and renewables

Employee engagement

Create a workplace that fosters an engaged, high-quality workforce

Greenhouse gas (GHG)

Take reasonable measures, within the regulatory frameworks in which we operate, to support reduction of greenhouse gas emissions

Innovation and technology

Be an integral part of the development of future energy services

Safety and health

Encourage employee and public safety



Senior Control Specialist Suzanne Bowman uses an app developed by LG&E and KU's IT Development and Support team at the Cane Run plant.

Identified material aspects and boundaries

PPL has chosen content based on what our executive and report teams have deemed material for the purposes of sustainability reporting, regarding the following:

- GRI Electric Utilities Sector Supplement
- A review of peers who are reporting on sustainability issues
- Stakeholder feedback over the last year
- Reviews with our senior executives
- Reviews with employees who interact with the community, public officials and other external stakeholders
- Regulatory requirements for disclosure

All material aspects chosen for inclusion in this report are reflected on our GRI index on [page 81](#).

Material aspects and boundaries vary slightly from subsidiary to subsidiary, in part because of different regulatory frameworks and each subsidiary's level of involvement with energy production and delivery. These are noted throughout the report.

Regarding boundaries, most of the report content is focused on internal boundaries. However, supplier compliance and engagement are included in environmental and social categories. The company also is reliant on certain regulatory, legislative and community partners to manage some material issues, as discussed in the report.

As we prepared this report, we considered GRI's principles for defining report content and quality.



Create extraordinary shareowner value

Create long-term value for shareowners through fiscal discipline, continuous improvement, environmental stewardship and enduring strategic investments

Collectively, our businesses are devoting energy and resources to advance our technology, build infrastructure, strengthen our workplaces and contribute to our communities.

Providing solid, long-term value to investors

PPL Corporation's commitment to providing extraordinary shareowner value is evidenced throughout this report. We recognize that long-term shareowner value depends on business practices that are economically, socially and environmentally responsible. Every decision we make and every action we take is fueled by one goal: to provide safe, reliable, affordable energy to our customers today — and tomorrow. Fulfilling this mission requires us to excel in all of our day-to-day operations. But it also demands a long-term vision to make smart, strategic investments that encourage future profitability and value.

Across all of our business lines, we are focused on initiatives that reduce costs, build revenue, navigate challenges and mitigate risks. At the heart of all of these strategies is sustainability.

Collectively, our businesses are devoting energy and resources to advance our technology, build infrastructure, strengthen our workplaces and contribute to our communities. Our ultimate

success is measured by being a company that our customers, employees, neighbors and investors trust, value and want to do business with.

PPL operates in three different regions, each with its own individual markets, demographics and regulatory models. This diversity gives PPL a unique advantage over its peers. Our diversification enables us to remain strong and stable in a time of economic, political and cultural shifts and challenges.

We have a long track record of delivering on our commitments. We know how to build a strategy and execute a plan. And we know how to do it well.

Featured throughout this report are the stories of specific initiatives that demonstrate PPL's commitment to sustainability (see [page 13](#)). You'll see how the hard work, dedication and passion of our talented employees is helping PPL build a better, more sustainable future for us all.

Create extraordinary shareowner value | Drive best-in-sector operational performance | Advance a cleaner energy future | Build tomorrow's energy infrastructure | Exceed customer expectations | Foster an exceptional workplace | Strengthen communities



Drive best-in-sector operational performance

LG&E and KU successfully completed a multi-year, \$2.8-billion construction project to reduce emissions at four power plants — on time, under budget and with outstanding performance and safety records.

Advance a cleaner energy future

WPD launched the largest electric vehicle trial of its kind to explore how a surge in electric vehicles might impact local distribution networks and to study how to best integrate them reliably.

Build tomorrow's energy infrastructure

PPL Electric's investment in distribution automation technology paid off with a record-setting year for reducing outage times in 2016, making it one of the most reliable utilities in the country.

Exceed customer expectations

WPD, which has a long-standing record of industry-leading customer service, earned recognition for its programs that help vulnerable customers.

Foster an exceptional workplace

PPL's investment in professional development programs creates an engaging environment where employees feel valued and able to grow into tomorrow's leaders.

Strengthen communities

PPL Electric invests in science, technology, engineering and math (STEM) programs to interest students in STEM-related careers — just one of the many ways PPL supports local communities.

Financial highlights

For the years ended December 31

FINANCIAL	2016	2015
Operating revenues (millions)	\$7,517	\$7,669
Net income (millions) (a)	\$1,902	\$682
Earnings from ongoing operations (millions) (b)	\$1,674	\$1,489
Total assets (millions) (c)	\$38,315	\$39,301
Earnings per share - Diluted (a)	\$2.79	\$1.01
Earnings from ongoing operations per share - Diluted	\$2.45	\$2.21
Dividends declared per share	\$1.52	\$1.50
Book value per share (c,d)	\$14.56	\$14.72
Market price per share (c)	\$34.05	\$34.13
Market price/book value ratio (c)	234%	232%
Dividend yield	4.5%	4.4%
Dividend payout ratio (a,e)	55%	149%
Dividend payout ratio - earnings from ongoing operations (e,f)	62%	68%
Price/earnings ratio (a,e)	12.2	33.8
Price/earnings ratio - earnings from ongoing operations (e,f)	13.9	15.4
Return on common equity (a,h)	19.2%	5.8%
Return on common equity - earnings from ongoing operations (f,g)	16.9%	15.2%
OPERATING - DOMESTIC ELECTRICITY SALES (GWh)		
Retail delivered	67,474	67,798
Retail supplied	30,829	30,814
Wholesale supplied	2,177	2,241
OPERATING - INTERNATIONAL ELECTRICITY SALES (GWh)		
United Kingdom	74,728	75,907

(a) 2015 includes the impact of the \$879 million loss on the spinoff of the Supply segment, reflecting the difference between PPL's recorded value for the Supply segment and the estimated fair value determined in accordance with applicable rules under GAAP. 2015 also includes five months of Supply segment earnings.

(b) Management utilizes "Earnings from Ongoing Operations" as a non-GAAP financial measure that should not be considered as an alternative to reported earnings, or net income, an indicator of operating performance determined in accordance with GAAP. PPL believes that Earnings from Ongoing Operations is useful and meaningful to investors because it provides management's view of PPL's earnings performance as another criterion in making investment decisions. In addition, PPL's management uses Earnings from Ongoing Operations in measuring achievement of certain corporate performance goals, including targets for certain executive incentive compensation. Other companies may use different measures to present financial performance.

Earnings from Ongoing Operations is adjusted for the impact of special items. Special items are presented in the financial tables on an after-tax basis with the related income taxes on special items separately disclosed. Income taxes on special items, when applicable, are calculated based on the effective tax rate of the entity where the activity is recorded. Special items include:

- Unrealized gains or losses on foreign currency-related economic hedges (as discussed below).
- Supply segment discontinued operations.
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges.
- Workforce reduction and other restructuring effects.
- Acquisition and divestiture-related adjustments.
- Other charges or credits that are, in management's view, non-recurring or otherwise not reflective of the company's ongoing operations.

Unrealized gains or losses on foreign currency economic hedges include the changes in fair value of foreign currency contracts used to hedge British-pound-sterling-denominated anticipated earnings. The changes in fair value of these contracts are recognized immediately within GAAP earnings. Management believes that excluding these amounts from earnings from ongoing operations until settlement of the contracts provides a better matching of the financial impacts of those contracts with the economic value of PPL's underlying hedged earnings.

(c) End of period.

(d) Based on 679,731 and 673,857 shares of common stock outstanding (in thousands) at December 31, 2016, and December 31, 2015.

(e) Based on diluted earnings per share.

(f) Calculated using earnings from ongoing operations, which is a non-GAAP financial measure that includes adjustments described above in footnote (b).

(g) 2015 was adjusted to exclude the equity of PPL Energy Supply, LLC as that business was spun off in 2015.

(h) 2015 reflects the impact of the June 2015 spin-off of the Supply segment and a \$3.2 billion related dividend.

Significant operational and regulatory changes during the reporting period

In **April**, PPL Electric energized its Northeast-Pocono transmission project a year ahead of schedule. The \$350 million project included 58 miles of 230-kilovolt transmission lines and three new substations to strengthen the region's transmission grid.

In **April**, WPD entered the second year of an eight-year price-control period known as RIIO-ED1. WPD earned the highest performance incentive payments of any U.K. distribution network operator for the 2015-16 performance period.

In **June**, LG&E and KU's new 10-megawatt solar facility, Kentucky's largest, became fully operational.

In **June**, voters in a special U.K. referendum voted in favor of the U.K. withdrawing from the European Union. This is expected to have no effect on PPL's U.K. operations, but it weakened British pound sterling exchange rates. PPL acted decisively post-vote to secure gains from foreign currency hedges it had established prior to the vote and to take additional steps to manage future foreign currency risks.

In **November**, LG&E and KU filed requests with the KPSC for a combined increase in annual base electricity and gas rates of about \$210 million. The proposed increases would become effective July 1, 2017, and support continued infrastructure improvements. The companies reached a unanimous settlement with parties to the rate review in April 2017. The settlement must be approved by the KPSC.



2016

In **January**, PPL Electric increased annual distribution base rates by \$124 million. The increase, approved by the Pennsylvania Public Utility Commission in December 2015, supports PPL Electric's efforts to build a smarter, more reliable, more resilient energy grid.

In the summer, LG&E and KU successfully completed a multi-year, \$2.8 billion construction project to reduce emissions at four power plants — on time, under budget and with outstanding performance and safety records.

In **August**, LG&E and KU received Kentucky Public Service Commission (KPSC) approval to invest nearly \$1 billion to cap and close the remaining coal ash ponds at the utilities' active and now-retired power plants to meet federal environmental regulations.

2017

Supply chain

Relationships with contractors and suppliers are vital to PPL's successful operations. Contracts are developed and maintained through the company's supply chain organizations, which negotiate and secure contracts to procure a variety of materials, labor and services to execute numerous business activities, including capital projects.

By working with local vendors and suppliers, we have a positive effect on local economies. In 2016, 50 percent of goods and services purchased by PPL Electric were provided by suppliers in Pennsylvania. For LG&E and KU, 37 percent of goods and services purchased were provided by suppliers in Kentucky and Virginia. For WPD, 67 percent of goods and services were purchased locally in the U.K.

Most purchase orders and contracts issued by PPL use a qualified supplier. PPL's supply chain teams maintain lists of qualified suppliers and award business to suppliers from those lists based on a number of factors, including previous business dealings, competitive prices, and quality materials and services. PPL expects each supplier and contractor to comply with the company's commitment to safety, the environment, diversity, and the [Standards of Conduct of Integrity for Suppliers](#).

The value PPL places on diversity in its employees, communities and customers carries over to the people from whom the company purchases goods and services.

Accordingly, PPL reviews the safety and environmental performance of its suppliers and incorporates compliance requirements in purchase orders and contracts. In addition, we require our suppliers and contractors to observe the standards, which address business, professional and personal ethics when bidding or providing materials or services to PPL.

The value PPL places on diversity in its employees, communities and customers carries over to the people from whom the company procures goods and services. PPL and its business units actively reach out to find diverse businesses — those owned by minorities, women and veterans. In 2016, the company spent \$151 million with more than 300 diverse businesses.

IN 2016,
THE COMPANY SPENT

\$151 million

WORKING WITH MORE THAN
300 DIVERSE
BUSINESSES



Governance

Strong leadership and well-managed operations are the cornerstones of a successful business. PPL's corporate governance practices are designed to promote long-term value for our shareowners, customers and the communities in which we operate. The board of directors' responsibilities include overseeing the management of the business, selecting the company's leaders, approving long-range strategic plans and advising senior management.

The full board is responsible for overseeing any material economic, environmental or social issues, as well as other traditional business matters. Our board believes that sustainability should not be restricted to a single committee.

As described on page 17 of PPL's [Proxy Statement](#), the board provides oversight of PPL's risk-management practices. Each of the committees of the board, other than the Executive Committee, reports regularly to the full board on risk-related matters that fall within such committee's area of responsibility.

Management and outside advisors provide regular updates to the board on a variety of subjects important to the company, including environmental, safety, human resources, customer service, employee and social issues, as well as financial performance, economic issues and strategic direction. In addition, our board members possess a broad range of business skills and experience from a variety of industries, including regulated industries and businesses that require strong customer service, as well as experience with risk management, finance



and accounting. We understand that a diverse board correlates with strong performance and decision-making. In the February 7, 2017, article "The S&P 500 Companies with the Most Diverse Boards" published by TheStreet, PPL Corporation was recognized as leading the utility sector for ethnic diversity of its board.

The board periodically assesses the responsibilities of its committees and whether the formation of additional committees is appropriate, whether it is for environmental, social, safety or other issues.

PPL Corporation's *Guidelines for Corporate Governance* are posted online on the corporate website at pplweb.com/Guidelines.

Additional details about the role of the board, independence of the directors, role of the independent directors, the presiding or "lead" director and selection of directors can be found in the [Guidelines for Corporate Governance](#).

Incentives and remuneration

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. PPL's chairman, president and CEO, who is also a board member, does not receive any separate compensation for service on the board of directors or committees of the board of directors. Information regarding compensation of PPL's directors can be found in the [2017 Proxy Statement](#), beginning on page 18.

2016 executive compensation

Information regarding PPL's executive compensation program and compensation philosophy and objectives, as well as a discussion of how executive compensation decisions affecting our named executive officers were made for 2016, are included in the [2017 Proxy Statement](#), beginning on page 25 in the Compensation Discussion and Analysis section. Additional details about specific compensation of the named executive officers are included in the [2017 Proxy Statement](#), beginning on page 48.





Ethics and integrity

Our *Standards of Integrity* define the way PPL conducts its business. These *Standards* set the foundation for our reputation as a company, our integrity as individuals and the success of our operations. They apply in all situations, at all times, to everyone working in or for the PPL family of companies, guiding the decisions we make and the actions we take on behalf of PPL's shareowners. To fulfill our obligation to shareowners and all others who have a stake in PPL's business and the communities we serve, we believe we must adhere to the highest ethical standards, work safely and responsibly and comply with both the spirit and the letter of all laws, regulations, rules and policies that govern our business. We recognize that to do otherwise would be costly to our company — not just financially, but also to the strong reputation built by generations of PPL employees.

PPL's *Vision and Values*, along with PPL's *Standards of Integrity* and PPL's *Standards of Conduct and Integrity for Suppliers*, are posted on our website. The topics covered in the *Standards of Integrity* include: safety; equal-employment opportunity and nondiscrimination; protection from sexual and other forms of harassment; drug and alcohol use; conflicts of interest and improper influence, including bribes and inappropriate gift giving; insider trading; anti-trust and energy regulation; social media; and information security and cybersecurity. The *Standards* also address fair-dealing, issues that can arise from government relations and competitor actions, environmental and safety compliance policies, and the misuse of company assets.

Our *Standards of Integrity* define the way we conduct PPL's business. These *Standards* set the foundation for our reputation as a company, our integrity as individuals and the success of our operations.

Board of directors

The board expects its directors and officers to act ethically at all times and adhere 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 and any affiliation with publicly 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.

Every member of the board of directors receives a copy of the PPL Standards of Integrity and the global chief compliance officer provides regular updates to the Audit Committee of the board on PPL's business ethics and compliance program.

Employees

The Standards of Integrity help us make the right decisions and take the right actions to maintain our commitment to high ethical standards. The Standards are an integral part of PPL's corporate business ethics and compliance program and apply to all officers, employees and agents of PPL Corporation and its operating subsidiaries.

All employees of PPL are responsible for knowing, understanding and abiding by the Standards. Every employee receives annual training on the Standards of Integrity. In addition, targeted communications on certain topics are regularly issued to employees.

Suppliers

PPL's suppliers of goods and services are subject to codes of conduct established by PPL subsidiaries. These codes are shared with all suppliers who perform work for or on behalf of the relevant PPL subsidiary.

Reporting and handling of violations

PPL expects employees to ask questions or raise concerns about the application or interpretation of our Standards of Integrity. The company does not discriminate against, or tolerate any form of retaliation toward, employees who ask questions or raise concerns in good faith.

Employees are advised that if they have concerns that an employee or a contractor may have violated the Standards, those concerns should be reported promptly to a supervisor, Corporate Audit and Business Ethics or the department in the company responsible for business ethics and compliance.

Additionally, the PPL Ethics Helpline is a telephone and Internet service available at each PPL subsidiary that allows employees to anonymously report concerns. It is provided by an independent third party, using trained professionals to facilitate the identification of concerns while ensuring anonymity when requested and safeguarding confidential information. All calls are received in a secured, limited-access facility. No call-tracing or recording devices are used. Likewise, concerns raised online are not tracked to an individual.

PPL takes any instance of noncompliance seriously. Failure to obey laws and regulations or violations of company policies may result in employee discipline to the extent permissible under applicable law, up to and including termination. All alleged violations of the law, the Standards or company policies are investigated.

A summary of employee inquiries and concerns is reported quarterly to the Audit Committee of the board of directors. Critical concerns of a more immediate nature can be raised to the Audit Committee or the full board of directors at any time.





Our active participation in the public policy arena is appropriate to keep public officials informed about key issues that affect the interests of our customers, employees, shareowners and the communities we serve.

Public policy engagement

Laws and policies enacted at federal and state levels can have a significant impact on PPL and our customers, employees and shareowners. PPL actively encourages public policy that furthers our ability to provide safe, reliable and affordable energy to our customers and to operate efficiently. Our active participation in the public policy arena is appropriate to keep public officials informed about key issues that affect the interests of our customers, employees, shareowners and the communities we serve.

Compliance

PPL takes very seriously the need to conduct all aspects of our business in compliance with all applicable laws and regulations and consistent with the company's values. Information about PPL's public policy engagement and links to disclosure reports are available on our [website](#).

PPL reports all corporate lobbying-related activities and expenditures to appropriate state and federal agencies. Information on PPL's current lobbying activities can be found in lobbying reports filed with the U.S. House, U.S. Senate, Kentucky Legislative Ethics Commission and Pennsylvania Department of State.

PPL's Public Affairs department is in regular communication with executive leadership and provides semi-annual reports to the board on key issues and advocacy positions.

Trade associations

PPL participates in business and trade associations that engage generally in education and advocacy related to industry and business-related issues. PPL reports dues or payments to trade associations not deductible under Section 162(e)(1) of the Internal Revenue Code in its lobbying filings, as required by state and federal laws. In 2016, the amounts reported totaled approximately \$247,000.

Listed below are the trade associations that received 2016 annual dues in excess of \$50,000, including that portion of dues identified by each trade association as attributable to lobbying.

	Total Dues for 2016 Membership	Non-Deductible Portion of Dues Allocated to Lobbying
Edison Electric Institute	\$1,247,262	\$174,899
American Gas Association	\$197,647	\$8,894
Energy Association of Pennsylvania	\$164,167	\$9,850
Greater Louisville, Inc.	\$131,250	\$1,118
Kentucky Chamber of Commerce	\$55,490	\$8,324

Political action committees (PACs)

PPL Corporation and its affiliates are prohibited from making contributions to candidates and political parties, including in-kind contributions, under U.S. federal law and under the laws of Pennsylvania and Kentucky, the states in which PPL currently has utility operations. PPL has established federal and state PACs through which employees may participate in the political process. People for Good Government (PGG) and the LG&E and KU Political Awareness and Civil Education Committee (PACE) are employee PACs that encourage active interest and participation in the political process by employees, retirees and shareowners. These nonpartisan, voluntary PACs are organized and operate separately from PPL Corporation, as required by law. They are guided by steering committees and allocations committees made up of employees from across the company. Decisions regarding PAC contributions are made without regard to the individual political preference of any executive or employee.

PGG and PACE report all PAC contributions in campaign-finance reports filed with the Federal Election Commission, Pennsylvania Bureau of Commissions, Elections and Legislation and Kentucky Registry of Election Finance and will be made available upon request.

Independent expenditures and tax-exempt organizations

PPL Corporation does not make independent political expenditures in connection with campaigns or to influence ballot measures, and it is our current policy not to make such expenditures. PPL Corporation makes donations to various tax-exempt organizations. Charitable donations to 501(c)(3) organizations are not covered under this policy. The company occasionally makes contributions to other tax-exempt organizations, such as 501(c)(4) and 527 organizations, but such contributions are generally related to memberships and event sponsorships and not intended to influence a political campaign.

Should PPL decide to make independent expenditures in the future or make contributions to a tax-exempt organization for the purpose of influencing a campaign, the expenditures must be approved by the most senior officer responsible for government or regulatory affairs in PPL Electric, LG&E and KU, or PPL Services Corporation.

Board oversight

The PPL Corporation Board of Directors, or a duly authorized oversight committee, receives on an annual basis a report of corporate political contributions, including the following:

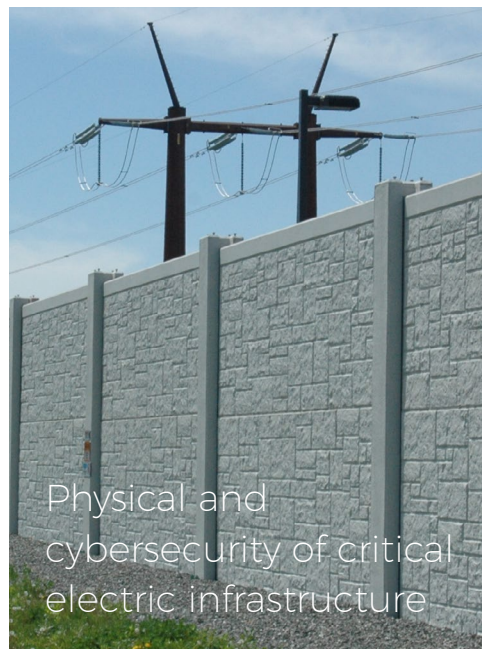
- The non-deductible portion of dues and other payments made to trade associations in excess of \$50,000
- Independent expenditures in connection with campaigns or to influence ballot measures
- Contributions to tax-exempt organizations, such as 501(c)(4) and 527 organizations, covered under this policy

PPL participates in business and trade associations that engage generally in education and advocacy related to industry and business-related issues.



Key legislative and regulatory issues

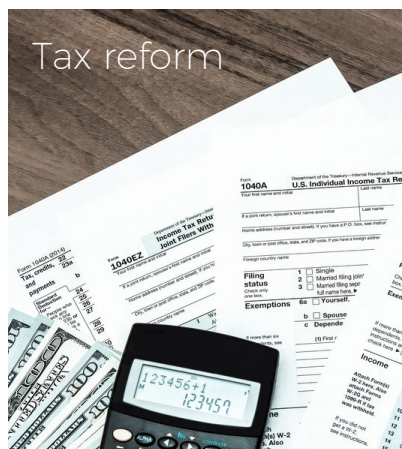
PPL engages with public officials on issues of importance to the company. In 2016, these were our top U.S. legislative and regulatory issues, which are highlighted within this report:



Physical and cybersecurity of critical electric infrastructure



Transmission and distribution siting



Tax reform



Environmental regulations



Energy assistance



Drive best-in-sector operational performance

Excel in safety, reliability, customer responsiveness and energy efficiency while maintaining a culture that cultivates innovation

Delivering reliable power – responsibly



Scott Straight, vice president of Project Engineering, managed the addition of environmental controls to reduce emissions and improve operations at LG&E and KU's coal-fired plants.

Scott Straight is pretty proud – and for good reason. In 2016, the then director of Project Engineering at LG&E and KU oversaw the final stages of a multi-year, \$2.8 billion construction project to add environmental controls to four of the company's coal-fired power plants to further reduce emissions and improve operations. The teams Straight supervised accomplished all of this on time, under budget and with an outstanding performance and safety record.

"I've had the good fortune of working on a lot of projects over my 32 years here," Straight said. "But this was the biggest endeavor. This project involved just about every department in the company. And to be out there and on point with it was a very special thing, especially here in my hometown."

Straight, who was born and raised in Louisville, Ky., is always conscious of how his work impacts his neighbors.

"Above all, we are always mindful of our customers and how we can best serve them," Straight said. "This project shows that. We took a balanced approach – we wanted to be compliant with regulations, and we also wanted to reduce our emissions in a cost-effective way while operating safely to provide reliable power for our customers."

(continued)

Delivering reliable power – responsibly

(continued)

The new environmental controls were installed at the utilities' E.W. Brown, Ghent, Mill Creek, and Trimble County generating stations as part of the companies' goal to be EPA compliant and reduce emissions. One of the major aspects of the project involved building 10 new fabric-filter baghouses on generating units. These units have been described as "vacuum cleaners on steroids" because they use filters to clean the gas that passes through them during the coal-combustion process.

Planning for the project, which ultimately required nearly 15 million field-hours to complete, began in 2009, ahead of the rest of the industry. "We were proactive in making the changes," Straight said. "That worked to our advantage because we were ahead of the national curve in buying the technology, which meant we got better pricing and had sufficient time to complete everything."

That proactive approach and the team's constant focus on keeping to its schedule enabled the project to come in about \$300 million under the original \$3.1 billion estimate.

Another noteworthy achievement: Each plant continued normal 24/7 operations during construction to give all LG&E and KU customers' homes and businesses the power they needed. That required a lot of extra hands. Typically, the Mill Creek and Ghent facilities operate with about 200 workers each day. During this project, staffing at those two plants peaked at 1,700 and 1,600 workers, respectively.

Despite the long duration and massive scope of the project, workers maintained a safety incident record far below the industry average for this type of work.

"It's a significant milestone for the company to complete projects of this magnitude safely, under budget and on time," Straight said. "The success is thanks to the hard work of our employees and contractors."

These are just LG&E and KU's latest overall efforts to reduce emissions and help promote cleaner air. As a result of the companies' emissions controls, 2017 sulfur dioxide emissions are expected to be 92 percent less than they were in 1998. In addition, nitrogen oxide emissions and particulate matter are expected to be 77 percent and 90 percent lower, respectively. In addition, the companies' increased use of natural gas generation, hydro power generation and solar power will decrease long-term carbon dioxide emissions.

It's a change that Straight, now vice president of Project Engineering, is pleased to be part of professionally and personally. "I remember when I joined the company back in 1984 as a young engineer – on clear evenings, you'd look out into the sky and see these brownish streams of gas going through the sky," he said. "You don't see those anymore. It's a dramatic change. I'm proud that LG&E and KU are part of the effort to make our air cleaner."



\$300 million
UNDER ORIGINAL PROJECT ESTIMATE

EXPECTED

92% DECREASE
SULFUR DIOXIDE EMISSIONS

77% DECREASE
NITROGEN OXIDE EMISSIONS

90% DECREASE
PARTICULATE MATTER





24,700,051

TOTAL HOURS WORKED

24

NUMBER OF LOST DAY CASES

0.19

LOST TIME INCIDENT RATE

1.297

TOTAL CASE INCIDENT RATE

0

WORK-RELATED FATALITIES

*Does not include contractors. The Incident Rate is based on injury and illness rates if a company had worked 200,000 hours. 200,000 hours are the hours worked by 100 employees, averaging 40 hours per week over a 50 week span (two weeks removed due to holidays/vacation). Formula is (# of recordables * 200,000) / (hours worked) = RIIR Lost Work Day Rate has the same formula (# of lost work days * 200,000) / hours work = LWDCR*

Safety

One of PPL's primary goals is to maintain a work environment that promotes the health and safety of our employees and the communities where we work and live. No job is too important or so urgent that precautions, laws or regulations concerning health and safety can be bypassed. Our goal is simple: Zero accidents or incidents adversely affecting employees, contractors or the public. Employees own the concept of health and safety at a grassroots level, and that commitment to health and safety enables employees to hold one another accountable while sharing good practices. We strive for continuous improvement, engaging with others in our industry and elsewhere to learn and to incorporate best practices that can enhance our existing programs.

Injuries and accidents

Safety is a high priority at PPL — something we consider an obligation to our employees, contractors and the public. That attitude has created a strong accident-prevention culture through all our business lines. Employees are always focused on reducing risks to eliminate workplace accidents. Even with extensive training, however, accidents can occur. The graphic to the left outlines our rates. The company reviews every incident and takes the necessary corrective measures to prevent as many incidents as possible.

As we continued to drive toward improving our safety performance in 2016, PPL Electric undertook a number of initiatives:

- We expanded our use of human-performance tools in order to address the most serious injuries experienced by employees.
- We added wellness programs led by athletic trainers from a third-party organization. These trainers provide employees with exercises and advice that help prevent and address soft-tissue injuries and reduce the likelihood of slip, trip and fall incidents.
- We introduced bargaining unit safety advocates to enhance employee engagement, observe work done by peers and recommend ways to improve safety.
- We encouraged daily stretching among all employees at all company locations.
- We provided opportunities for health assessments to improve employees' overall health and fitness.



Components of our safety program include:

Hazard assessment and mitigation

Aggressively identify, assess and mitigate hazards of all types before they cause injuries.

Near-miss/close-call reporting

Report all incidents that could have resulted in injury, so hazards can be addressed to prevent similar incidents in the future.

Incident investigation and reporting

Perform a root-cause analysis and meaningful investigation and report after the failure of any safety or health control that results in an incident or a near-miss/close call.

Employee involvement

Capitalize on the company's most valuable resource, employees, by actively creating and facilitating opportunities to become involved in loss prevention efforts.

Job briefings

Provide a job briefing to employees prior to the start of any work related to natural gas, electricity or power production operations.

Compliance

Require that all business areas and employees comply with local, state and federal regulatory requirements.

Vehicle incident prevention

Give employees the resources, skills and knowledge necessary to drive safely and defensively in order to reduce the number of vehicle incidents.

Business partner relationships

Foster better communication and closer working relationships between employees and contractors to strengthen the company's safety culture.

Empowerment

Seize the freedom, responsibility and accountability for controlling and correcting unsafe work without repercussions.

Communication

Foster reciprocal communication that will support safe work habits and a hazard-free environment.

Leadership

Demonstrate the courage and knowledge to correct unsafe actions, encourage the safety and well-being of co-workers and promote safety as the most important thing we do.

Health and wellness

Actively pursue opportunities to meaningfully incorporate health and wellness as a component of safety.



Our ultimate goal is to remain safe and healthy at home and on the job and return home to our families safely at the end of each and every work day.

Our commitment to safety also extends to our contractors. Stringent safety and health requirements are contractual obligations as outlined in these [health and safety requirements](#).



PPL learns safety best practices from others

PPL engages with outside groups to learn best practices. Discussions include relevant committees that cover areas such as accident prevention, emergency response, fire safety, and operational health and safety. These groups include:

- Action on Hearing Loss
- American Heart Association
- American Red Cross
- American Society of Safety Engineers
- Avon and Somerset Fire and Rescue
- Birmingham Safety Centre
- British Red Cross
- Business and Legal Resources
- Burn Prevention Foundation
- Citizens Advice
- Department of Energy and Climate Change (U.K.)
- Edison Electric Institute
- Electricity Networks Association
- Fayette County Local Emergency Planning Committee
- Gloucester Skills Zone
- Health and Safety Executive
- Institute of Engineering and Electronics Engineers
- Institute of Engineering and Technology
- Kentuckiana American Industrial Hygiene Section
- Kentuckiana Construction User Council
- Kentucky Apprenticeship Training Council
- Kentucky Emergency Response Commission
- Kentucky Fire School
- Kentucky Governor's Safety and Health Network Inc.
- Leicester Warning Zone
- Milton Keynes Hazard Alley
- National Safety Council
- Paradigm
- Pennsylvania Emergency Management Agency
- Pennsylvania Governor's Occupational Safety and Health Conference
- Pennsylvania Motor Trucking Association
- Royal Society for the Prevention of Accidents
- Royal Voluntary Service
- South Wales Fire and Rescue
- Southeastern Electric Exchange
- Southern Gas Associations
- Utility Safety Incident Prevention Conference and Expo



Reliability

One of the most critical factors for customer satisfaction is reliability. This includes not only ongoing reliability, but also how quickly the utility can respond to unforeseen interruptions. Reliability encompasses a number of operational aspects, including ongoing maintenance and oversight for our system's equipment and power lines that can be affected by everything from weather to animals. The overall number of service interruptions increased slightly from 2015 due to weather events.

PPL Electric, which ranked in the first quartile for reliability among utilities nationwide, was the only utility in the country with a centralized automated restoration system in place on all of its distribution circuits in 2016. That distinction is making a real difference in keeping the lights on for customers.

"We're proud to be technological leaders, but what really counts is the positive impact on reliability for our customers," said Dave Bonenberger, vice president-Distribution Operations.

On the distribution network, the automated restoration system prevented about 100,000 customer interruptions in 2016. It also contributed to major improvements in SAIDI — a measure of the average number of minutes customers lose power during the year. PPL Electric closed out 2016 with a new company SAIDI record of 71.34 minutes, beating the prior record of 75 set in 2015.

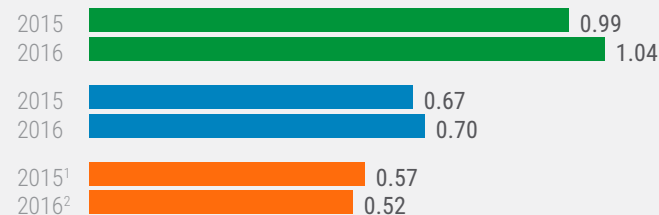
WPD delivered its best year for network reliability with 99 percent of customers who lost power being restored within 12 hours.

In late 2016, LG&E and KU announced planned investments of \$2.2 billion in their electric and natural gas system to improve safety, reduce outage times and enhance service to customers.

LG&E and KU's proposed distribution automation program comprises \$112 million of the investments. Upon implementation, when a power outage strikes, equipment will immediately detect when it occurs, then communicate with an automated system to identify the outage location. Having this instant information will allow immediate rerouting of power around the impacted area when feasible and restore service to as many customers as possible. This will improve service restoration and limit the number of customers affected by an outage.

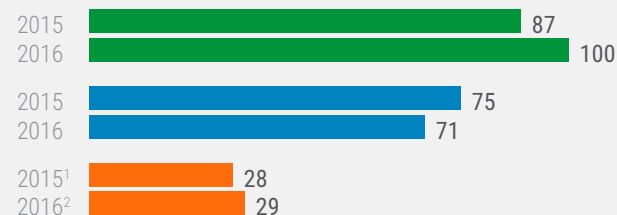


Average number of interruptions



System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer, excluding major events, per Institute of Electrical and Electronics Engineers definition 1366.

Average Outage Duration (in minutes)

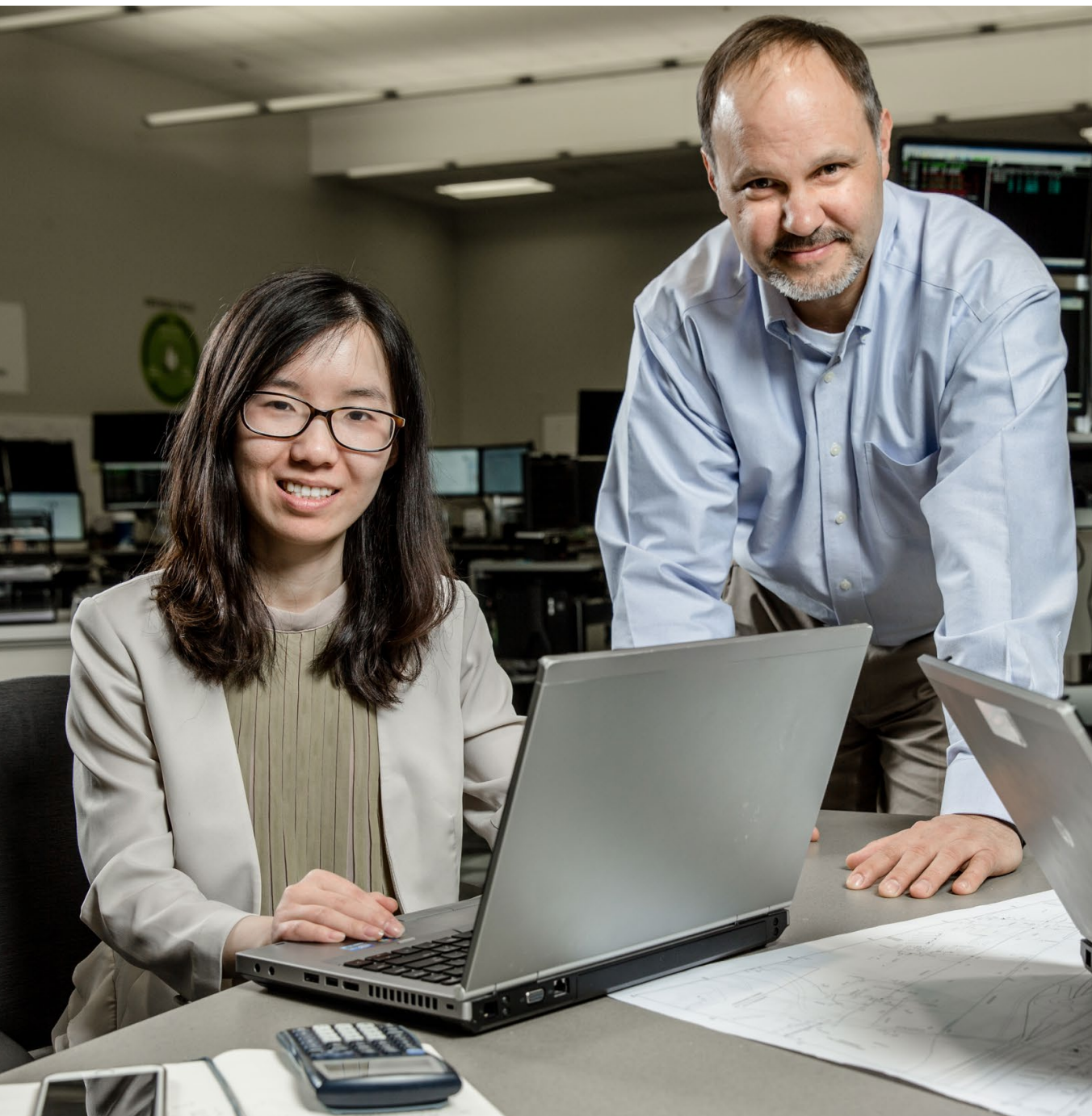


System Average Interruption Duration Index (SAIDI) is the average outage duration (in minutes), excluding major events, per Institute of Electrical and Electronics Engineers definition 1366.

■ LG&E and KU ■ PPL Electric ■ WPD

¹ WPD regulatory year April 1, 2014-April 1, 2015

² WPD regulatory year April 1, 2015-April 1, 2016



Innovative thinking at work

PPL's employees are always looking for ways to strengthen customer service and improve efficiency.

With that in mind in 2016, PPL Electric's Senior System Operator Chris Menges and Support Engineer Yi Li created an innovative method for determining when capacitor banks are failing or in danger of failing.

Traditionally, capacitor bank failures have only been found during site inspections, which occur twice a year. Menges and Li's system uses historical data, instead, to predict when blown fuses occur and need to be replaced. This means that problems can be identified before they affect customers.

For some poles along PPL Electric's power system, automated systems have been installed to provide warnings when fuses on those poles have failed. But thousands of poles do not yet have that technology. The new tool is expected to help detect fuse failures as PPL continues adding the warning system upgrade throughout the system.

This is just one example of the initiative PPL employees are taking to create improvements in the workplace that have a direct impact on customers.





Advance a cleaner energy future

Encourage responsible stewardship in partnership with our customers and stakeholders to have a sustainable environmental impact

Driving a cleaner, greener future



Innovation Engineer Mark Dale wants WPD to be prepared to meet the increasing demand electric vehicles put on its network.

It's full speed ahead for the U.K.'s electric vehicle market, and PPL's Western Power Distribution team is helping to pave the way.

At the end of 2015, there were about 50,000 electric vehicles on U.K. roads. Forecasts suggest that the number of battery-powered electric vehicles and plug-in hybrid electric vehicles will grow to 1 million by 2020.

WPD Innovation Engineer Mark Dale wants his utility to be ready for the resulting electricity demand by taking a proactive approach and preventing any potential speed bumps. That's why he helped launch WPD's Electric Nation project in 2016. The two-year initiative will enable the company to better understand the effects of home-charging electric vehicles. By monitoring how different battery sizes and charging speeds impact local distribution networks in the U.K., Dale and his co-workers can anticipate challenges and make adjustments proactively.

"This is the largest electric vehicle trial ever undertaken in the U.K.," Dale said. "This project shows that WPD is taking seriously the issue of electric vehicles and their impact on the network."

The first phase of the trial, which began in late 2016, involves recruiting between 500 and 700 participants. Participants receive

(continued)



Driving a cleaner, greener future

(continued)

a free smart charger (valued at about \$850) installed at their homes. The project's findings will help the company reliably manage future electric vehicle load on local electricity networks.

The initiative also helps support future decarbonization of the transportation sector, which is responsible for approximately 21 percent of the U.K.'s greenhouse gas emissions.

WPD is collaborating with automakers on the project, which further demonstrates the company's commitment to ensuring all network operators are prepared to support environmentally friendly vehicles. "Historically, the automotive and energy sectors have not worked together," Dale said. "That needs to change due to the increased demand on local electricity networks from electric vehicles."

Data shows that across Great Britain 32 percent of electricity supply cables will need to be upgraded when between 40 and 70 percent of customers have electric vehicles. By working on smart management solutions now, the company hopes to avoid future cost and disruption involved in upgrading electricity infrastructure.

The program is being promoted through a media campaign, at dealerships and through additional means.

Environmental stewardship

PPL has a longstanding commitment to carry out all of our business activities in ways that preserve and promote a clean, safe and healthy environment. We have invested in environmental upgrades at PPL power plants, carbon-free generation projects and programs to encourage energy efficiency. Our management approach to environmental responsibility encompasses:

COMPLIANCE

PPL is committed to complying with all applicable laws and regulations. We will move swiftly to address compliance issues whenever they are identified.

PERFORMANCE

PPL uses health, safety and environmental management systems to set goals, monitor and assess performance and continually improve. PPL works with contractors and suppliers to focus on results that contribute to our business success and holds them accountable to our high environmental standards.

COMMUNICATION

We help our customers identify areas where they can conserve energy, reduce their carbon footprint and learn about how to support environmental community initiatives.



Addressing our environmental impact

PPL works to reduce its carbon footprint by making the generation and delivery of power cleaner and more efficient. Reducing our environmental impact is achievable through a balanced energy mix, combining clean and renewable energy sources with traditional ones. We recognize that concerns regarding greenhouse gas emissions as well as declining costs for clean energy options could continue to accelerate a shift to cleaner energy both in the U.S. and in the U.K. As a result, many of the actions we take — and will continue to take — are helping to advance a smarter, cleaner energy infrastructure.

Expanding renewable energy

WPD participates in the U.K. Network Innovation Allowance and Competitions, which has launched projects that test innovative methods to enable the widespread adoption by customers of low-carbon technologies, such as solar panels, heat pumps and electric vehicles.

Specific projects from 2016 include:

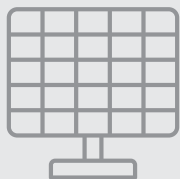
- Partnering with a solar company, WPD developed one of the first industrial-scale battery storage facilities linked to a solar park and the electricity network. The goal was to investigate how WPD could support the country moving toward a renewable energy future (for more details on this project, see “Exploring reliable solutions” on [page 51](#).)
- WPD also completed a four-year, \$3.4 million trial designed to address the technical constraints that network operators have to manage as increasing numbers of solar cells are connected to the network. Funded by the Ofgem U.K. Network Innovation Allowance and Competition, the program involved 26 houses, five schools and an office building in Bristol. All were fitted with solar panels and a direct current lighting system, which was powered by storage batteries. Battery storage units were also linked

Many of the actions we take — and continue to take — are helping to advance a smarter, cleaner energy infrastructure.

to the panels and connected to WPD's network. In honor of this initiative, the company received a Solar Portal Power Clean Energy Award, which recognizes outstanding achievement in the solar and clean energy sectors.

- In 2016, WPD launched an innovative two-year trial to investigate the impact electric vehicles will have on the network (for more information on this trial, see “Driving a cleaner, greener future” on [page 30](#)).





50 ACRES
KENTUCKY'S LARGEST
UNIVERSAL SOLAR FACILITY

44,000
SOLAR PANELS ON
FIXED-TILT RACK SYSTEMS


19,000 MEGAWATT-HOURS
ENERGY PRODUCED ANNUALLY

ENOUGH TO POWER
1,500 HOMES

LG&E and KU are investigating low-carbon and distributed generation options on several fronts:

- Kentucky's largest universal solar facility on the grounds of the E.W. Brown Generating Station became fully operational in 2016. The facility stretches across 50 acres of property and consists of more than 44,000 solar panels, positioned to optimize the available sunlight to produce energy. The 19,000 megawatt-hours of energy it will produce annually is equivalent the amount of energy consumed by 1,500 homes, based on a usage of 1,000 kilowatt hours per month. The universal solar facility is part of LG&E and KU's continuous efforts to meet customers' energy needs while evaluating new energy options. It also gives the utilities an opportunity to learn more about this technology, including how commercial-scale solar energy is impacted by factors such as cloud cover and how it integrates with the existing generating units.
- In 2016, LG&E and KU began accepting enrollments into the utilities' newly approved Solar Share Program. The program offers residential, business and industrial customers across the utilities' service territories the opportunity to share in local solar energy and receive credits on their monthly bill. LG&E and KU will build, own and operate the facility on a 35-acre site. The program is an ideal option for those who want to support local solar but can't or don't want to install it on their own properties.
- Kentucky's first "megawatt-scale" carbon-capture technology, located at E.W. Brown Generating Station, is working to improve the ability to capture carbon dioxide gases emitted from coal-fired electric generating units. The project continues the company's partnership with the University of Kentucky's Center for Applied Energy Research. The ultimate goal is to better protect the environment by reducing greenhouse gases more efficiently and increasing options available to meet future regulations concerning carbon dioxide emissions.
- LG&E is rehabilitating all eight generating units at its Ohio Falls hydroelectric facility, which will allow the plant to generate hydropower well into the 22nd century. When finished in 2017, total output will increase by nearly 30 percent. Together, Ohio Falls and KU's Dix Dam hydroelectric plant will have the capacity to generate more than 120 megawatts of carbon-free electricity.





In Pennsylvania, PPL Electric is making investments to expand customer access to renewable and distributed resources:

- PPL Electric participates in a statewide alternative-energy portfolio standard. From June 2016 to May 2017, alternative power sources comprised 14.2 percent of the power PPL Electric bought for customers, including 6 percent from solar, wind and hydropower energy sources.
- The utility's massive investment in smart grid technology has made it one of the country's most reliable power providers, but in addition to that, it will enable the company to more easily integrate clean and renewable energy sources in the future.
- In late 2016, PPL Electric applied for a \$3.3 million U.S. Department of Energy grant to investigate how to integrate customer-owned generation — like solar panels — into its electrical grid. PPL Electric learned in early 2017 that it had been selected for the grant, which will enable the utility to leverage its existing smart grid technology with new tools and software to plan for, monitor and control new sources of energy that can benefit customers and society as a whole.



Conserving and protecting water

Large volumes of water are used and consumed in power generation. Following the 2015 spin-off of our competitive generation business, only our Kentucky businesses, LG&E and KU, generate power.

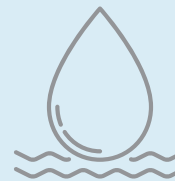
LG&E and KU carefully manage water usage and monitor the impact of waste water discharged into waterways. The companies support programs that protect waterways and the ecosystems that depend on them in the service areas where the utilities operate. LG&E and KU pay consumptive-use fees to cover the costs of reservoir projects and storage space that benefit all users and maintain adequate river levels during low-flow periods. They also collaborate with a variety of stakeholders and state agencies to verify that watersheds and reservoirs meet the needs of both the utilities and other stakeholders, including the public.

For example, KU's Dix Dam hydroelectric plant and the adjacent Herrington Lake is a public recreation area and serves to provide water for the city of Danville. The facility staff works with the Kentucky Department of Fish and Wildlife and Trout Unlimited to improve fish habitat in the area and the Dix River, which is connected to the lake. The staff also works with the Herrington Lake Conservation League, which holds local volunteer events for shoreline cleanups and other public activities. LG&E and KU plants (Cane Run, Ghent, Mill Creek and Trimble County) are adjacent to the Ohio River in segments classified as warm water aquatic habitat, community recreation areas and the source of domestic water for numerous communities. Voluntary company initiatives include riverbank cleanup and parking for fishermen and hikers.

LG&E and KU have greatly reduced the volume of cooling water withdrawn from the watershed by utilizing closed-cycle cooling instead of once-through cooling at all but one of its generating plants. Each facility also has a Groundwater Protection Plan and a Spill Prevention Control and Countermeasure plan that facilitates the safe storage of chemicals and oils on site. Proper secondary containment and weekly tank inspections aim to keep these chemicals out of the watershed and groundwater.

Consumptive water use at LG&E and KU facilities has decreased significantly over the past five years. The utility used 61 percent less water for each megawatt-hour generated in 2016 than in 2011, which can be attributed to the closure of older coal-fired units and the transition to natural gas generation.

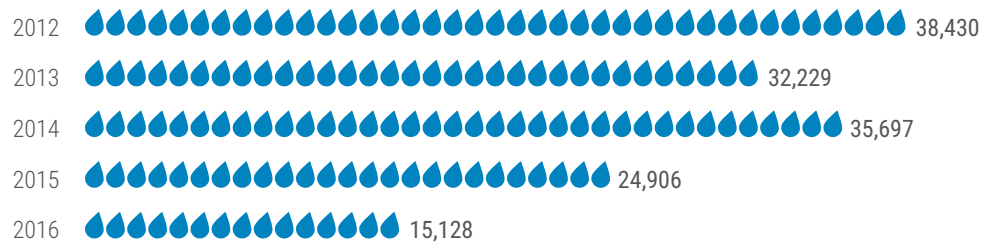
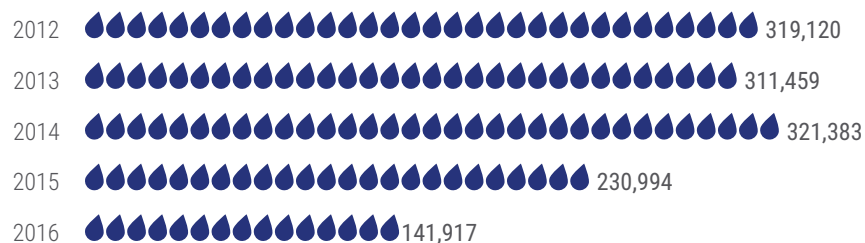
Our Pennsylvania and U.K. utility operations protect waterways by minimizing spills, siting facilities to avoid wetlands and waterways, and employing best management practices during construction work.



LG&E AND KU CONSUMED

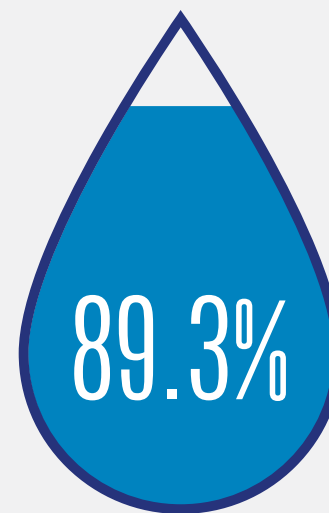
61%
LESS WATER
IN 2016
THAN
IN 2012



Water Consumption*Consumptive Water Use (MG/year)***Water Withdrawal***Water Withdrawn (MG/year)***Water Sources Affected by Withdrawal of Water**

Plant	2016 Withdrawal [MMgal/d]*	Withdrawal Waterbody	Waterbody Size [Lake-MMgal] or [River-MMgal/d]	% Impact
KU-Brown	18.06	Herrington Lake (created by Dix River Dam)	174,982	0.01
KU-Ghent	76.26	Ohio River	33,932	0.22
LG&E-Cane Run	3.51	Ohio River	31,670	0.01
LG&E-Mill Creek	257.97	Ohio River	37,099	0.70
LG&E-Trimble County	31.04	Ohio River	37,064	0.08

*MMgal/d - one million gallons per day

**Cooling Water**Percentage of water withdrawn
that is returned to source**Water Discharge**

Plant	Receiving Stream/ Waterbody	Total Discharge Volume [MMgal/year]
KU-Brown	Herrington Lake/Dix River	4,657
KU-Ghent	Ohio River	24,568
LG&E-Cane Run	Ohio River	306
LG&E-Mill Creek	Ohio River	91,973
LG&E-Trimble County	Ohio River	5,195

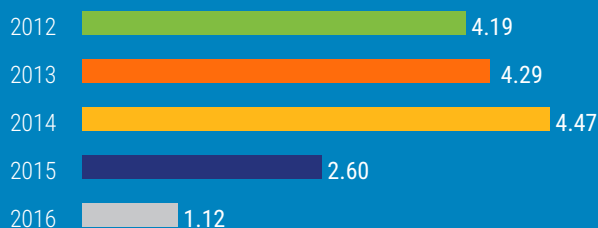
Emissions control

Today, PPL is a purely regulated utility company with three major business segments, two of which – PPL Electric and WPD – do not own power plants or generate electricity.

We invest in technology, facility upgrades, renovations and new construction projects that reduce emissions. We are also balancing generation from coal with lower emissions sources, such as natural gas and solar. And we are adding lower emission vehicles to our own fleet, including electric and natural-gas vehicles.

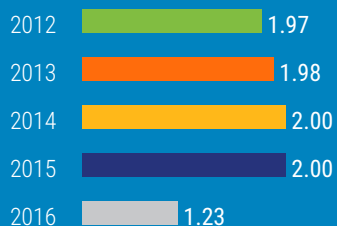
Sulfur Dioxide Emissions

In pounds per megawatt-hour



Nitrogen Dioxide Emissions

In pounds per megawatt-hour



Historic data have been normalized to exclude operations no longer part of PPL as of 12/31/2015.

REDUCING AIR EMISSIONS

- In 2016, LG&E and KU successfully completed a massive construction phase, the largest in the company's history. The multi-year, \$2.8 billion project added environmental controls across Kentucky's remaining coal-fired generating units. These additional emission controls will further reduce sulfur dioxide and nitrogen oxide emissions, mercury and fine particulate matter. As a result, the company expects that from 1998 to 2017 rates of sulfur dioxide emissions will have decreased by 92 percent, nitrogen oxide emissions by 77 percent and particulate matter by 90 percent. The company's combined actions will also decrease long-term carbon dioxide emissions. (For more details on these emission reduction projects, see "Delivering reliable power – responsibly" on [page 23](#).)
- Beyond construction activities, LG&E and KU retired 800 megawatts of coal-fired generation from its Cane Run, Tyrone and Green River power plants as part of the company's initiative to improve air quality. These retirements were completed in 2015.
- With a network spread over an area of more than 34,000 miles, WPD needs to operate a significant fleet of vehicles so its staff can serve the territory effectively. To make an effort to reduce both total fuel use and liters of fuel used per vehicle, WPD is ensuring that every time a replacement vehicle is added to its fleet, it has lower carbon dioxide emissions than the previous vehicle.
- In 2016, PPL Electric installed 16 battery-operated bucket lifts on trouble and line trucks. By 2025, all of the utility's trucks will be outfitted with battery-operated bucket lifts, helping to reduce vehicle emissions.



Carbon Intensity

YEAR	Total Operating Revenues ¹ (in millions)	LKE CO ₂ Emissions (metric tonnes)	Carbon Intensity Calculation (CO ₂ /Revenue)	Generation ¹ (MWh net)	Carbon Intensity by MWh Calculation (CO ₂ /Generation)
2012	\$6,856	31,370,304	0.00458	33,504,757	0.94
2013	\$7,263	32,740,206	0.00451	34,329,844	0.95
2014	\$7,852	32,954,159	0.00420	34,852,836	0.95
2015	\$7,669	29,973,404	0.00391	33,880,343	0.88
2016	\$7,517	28,480,000	0.00379	33,969,399	0.84

¹ Excludes PPL Energy Supply, LLC for periods prior to its June 2015 spin-off.



Reducing our own energy consumption

Our primary energy consumption by far is related to our power generation operations. By significantly increasing the efficiency of our power plant operations in Kentucky, we made substantial reductions in our energy consumption in 2015 and 2016 as shown below.

Energy Consumption

YEAR	Generation (MWh gross)	Generation (MWh net)	Total Energy Consumption (MWh) (Gross - Net)	Percent Increase or Decrease
2012	36,700,781	33,504,757	3,196,024	
2013	37,706,347	34,329,844	3,376,503	5.6% increase from 2012
2014	38,236,325	34,852,836	3,383,489	0.2% increase from 2013
2015	36,937,034	33,880,343	3,056,690	9.7% decrease from 2014
2016	36,857,210	33,969,399	2,887,811	5.5% decrease from 2015

Waste materials and environmental safety

PPL has high standards for managing waste from our operations. In keeping with the company's commitment to advance a cleaner energy future and encourage responsible stewardship, we seek innovative solutions and opportunities to reduce, reuse and recycle these materials.

PPL's power generation operation produced coal ash, one of the residuals of coal-fired generation. Ash production decreased by nearly 8 percent from 2015 due to the closure of coal-fired units at the Cane Run power plant. Because natural gas generation is more efficient and cost effective than coal-fired generation, gas increasingly is used to displace the operations of coal-fired generation. The switch to natural-gas fired units at Cane Run is expected to decrease operations of coal-fired units at other LG&E and KU power generating sites, which could result in further decreases in ash production. At the same time, we have increased the percentage of ash that is reused.

Ash-Use Trends (in million tons)

	Production	Reuse
2012	1.629	36.4%
2013	1.641	43.8%
2014	1.518	46.7%
2015	1.357	32.4%
2016	1.249	49.7%

Other waste streams include e-waste, cardboard, municipal trash, scrap metals and wooden utility poles.

PPL Electric implemented a pole recycling program in 2016 to keep old poles and other wooden waste out of landfills and reuse it in an environmentally responsible manner. The percentage of waste WPD disposed of in landfills has decreased 12 percent since 2012-13 as a result of the company's efforts to divert treated wood poles from landfills, improvements in office recycling and greater employee and contractor waste-management awareness.

In 2016, we did not have any reportable oil spills, which can result from lubricating oil from power plants, leaks from transformers or damage caused by weather or auto accidents.

Disposal of hazardous waste fluctuates year to year, depending on the type and number of major projects. In 2016, PPL disposed of 27.85 tons of hazardous waste, including materials and water associated with construction and remediation work.

In keeping with the company's commitment to advance a cleaner energy future and encourage responsible stewardship, we seek innovative solutions and opportunities to reduce, reuse and recycle these materials.



Environmental stewardship and the community

Our commitment to the community and our natural surroundings encompasses a broader obligation to be stewards of the environment. We work with community organizations to protect and preserve nature in the areas around our operations.

In 2016, 15 organizations across nine Kentucky counties received LG&E and KU Plant for the Planet Grants. The program awards matching grants in amounts of \$500 to \$5,000 to organizations with a history of successful tree plantings in the company's service territories. Since the program was launched, LG&E and KU have contributed to the planting of more than 40,000 trees.

To honor Earth Day 2016, LG&E and KU gave out thousands of free redbud tree seedlings, a native plant which thrives in Kentucky. Since the companies' tree seedling program started in the early 1990s, nearly a half-million free seedlings have been given to customers across the LG&E and KU service territories.

In addition, LG&E is the sole sponsor of Party for the Planet: A Month-Long Celebration of the Earth at the Louisville Zoo, and KU sponsors Party for the Planet at the Arboretum State Botanical Gardens in Lexington. Thanks to LG&E and KU's support, the 2016 events drew record crowds, strong media coverage and participation by elected officials and other dignitaries. Engaging and interactive activities for children and adults promote sustainability, ecology and biodiversity.

In the U.K., WPD provides support to communities across the network area with the aim of encouraging energy conservation, promoting recycling initiatives and enhancing the landscape for wildlife. Keen to be Green is the umbrella brand of community environmental activities and enables a range of groups, charities and schools to benefit from cash awarded by WPD. As part of this program, WPD plants 7,000 native trees annually across its network area. WPD also works with a range of nationally recognized charities, including the Centre for Sustainable Energy, The Wildlife Trusts, The Conservation Volunteers and Silvanus Trust.

WPD has also made significant investments in removing overhead power lines and replacing them with underground cables to improve the skyline across its service territories. A \$397,000 investment enabled the company to replace one mile of low-voltage overhead lines with underground cables in a north Lincolnshire village, and another \$73,000 went into removing more than 500 meters of overhead lines along the Croyde coastline. WPD works closely with the Areas of Outstanding Natural Beauty organization and has a considerable number of locations that are recognized as "areas of outstanding natural beauty" within its network territory.

In 2016, PPL Electric rolled out a program to keep old poles and other wooden waste out of landfills and reuse it in an environmentally responsible manner. The program is expected to keep about 1,600 tons of wooden material out of landfills each year while saving the company at least \$100,000 a year in operating costs, which helps keep service affordable for customers. The new program also has safety benefits for field workers, who have to do less cutting of the poles with chainsaws than they did previously.



ANNUALLY...

LG&E and KU GIVES NEARLY A

**Half-Million
FREE SEEDLINGS
TO CUSTOMERS**

WPD PLANTS

**7,000
NATIVE TREES ANNUALLY
ACROSS ITS NETWORK AREA**

PPL ELECTRIC PLANS TO KEEP

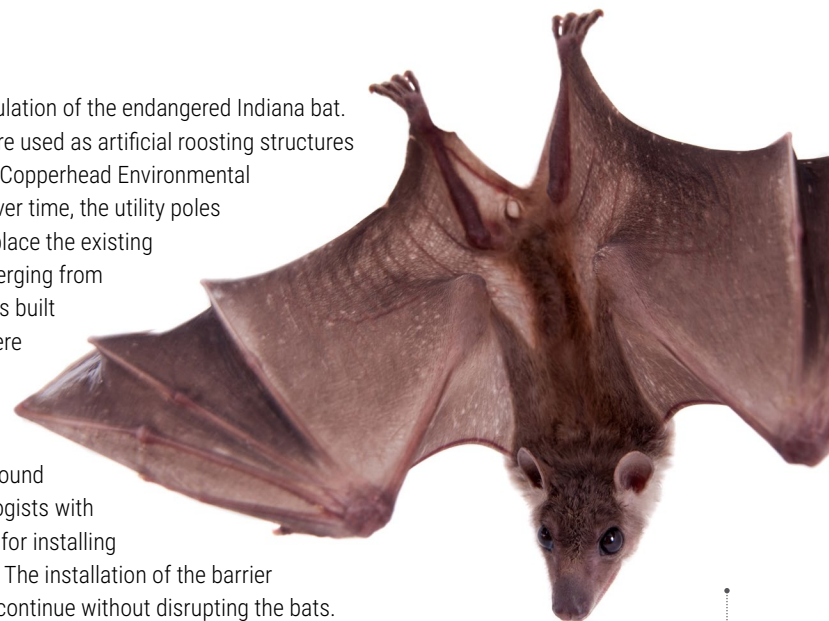
**1,600 TONS
OF WOODEN MATERIAL
OUT OF LANDFILLS
BY RECYCLING OLD POLES**

Biodiversity initiatives

All facets of the daily operations of electric power companies — from water discharges and atmospheric emissions to dams and transmission line rights-of-way — can potentially negatively affect ecosystems. PPL works throughout all phases of our projects to avoid and minimize impacts to the environment, especially in sensitive resource areas. We routinely relocate structures and access roads to avoid impacting sensitive areas like wetlands, waterways and critical habitat for rare, threatened or endangered flora and fauna. Here are a few examples of local projects that protect biodiversity. ▶

Bat habitat

LG&E and KU support research intended to help boost the population of the endangered Indiana bat. The company installed 10 utility poles several years ago that are used as artificial roosting structures at Fort Knox. The project is a collaborative effort that includes Copperhead Environmental Consulting, the U.S. Fish and Wildlife Service and Fort Knox. Over time, the utility poles were fitted with artificial bark to supplement and eventually replace the existing roost trees. At one time, more than 150 bats were counted emerging from just one of the installed poles. In Pennsylvania, PPL Electric has built 25 Eastern small-footed bat habitats. These large rock piles were built for mitigation associated with several large transmission line projects in northeast Pennsylvania to help provide ideal habitat to a rapidly declining bat population. When WPD engineers discovered a significant colony of bats within and around one of its substations, the engineers consulted with local ecologists with Natural Resources Wales. WPD adopted an innovative method for installing acoustic barriers to prevent noise disturbance to the bat roost. The installation of the barrier within the substation was successful and allowed the work to continue without disrupting the bats.

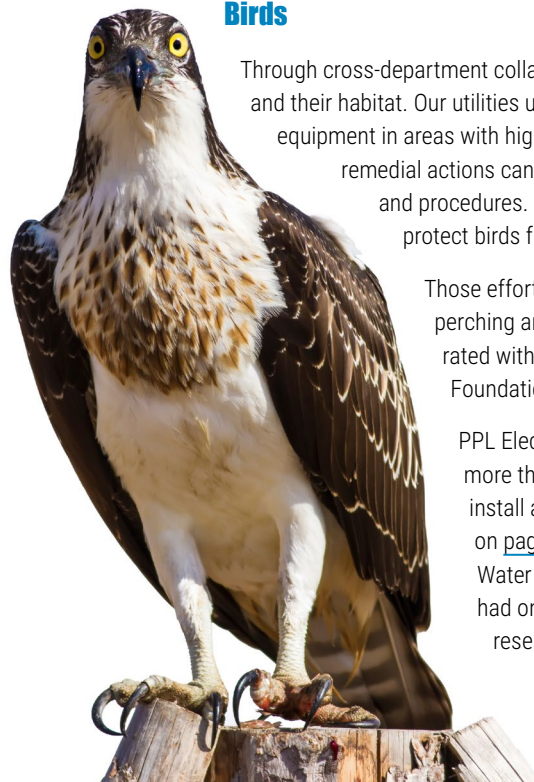


Birds

Through cross-department collaboration, the company uses a comprehensive approach to protecting birds and their habitat. Our utilities use bird-safe methods for newly-constructed or rebuilt power lines and other electrical equipment in areas with high bird risk; track and document all bird mortalities and at-risk nest sites so that remedial actions can be identified and executed; and provide employee training on bird protection issues and procedures. LG&E, KU and PPL Electric have adopted comprehensive Avian Protection Plans to protect birds from coming in contact with electrical equipment and power lines.

Those efforts have resulted in the improvement of transmission-line designs to deter nesting and perching and enhanced tracking of all avian-related outages and impacts. We also have collaborated with Edison Electric Institute's (EEI) Avian Power Line Committee and the Raptor Research Foundation to share best practices and develop improvements that can be used industry-wide.

PPL Electric has been installing osprey nesting platforms throughout its service territory for more than 20 years. In 2016, PPL Electric worked with the Pennsylvania Game Commission to install additional nesting platforms throughout its service area (see "Providing safe habitats" on [page 48](#) for more details). PPL Electric also conducted a three-year study in the Delaware Water Gap National Recreation Area to evaluate what, if any, impacts a particular power line had on birds. The results showed that no migrating raptors collided with the wires. In fact, research showed that migratory birds adapted by flying above the power lines.



Native plants

Utility rights-of-way provide ecological conditions that allow native species to thrive. Employees survey hundreds of miles of electric transmission rights-of-way within our service territories and identify populations of native flowers and grasses. We use maintenance practices that help facilitate growth and will reintroduce native grasses and wildflowers when planting is appropriate. In the U.K., employees plant native trees in public open spaces with conservation groups like The Silvanus Trust, The Conservation Volunteers and Groundwork Wales. This was expanded to include orchards following feedback from conservation partners.



Protected species

We support the protection of habitats through a variety of methods, from siting and design through construction and ongoing operation and maintenance of the electrical system. In 2016, PPL Electric installed 26 fish-habitat structures, enhanced and created approximately two acres of new wetlands, protected more than 20 acres of wetlands for spadefoot toads and used extensive animal guarding at substations.

As part of WPD's Protected Species and Habitats Policy, the company publishes a series of information sheets to aid in the identification and protection of endangered native species, raise awareness and assist our operational staff and our contractors in recognizing and managing species and habitats. In 2016, protected species management at WPD involved a range of activities, including creating an extensive badger den beneath a grid site. WPD works closely with local ecologists to promote best practices and to enhance habitats.

We support the protection of habitats through a variety of methods, from siting and design through construction and ongoing operation and maintenance of the electrical system.



Vegetation management

Millions of people served by PPL's utilities depend on having reliable power for their homes and businesses. Effective vegetation management along high-voltage transmission lines is a critical part of maintaining that reliability. Our vegetation management program is designed to promote the safe and reliable operation of the electric grid while making sure that we are sensitive to the concerns of property owners and our obligations to electricity customers. We work with conservation, land management and environmental groups to advance common goals of electric reliability and environmental stewardship.

Trees and other tall vegetation need to be kept away from power lines. If they get too close, power outages can result. Tree-related outages can potentially affect thousands of customers for extended periods of time. Keeping overhead power lines clear of limbs and brush also enables our crews to detect and repair issues that impact service during storms. Tree interference also creates the potential of a significant safety risk to our employees and the public.

PPL Electric runs an award-winning vegetation management program. The utility is a proud recipient of the Tree Line USA award from the Arbor Day Foundation and the National Association of State Foresters. In 2016, the utility used technology called LiDAR — a sensing method that uses pulsed laser light to measure distances — to help manage vegetation. LiDAR enables development of highly accurate models of the company's 5,000 miles of high-voltage corridor. Each mile of right-of-way is now mapped precisely for the location of transmission structures and wires, customer-owned structures or other encroachments, wetlands, trees, branches and brush. This data is integrated with sophisticated software that enables geospatial work management. This means the company can accurately and quickly plan and dispatch vegetation management work in a paper-free environment. The company's vegetation management costs have dropped 30 percent thanks to the new system.

LG&E and KU also operates a power-line tree-clearance program with the goal of maintaining reliable electric service. The company conducts clearance trimming throughout its service area on a consistent and planned cycle to maintain reliable service.

WPD also works to provide all overhead lines with sufficient tree clearance in order to prevent power disruption and keep the public safe. The company has increased its tree-cutting program to prevent trees from getting too close to overhead power lines. The tree-cutting program has reduced power outages and improved restoration rates.



Planting a seed

Vegetation management isn't only about tree trimming. PPL demonstrates its commitment to enhancing its local environments by sponsoring programs that put roots into the ground.

For example, LG&E and KU hosts tree-seedling giveaways at local business offices across its service territories, a tradition that started more than 25 years ago. The company also distributes seedlings as part of the annual Reforest the Bluegrass event in Lexington, which helps expand Lexington's urban forest and protect local waterways by planting native trees, and at the Party for the Planet Arbor Day Celebration at the Lexington Arboretum, State Botanical Garden of Kentucky.

To further enhance and beautify its local landscape, LG&E and KU led its sixth-annual Plant for the Planet grant program in 2016. The program, which is modeled off of the United Nations Environment Program's Plant for the Planet: Billion Tree Campaign, is designed to encourage nonprofit organizations and local government agencies with a record of successful tree planting to continue their efforts. The company offers one-year grants of \$500 to \$5,000 for urban, suburban or rural projects in forests and parks and along parkways or roadways. Since it began in 2010, the program has been responsible for the planting of more than 40,000 trees throughout the service territory, with more added each year. In 2016, 1,400 trees were planted. At the seedling giveaway and planting events, employees hand out Right Tree, Right Place brochures that give planting suggestions and tips for avoiding power-line interference.





Statement on climate change

PPL Corporation conducts its business in an environmentally responsible manner.

PPL has a long-standing commitment to conduct all of its business activities in ways that minimize our impact on the environment as we carry out our mission to provide reliable, affordable electricity to our customers.

While public policy discussions concerning the best way to approach greenhouse gas emissions have been ongoing, PPL companies have undertaken a variety of actions that have reduced our carbon footprint.

As crucial decisions about the best ways to limit greenhouse gas emissions are being made, we believe certain principles must be addressed. Policies should:

- Involve all sectors of the economy
- Recognize all means of avoiding, reducing and offsetting emissions
- Set achievable reduction targets based on proven technologies
- Mitigate the financial impact of increased electricity costs on consumers
- Preserve a balanced energy mix to produce electricity

Risks associated with climate change

Our businesses are subject to physical, market and economic risks relating to potential effects of climate change. Climate change may produce changes in weather or other environmental conditions, including temperature or precipitation levels, and thus may impact consumer demand for electricity. In addition, the potential physical effects of climate change, such as increased frequency and severity of storms, floods and other climatic events, could disrupt our operations and cause us to incur significant costs to prepare for or respond to these effects. These or other meteorological changes could lead to increased operating costs, capital expenses or power purchase costs.

Greenhouse gas regulation could increase the cost of electricity, particularly power generated by fossil fuels, and such increases could have a depressive effect on regional economies. Reduced economic and consumer activity in our service areas – both generally and specific to certain industries and consumers accustomed to previously lower-cost power – could reduce demand for the power we generate, market and deliver. Demand for our energy-related services could be similarly lowered by consumers' preferences or market factors favoring energy efficiency, low-carbon power sources or reduced electricity usage.

At PPL, we understand that risks associated with climate change must be strategically managed. The reductions we are making in our greenhouse gas emissions, the improvements we are making to our infrastructure and the structuring of our company to a fully regulated business are strategic decisions that are expected to mitigate climate change risks to our business.



Helping our customers go green

Our companies offer a variety of services to help residential and business customers save energy, calculate their indirect greenhouse gas and carbon emissions and adopt renewable energy. This includes energy-efficiency incentives and programs that have helped our customers reduce usage by an average of 2.4 billion kWh annually since their inception in 2009.

Our customer programs use educational resources and technology, such as meters and online tools.

Here are a few offerings:

- Conservation/home energy performance monitoring
- Low-income weatherization
- High-efficiency lighting
- HVAC test and tune-up
- New construction advisory services
- Load-management options with financial incentives to reduce demand during peak hours
- Appliance removal with incentives for replacement with energy smart appliances
- Smart energy profiles and dashboards for monitoring usage and performance





Electric vehicles

Electric vehicles present opportunities as they become more widely used. PPL is working to make the system enhancements necessary to meet electricity demand over the long term to support the adoption of electricity-fueled transportation.

PPL Electric is doing its part to support the developing electric vehicle market. In 2016, it participated in EEI's electrification initiative, which challenged companies to commit at least 5 percent of their fleet vehicle budgets to plug-in vehicles. The effort supported a set of guiding principles issued by the White House to increase electric vehicle use and make charging infrastructure available to all Americans. PPL Electric supported this program in 2016 by launching a ride-share program, which enables employees to reserve and use the company's 15 Chevrolet Volts. Also, employees who own their own electric vehicles are now able to charge their cars for free at any of the company's 15 charging stations.

In addition to its fleet of Volts, in 2016 PPL Electric installed 16 battery-operated bucket lifts on trouble and line trucks.

The utility now has 28 battery-operated bucket lifts and plans to have all of its trucks outfitted with battery-operated bucket lifts by 2025. By eliminating the need for the trucks to idle to provide power to operate the buckets, the addition of battery power reduces vehicle emissions and costs. In 2016, the PPL Electric fleet consumed 10 percent less fuel than in 2013. Another benefit is the reduction of noise at job sites. Not only does this keep neighborhoods quieter for customers, but it also enables crews to communicate more easily, which improves overall safety.

The growth of electric vehicles in the U.K. presents a new challenge for the country's electricity transmission and distribution network operators. WPD is taking a proactive approach with Electric Nation, a project that aims to build an understanding of the potential impact the increasing popularity of electric vehicles will have on electricity networks. Launched at the end of 2016, the two-year project is seeking to recruit between 500 and 700 people to participate in the largest trial of its kind in the U.K. Each participant will receive a free smart charger installed at their property. (For more information on the project, see "Driving a cleaner, greener future," [page 30](#).)

LG&E and KU's Electric Vehicle Charging Station program was recognized for applying Electric Power Research Institute methodologies, standards and staff expertise as the utilities gained their regulator's approval of the program and designed and deployed electric vehicle charging infrastructures. Launched in 2016, the program committed to installing new EV charging infrastructure both in public access areas and for business customers interested in hosting charging stations. This was done to further improve accessibility to regional charging stations and support electric vehicle drivers who are concerned about their transportation environmental footprint. LG&E and KU committed to installing 20 public EV charging stations across the state, 10 in LG&E's service territory and 10 in KU's service territory. To date, five stations have been installed and other locations are being determined to best serve electric vehicle drivers in the region. In addition, LG&E and KU business customers have the opportunity to host electric vehicle charging stations at their locations.





PPL Electric workers partnered with the Pennsylvania Game Commission and a local Eagle Scout to install a safe place for ospreys to nest.

Providing safe habitats

Ospreys like to nest in an unfortunate location: utility poles. It's a good vantage point that gives these fish-eating birds of prey a 360-degree view of the surrounding area, making it easy to look for fish and spot predators. But it's not an appropriate habitat: Chicks risk electrocution as they learn to take off and land on the pole. And a pile of sticks and other materials used in a nest can result in power outages and even fires.

To help the birds and to continue to provide their customers with excellent and reliable service, PPL Electric, LG&E and KU, and WPD have all installed platforms in their service territories to provide safe locations for ospreys to nest. It's part of the company's continued commitment to conservation.

The platforms are built to a height above the surrounding tree line and near water where the birds can feed.

"There are very few natural nesting locations that are suitable for these birds, so they tend to use man-made structures for nests," said Jeff Luzenski, a PPL senior environmental professional. "Providing them with a good nesting structure in an attractive location helps them survive and thrive."

In addition to these osprey nesting platforms, PPL also has a long tradition of protecting peregrine falcons. A nest box at LG&E and KU's Mill Creek Generation Station, for example, has been housing a peregrine falcon since 2006. In 2016, two female and two male chicks hatched in the box, where a live webcam enabled

the community to watch the chicks grow and eventually take flight. More than 100 falcons have hatched from LG&E and KU's nesting boxes.

These endeavors represent PPL's commitment to being stewards of the environment and preserving and protecting nature in the areas where we do business.

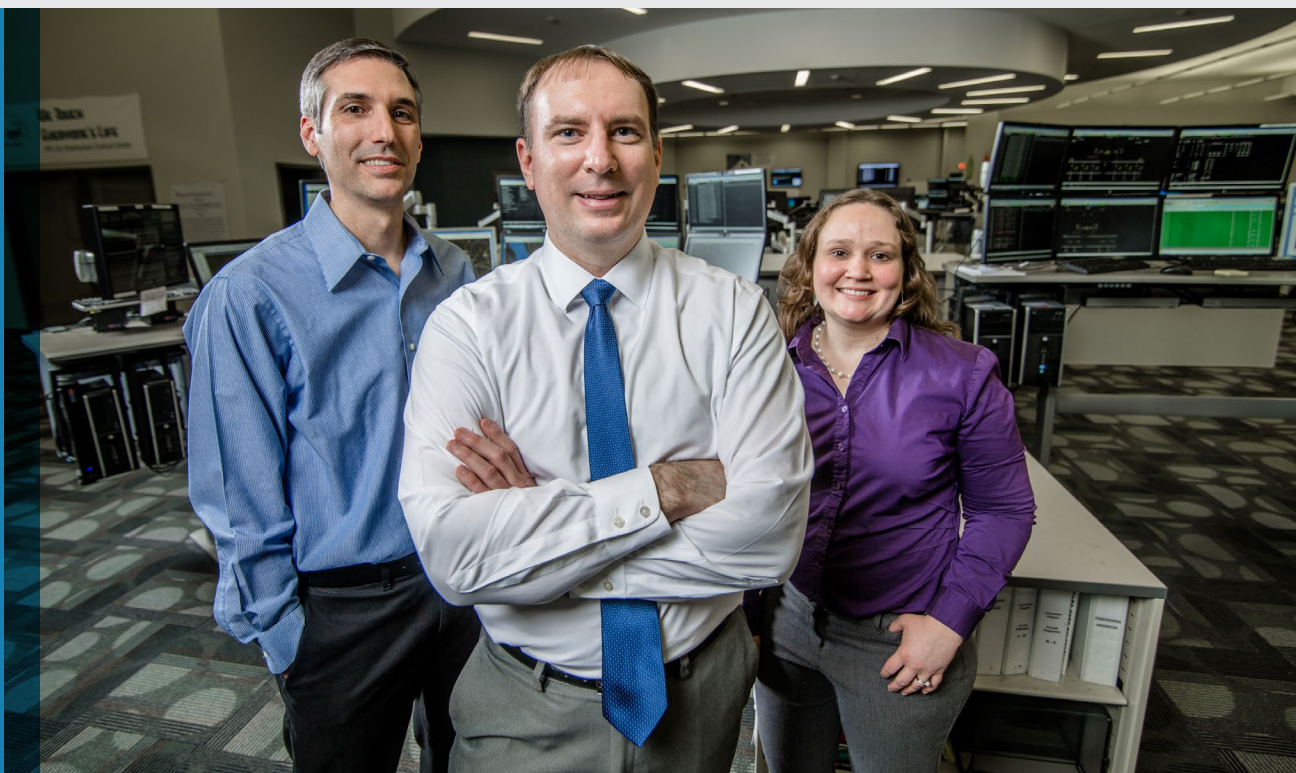
"PPL has a longstanding history of helping Pennsylvania's Game Commission," said Luzenski. "We've helped out osprey, peregrine falcons and eagles. We're uniquely positioned in that we have the equipment needed to do the work, and we have people who are willing to volunteer. This is just a continuing effort that we've had because it's the right thing to do."



Build tomorrow's energy infrastructure

Invest in tomorrow's energy infrastructure by developing a more reliable, resilient and efficient grid that fosters continued progress and a cleaner energy future

Investing today to power tomorrow



Jim Liero, Steve Gelatko and Kim Gaunter (left to right) are part of the team that brought smart grid technology to PPL Electric.

Steve Gelatko's job as director of distribution asset planning for PPL Electric involves overseeing the myriad of activities necessary to turn business strategies into reality. He supervises the development of the company's distribution infrastructure plans, works to determine the best strategy for implementing those plans and manages resources so those plans can be executed efficiently and effectively.

But despite all the intricate planning details that require his attention on a daily basis, there is one singular goal that drives everything he does: improving reliability.

"The service we provide is a fundamental need in the community," Gelatko said. "People can't do much without it. Providing our customers with reliable service needs to be our focus."

And indeed it is: PPL Electric has invested more than \$132 million in automation technology. It's an investment that has truly paid off. Thanks to its extensive use of smart grid technology, the utility's distribution system has become one of the most reliable in the country.

In fact, in 2016, PPL Electric reached first-quartile performance

(continued)

Investing today to power tomorrow

(continued)

in two of the three most common measures of reliability: SAIDI, which measures the average number of minutes customers lose power throughout the year; and SAIFI, which measures the frequency of outages. Significant improvements are also being made in CAIDI, which measures restoration time.

PPL Electric ended 2016 with a CAIDI measurement of 102 minutes, which broke the company's previous record of 103 minutes set in 2010. The utility also set a new SAIDI record of 71.43 minutes, beating the old record of 76 minutes set in 2015. And its SAIFI score of 0.7, which was slightly higher than 2015's due to weather events, still ranked in the top quartile among utilities nationwide.

"PPL's investment in smart grid technology has enabled us to make a leap in resiliency — it's been a game-changer for us," Gelatko said. "In 2016, the technology automatically restored more than 110,000 customers. We believe we have one of the most robust and advanced automation systems in the country, and we are working every day to make it even more impactful."

Smart grid devices are now active on every one of the utility's 1,200 distribution circuits. PPL Electric believes it is the only large utility in the U.S. that has automated restoration technology on 100 percent of its circuits. This enables power to be restored to customers quickly and automatically — often within a few minutes of a system fault.

Smart grid devices also are making a similar difference on the transmission system. Remotely operated switches divide a line into sections, speeding customer restoration, enabling operators to isolate outages and reroute power to many customers.

In addition to these high-tech developments, other investments have paid off in reduced outages and outage times. Tree trimming, line rebuilds, construction of new lines and equipment upgrades have all bolstered performance on both the transmission and distribution systems. PPL Electric also conducted an ongoing study on lightning impact on the transmission system and added increased night and weekend field staffing to help reduce outage durations.

Advanced technology is the norm at PPL Electric, which is constantly looking for new ways to make the system even more sophisticated. Looking forward, Gelatko said the utility will be investing in cutting-edge sensor technology to inform PPL of issues before they happen. In addition, PPL Electric will be working to integrate distributed energy resources, like solar and battery power, into the grid.

"We are building our skills, investing in advanced technology and collaborating with others to build and operate the grid of the future," Gelatko said. "We're investing in equipment that just keeps getting smarter so we can better serve our customers."



PPL ELECTRIC'S NEW RELIABILITY RECORDS

102 MINUTES

FASTER RESTORATION TIME (CAIDI)

71.43

**FEWER MINUTES
OUT OF SERVICE (SAIDI)**





Exploring reliable solutions

In 2016, WPD began a groundbreaking project: It developed one of the first industrial-scale battery storage facilities in the U.K. with the goal of moving the country toward a renewable energy future. WPD's \$1.2 million initiative is the first major battery storage of its kind in the U.K. Energy provided by a 1.5 megawatt solar park has been linked to a large battery storage facility for use across the electricity network.

"One of the challenges facing the renewables sector is storing the energy generated so that it's available when needed," said Jenny Woodruff, WPD innovation and low-carbon network engineer. "As an industry, we need to explore secure and reliable solutions that are commercially feasible and ultimately lead to improved access to the grid. Any solutions put forward must be with minimal costs to customers."

During the initiative, remote communications equipment will conduct tests to monitor how efficiently a battery operates, if its shelf life is reduced (and therefore its value), and to what degree batteries have an effect, if any, on power quality. The project will also assess any seasonal variations, the financial case for installing batteries at solar parks and the various ways this can be managed.

"Managing our existing assets at optimum levels, without the need for costly interventions, requires innovation like this battery storage facility," said Christian Hjelm, distribution manager for Somerset. "I look forward to seeing the outcomes of this year-long project and the potential benefits it can have for the industry."

Christian Hjelm, a distribution manager with WPD (left), is working with James Parrott of British Solar Renewables (right) to study the storage of solar energy.

Investments that pay off

PPL is driven daily by a determination to provide all of our customers the energy they count on to power their lives. Fulfilling that commitment takes dedication, hard work — and resources. We have made significant investments in our equipment, our facilities and our technology to advance our system and operations to provide the most reliable service possible in the most cost-effective and efficient manner. PPL has invested about \$16 billion in electricity infrastructure improvements to deliver energy more reliably and efficiently for its more than 10 million customers worldwide.

PPL Electric is now better able to serve its customers thanks to its \$132 million investment in smart grid technology. The system uses advanced technology that includes pole-top sensors to detect outages, a central computer that quickly analyzes the cause, and remote-control switches that reroute power and restore many affected customers to service. During severe thunderstorms in July, for example, the PPL smart grid restored about 9,500 homes and businesses to service in an average of just under two minutes. The result of the company's improvements has been a 30 percent reduction in the number of power outages since 2007, with another 15 percent fewer outages expected in the next five years. PPL Electric entered 2017 with about 4,000 smart grid switches deployed throughout its service area. The utility also has about 420 sectionalizing devices on its transmission network, which operate in a similar fashion. Remotely operated switches can divide a transmission line into sections, reducing the duration of outages. This technology is just one way PPL Electric is continuing to improve reliability.

At PPL Electric, substation engineers and stakeholders can now clearly see how a substation may look before it's built. What's more, they are able to design more efficiently and with greater accuracy than ever, which will save time and money. Thanks to the use of 3-D software, the company now has the ability to reduce design-related time, costs and errors. Prior to 2016, substations were designed solely using two-dimensional software. That required manual drafting updates to potentially hundreds of engineering drawings to capture revisions. Increased accuracy in the substation engineering package will help prevent design problems in the field that cause delays, change orders and added costs. The 3-D software not only improves the substation engineering design process but also allows for much easier collaboration between departments by using 3-D visuals of proposed designs. By becoming more efficient in the engineering stage, PPL Electric will be able to place more efficient equipment into service sooner.

PPL Electric recognizes the growing interest in the efficiencies and economies of battery storage, and so in 2016, the utility proactively funded five programs specifically aimed at investigating this technology. These programs will enable PPL to better understand how the utility could implement stored energy into the grid in the future.

We also invest in equipment that provides direct benefits to customers. In 2016, PPL Electric furthered the installation of new meters that enable customers to have more frequent reports on their energy use, helping them better manage that use. Over the long term, the meters will make the electric system more reliable by automatically reporting outages.



WPD invested more than \$10 million on initiatives to upgrade dated equipment at primary substations in order to improve the reliable service it provides its customers. The company's renovation in Abertyswg, South Wales, for example, involved replacing almost all of the substation's equipment (which was originally installed in the 1950s and 1960s), including transformers, circuit breakers, switchgear and isolators. That work has helped to safeguard supply reliability to the Rhymney Valley's 8,000 customers.

WPD also began major renovation work at its Leicester Grid Site, where teams are replacing equipment that has reached the end of its working life. The project, which will enhance reliability of power supply to 200,000 customers, entails replacing equipment and building a series of new 134kV circuit bays so that the circuits can be transferred to the new equipment as part of this major undertaking. Another \$6 million project involved the construction of a new primary substation as well as upgrading equipment at a major substation. Five kilometers of underground cables were laid between the two substations to enhance reliability to the 10,000 customers in the Watnall and Kimberley regions.

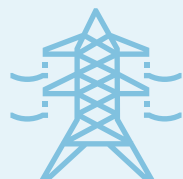
In addition to renovation projects, WPD is also investing in innovative equipment to improve the system's resiliency and enhance its reliable service to customers. In 2016, WPD began using a new system called LineVue to test the condition of its 132kV overhead lines. In the past, the company used a testing system that was developed in the 1980s. The new technology takes measurements of a cross-section area of the steel core of a power line and can detect the presence of any deterioration, like deep pits, flaws or breaks in the steel line. The device comes with a high-resolution camera that produces a visual record to identify any sources of wear and tear or damage.

Another technical innovation used by WPD in 2016 enables the company to replace poles in floodwater. The U.K. is known for periods of extreme weather, which can challenge the utility's ability to access poles, particularly in areas prone to flooding. WPD developed a solution that involves using one of its helicopters to position a new pole in a flooded area so that repairs can be made and power can be restored quickly. Plus, completing repairs in flood water is more cost effective than running generators until the waters recede. WPD believes it's the only company in the U.K., and perhaps the world, using this innovative technique.

LG&E and KU have proposed the investment of \$112 million in automated technology to improve safety, reduce outage times and enhance service to customers. Restoring electricity has traditionally required manual inspections to determine the cause of an outage before a crew can physically restore power. In the future, however, when a power outage strikes, equipment will immediately detect when it occurs, then communicate with an automated system to identify the outage location. Having this instant information will allow immediate rerouting of power around the impacted area when feasible and restore service to as many customers as possible.

In late 2016, LG&E began the final phase of a \$250 million natural gas infrastructure enhancement effort that's been in the making for 20 years. The company's original vision was to replace 540 miles of aging cast iron, wrought iron and bare-steel natural gas pipelines with modern materials like plastic. Although federal regulations that led many utilities to begin similar efforts did not go into effect until 2011, LG&E leaders realized the need for the program and implemented it in 1996, putting the utility well ahead of the curve. The project's completion will mean a safer, more reliable natural gas system for LG&E.





10,000

MILES OF TRANSMISSION LINES



208,000

MILES OF DISTRIBUTION LINES

41,000

**SQUARE MILES IN
OUR SERVICE AREA**

A safer, more secure network

A robust power grid results in a resilient system that limits the impact of natural and physical events. The investments we are making help secure the flow of power to our customers and defend the bulk electricity system — and our customers' data and privacy — from attack. Our industry takes grid security and reliability responsibilities seriously, and the ability to share sensitive information with the federal government about power grid facilities and operations, including information about threats and vulnerabilities associated with such infrastructure, is a crucial part of our strategy to protect the grid and make it more resilient.

As the threats to our business and energy infrastructure evolve, we are changing how we respond to those threats. We have made — and continue to make — significant investments in tools, technology and people to strengthen our defensive capabilities and enhance grid reliability and resiliency. We continually assess the risk landscape and improve our understanding of potential threats, motivations and techniques. Using this knowledge, we layer on physical and cyber protections to further reduce risk, increase resiliency and maintain the integrity of our systems. We take a defense-in-depth approach to protecting grid assets. This includes: rigorous, mandatory, enforceable and regularly audited reliability standards; close coordination and information sharing among our industry and with government partners at all levels; and efforts to prepare, respond and recover should power grid operations be affected in any way.

In the U.S., PPL complies with all mandatory cybersecurity standards, developed through the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation. PPL regularly assesses our processes and procedures against voluntary standards and cybersecurity frameworks such as the National Institute of Standards and Technology's Cybersecurity Framework and the Department of Energy's Cybersecurity Capability Maturity Model, commonly known as C2M2.

Protecting our critical infrastructure isn't a singular effort — it is a shared responsibility. Our industry is committed to working across the public and private sector to protect the energy grid. PPL takes an active role participating in and leading collaborative efforts. PPL provides strategic guidance and input to the Electricity Sub-Sector Coordinating Council, which serves as the principal liaison between the electric sector and the federal government for coordinating efforts to prepare for and respond to national-level disasters or threats to critical infrastructure. PPL participates in mutual-assistance cybersecurity measures, including the Electricity Information Sharing and Analysis Center and Cybersecurity Risk Information Sharing Program, two information-sharing efforts to bolster situational awareness and reduce risk. And on April 14, 2016, PPL Corporation Chairman, President and Chief Executive Officer Bill Spence testified before Congress about cybersecurity protections for the power system at a hearing sponsored by the House Subcommittee on Economic Development, Public Buildings and Emergency Management.

Crisis management plans provide resiliency and timely restoration, and testing those plans is essential. PPL conducts exercises and drills to help us test our incident protocols and critical functions and identify areas for improvement. As a company, PPL continues to test its own critical functions, response and plans through regular drill activities.

In addition, PPL's continuing investments in new power lines and substations help strengthen the power grid and make it more resistant to security events.

Powering local economies

Mapping out long-term energy plans that contribute to economic well-being is one way PPL's companies work to provide a bright future for the communities we serve. We understand enhancement and construction of utility infrastructure, at a reasonable cost, is vital to attracting and retaining businesses that create jobs for our communities.



Exceed customer expectations

Provide affordable, reliable, safe and environmentally responsible energy

Caring for our customers



Alex Wilkes, WPD's stakeholder engagement manager, works to provide customers, including those who are low income and vulnerable, with outstanding service.

Everyone can agree that losing power is an unwelcome disruption. Life is less comfortable when you can't watch TV and there's no hot water for a warm shower. But if you are a vulnerable customer, a loss of power can be more than just an inconvenience. You may not have the money to replace the groceries that spoil during a lengthy outage. Or you may face a serious medical crisis if you rely on electricity to keep a heart monitor or oxygen machine operating.

Alex Wilkes, WPD's stakeholder engagement manager, understands this. And that's why he's made the support of at-risk customers a priority. "WPD has a comprehensive social obligations strategy and program to support our most vulnerable customers and tackle wider issues such as fuel poverty," Wilkes said.

Indeed, WPD's commitment in this area — and to serving all of its customers — has earned the company high honors. For the fifth-straight year, WPD has ranked in the top position in the Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive.

This independent government authority ranks energy providers on

(continued)

Caring for our customers

(continued)

their ability to engage proactively with their customers to anticipate their needs and deliver socially responsible, sustainable energy. WPD received the top rating because it has an outstanding track record of engaging with customers and addressing the needs of those who are vulnerable (individuals who may be disabled, chronically sick, low-income or elderly).

To receive its high ranking, WPD needed to demonstrate how it constantly communicates with its customers to improve its service both immediately and in the long term. The company collects feedback on an ongoing basis via customer panels, workshops, consultations, surveys, education events, awareness campaigns and social media.

"Meaningful engagement is not achieved overnight — we build enduring relationships with stakeholders over time," Wilkes said. "We earn their trust that we take feedback seriously, and it leads to action. Stakeholder knowledge grows, enabling us to discuss topics in greater detail, which in turn leads to more robust feedback."

WPD also needed to show that it takes action and delivers. Despite a year of unprecedented storms in which 239,397 customers lost power, WPD delivered best-in-class customer service: Ninety-nine percent of customers were restored within 12 hours, and WPD was rated No. 1 for customer service in the U.K. in the months that had the most severe storms.

In 2016, WPD launched a \$74,200 Affordable Warmth Local Action to give funding to programs that tackle the issue of fuel poverty. There are now 14 fuel-poverty programs in place, which are on track to help 11,000 customers save nearly \$2.5 million per year. WPD also maintains a database of vulnerable customers, which enables the company to refer struggling customers to agencies that can provide assistance. From 2015-16, WPD proactively contacted more than 500,000 vulnerable customers to update their details and offer advice. As a result, more than 6,000 at-risk customers received aid, enabling them to save \$1.7 million.

"Stakeholder engagement is only of value if it leads to actions," Wilkes said. "This success was achievable because everyone in the business recognizes the importance of engaging with customers and stakeholders to deliver continuing improvement in service."



#1

**WPD RATING FOR
CUSTOMER SERVICE IN U.K.**

14

**WPD FUEL POVERTY
PROGRAMS THAT HELP**

11,000

CUSTOMERS SAVE NEARLY

\$2.5 MILLION ANNUALLY

Customer segments

Below is information about our customers, by business unit:

LG&E and KU are engaged in the regulated generation, transmission, distribution and sale of electricity in Kentucky and, in KU's case, Virginia and Tennessee. LG&E engages in the distribution and sale of natural gas in Kentucky. LG&E provides electricity service to approximately 403,000 customers in Louisville and adjacent areas in Kentucky, covering approximately 700 square miles in 16 counties. In addition, LG&E provides natural gas service to approximately 322,000 customers in its electric service area and eight additional counties in Kentucky. KU provides electricity service to approximately 556,000 customers in 77 counties in central, southeastern and western Kentucky, approximately 28,000 customers in five counties in southwestern Virginia, and fewer than 10 customers in Tennessee, covering approximately 4,800 non-contiguous square miles. KU also sells wholesale electricity to 11 municipalities in Kentucky under load-following contracts. In Virginia, KU operates under the name Old Dominion Power Company.

PPL Electric delivers electricity to approximately 1.4 million customers in a 10,000-square mile territory in 29 counties of eastern and central Pennsylvania. PPL Electric customers can choose to purchase their electricity from various suppliers, including from PPL Electric as a Provider of Last Resort under the state's Customer Choice Act.

WPD in the U.K. provides regulated electricity distribution services to licensed third party energy suppliers (its customers) who use WPD's networks to transfer electricity to their customers, the end-users. WPD bills the energy supplier for this service and the supplier is responsible for billing end-users. WPD distributes electricity to approximately 7.8 million end-users in a 21,600-square-mile region covering the East Midlands, South West and West Midlands regions of England and South Wales.

Customers

	LG&E-KU (Electric)	LG&E (Gas)	PPL Electric	WPD	TOTAL
Residential	809,872	297,419	1,244,382		
Large Commercial	127,745	25,011	178,313		
Large Industrial	3,396	430	3,908		
Public Authorities	12,765	1,129			
Street Lights	2,172				
Municipals	11				
Gas Transport		82			
End users				7,829,972	
TOTAL	955,961	324,071	1,426,603	7,829,972	10,536,607

* WPD counts end-users – it does not differentiate from residential, commercial and industrial.





Customer satisfaction

PPL's utilities provide an outstanding service experience for our customers, consistently ranking among the best in the U.S. and the U.K.

Customer satisfaction surveys are deployed through independent market research firms to encourage unbiased results. Subscribing to syndicated studies, such as J.D. Power, is another way the company gains insights about our customers from a neutral source. We use the results of this feedback to evaluate our service, determine critical needs and offer our customers an opportunity to communicate their interests and concerns.

Customer feedback is obtained through telephone and online surveys, advisory boards, focus groups, online panels, mail surveys and customer service lines. All results are available to management teams via an online portal. A summary of results and insights is prepared and distributed monthly by the customer service departments of each operating subsidiary.

2016 customer satisfaction results

In 2016, PPL Electric ranked highest among large electric utilities in the eastern U.S. for residential customer satisfaction for the fifth year in a row, according to a J.D. Power study.

The company's employees continue to look for ways to improve service, including:

Reliability Outages are down 30 percent compared to 2007, and another 15 percent improvement is forecast over the next five years. Investments in stronger poles and wires, more smart grid automation and comprehensive tree clearing are among the factors contributing to these results.

Customer experience Customers who need to speak to a customer service associate can now do so during extended hours, and the utility also initiated live chat on its website from 8 a.m. to 5 p.m. on weekdays. In addition, the company continues to upgrade its website to make it more mobile-friendly in an increasingly mobile-centric world.

Value The company's rates are below the average for electric utilities in the mid-Atlantic region. The company continues to find ways to reduce operating costs and work more efficiently, with the goal of keeping customer bills reasonable.

Communities PPL launched the Cover to Cover child literacy program, providing 25,000 books to more than 5,000 kindergarten through third-grade students in its service area. The objective of the new program is to help children maintain their reading skills over the summer.

Safety Nothing is more important. PPL Electric reaches out in many ways including a program that provides free safety information to contractors and first responders. Thousands of elementary school students also receive safety information through performances by The National Theatre for Children.

Between LG&E and KU, the utilities were the top-ranked utility in the Midwest in all four J.D. Power studies in 2016. This includes KU's top ranking in J.D. Power's 2016 Electric Utility Residential Customer Satisfaction Survey and LG&E's top ranking in J.D. Power's 2016 Gas Utility Residential Customer Satisfaction Study.

The achievement is a testament to the ongoing work of employees developing advanced technology and offerings to meet customers' needs.

WPD was again rated as No. 1 in its industry for customer satisfaction in the U.K., with its four licensed DNOs securing the top four places out of the 14 DNO licenses measured by Ofgem. As part of the Ofgem Broad Measure of Customer Satisfaction incentive, a selection of customers from all DNOs is surveyed monthly. The surveys monitor satisfaction with a DNO's handling of outages (both planned and unplanned), connections (quotations and completed work) and general inquiries. About 15,000 WPD customers are surveyed annually.

WPD maintains this high level of service by developing improvements based on customer feedback received in the company's extensive stakeholder engagement program. Senior managers review individual comments to identify specific business changes that will lead to maintaining industry leading performance.

Options for customers

PPL's utilities give customers more options to manage their energy use than ever before. In 2016, more than 1 million participants took advantage of the companies' wide menu of energy-efficiency programs for residential and commercial customers, receiving more than \$34 million in energy-efficiency rebates.

In all, our energy-efficiency programs helped customers save more than 433 million kilowatt-hours of electricity and reduced peak demand by more than 100 megawatts across our business.

At the same time, we took steps to give customers greater options in other areas, from billing alternatives to power outage updates. According to survey data, these alternatives improve customers' opinions of their utility. Here are some of the tools we are using to better serve our customers:

- In 2016, WPD launched a mobile app that enables customers to report a power outage at the touch of a button. It also provides instant, up-to-date access to information on power outages affecting the distribution area. The Power Cut Reporter app is free, quick and simple to use. It also offers safety tips and enables customers to register for priority service.
- PPL Electric offers "budget billing," which evens out seasonal variations in customers' monthly electric bills. The actual cost of annual use is divided into equal monthly payments to assist customers' budgeting. The final bill settles the year, with that month's actual usage, plus or minus any difference from the previous 11 months.
- In 2016, PPL Electric upgraded its website to a "responsive" design, which means that whether you are viewing the site on a laptop, tablet or phone, the display automatically adjusts to allow for optimal viewing and functionality. The updates make it significantly more convenient for customers to communicate with the utility and to stay informed of outages and services.
- In 2016, LG&E and KU launched Solar Share, a program in which residential, business and industrial customers across the utilities' service territories have the opportunity to share in local solar energy and receive credits on their monthly bill.
- LG&E and KU also launched an electric-vehicle charging station service, both in public access areas and for business customers interested in hosting charging stations.

Affordable energy

PPL's utilities continuously review operations to improve efficiency and keep costs low. This helps keep energy rates affordable for customers.

For example, PPL Electric customers' costs are below the average of the mid-Atlantic region (18 companies in New Jersey, New York and Pennsylvania). The company's goal is to continue to reduce operating and maintenance expenses over the next four years to further benefit customers.

From advanced meter service to energy conservation, home energy rebates and on-site energy analysis, LG&E and KU provides customers with the tools they need to better understand energy usage in their homes or businesses.

Although it's not an electricity supplier, WPD supports the Energy Savings Trust, which works with citizens, businesses and government officials to promote energy efficiency



Customer education

PPL energy providers share important energy efficiency information with both commercial and residential customers on a regular basis. This information is distributed by mail, online and in person, and includes home-energy analytics, energy-savings tips and information about available energy-efficiency rebates.

Under Pennsylvania's Act 129 to help cost-effectively reduce electricity consumption and peak demand, PPL Electric offers more than a dozen energy-efficiency programs for its customers. These programs helped customers save more than 267 million kWh of electricity in 2016 and more than 2.4 billion kWh since the programs' inception in 2009, or enough to power more than 250,000 homes for a year.



We are active with community groups that help us understand the connection between their needs and our role as an energy provider and employer.

Stakeholder engagement

A stakeholder is anyone with an interest in our business, or who is affected by what we do. PPL and its subsidiaries reach out to stakeholders on both a formal and informal basis. Our Investor Relations Department answers questions from investors directly and at investor events; our Customer Service teams respond to customer inquiries; our Public Affairs team consults with state and national regulators and public officials on a regular basis; and our subject matter experts regularly consult with regulators at state and national levels. Our employees are encouraged to talk to their managers directly about their concerns, and up the chain of command or via confidential methods, if necessary. We track customer service issues, including response time and reliability as a part of our regular operations. We conduct regular market research to establish customer satisfaction.

Consumers and communities are represented in the U.S. by the following groups:

Consumer advisory panels consist of business and community leaders from within the utilities' service areas who meet quarterly to discuss topics of interest for utility customers and the industry. The panels typically participate in tours, discussions and presentations held at company sites throughout Kentucky and Virginia. The panels review, discuss and offer feedback on key issues. Topics often include the environment and customer service initiatives, as well as infrastructure and facility upgrades. Local elected officials are often invited to attend the meetings.

Customer commitment advisory forums promote dialogue between the utilities and their low-income advocate stakeholders. The aim is to provide guidance regarding policies and practices related to serving customers in need.

LG&E and KU's demand-side management/energy efficiency advisory groups provide forums for customer groups to discuss existing programs and potential development efforts.

PPL Electric Act 129 stakeholder groups provide a forum for a cross-section of the energy provider's customers, including low-income customers, to provide input and advice on energy-efficiency programs and services.

We are active with community groups that help us understand the connection between their needs and our role as an energy provider and employer. The company regularly schedules public open houses on major infrastructure projects. In addition, we monitor and respond to stakeholder feedback at public hearings, forums or town halls hosted by regulators and public officials who are considering our operations.

Listening to our customers in the U.K.

WPD's extensive stakeholder engagement program is conducted annually and designed to be:

- Inclusive (of all stakeholders, including the hard-to-reach)
- Tailored (using methods to best suit each group)
- Focused on action (engagement leading to measurable outputs)

The company identifies stakeholders on an ongoing basis, which includes recognizing emerging stakeholders through interactions or business needs. This annual exercise includes evaluation of each stakeholder segment and developing an engagement program in consultation with WPD's customer panel.

Some of WPD's key activities include:

WPD customer panel A permanent group of more than 30 expert members who meet quarterly. Every session is hosted by WPD's CEO at a different operational depot to enable members to meet local engineering staff and develop their understanding of the company's activities. The objective is to bring together expert representatives from every major stakeholder group and entrust them with full transparency about WPD's performance and future plans.

Stakeholder workshops Annual events include representatives from key segments to enable balanced consideration of different interests. This included local authorities, domestic customers, consumer bodies, businesses, developers, utilities and distribution network operators (DNOs).

Market research and customized events The company asks stakeholders to identify mechanisms to verify that outputs are having a positive impact and improving customer service. As a result, in the last year WPD has introduced new satisfaction research for major connections customers (monthly), fuel-poor customers (monthly) and distributed generation (annual). The company has also held workshops on community energy, fuel poverty and vulnerability, future energy scenarios, distributed generation, small business concerns and network losses.

Engaging members of Parliament and key policy makers

In December 2016, WPD hosted its second-annual parliamentary reception. WPD's CEO and senior managers joined members of Parliament (MPs) at the House of Commons to call on vulnerable residents to sign up with the Priority Service Register. WPD also consulted with policy makers about plans to more actively manage distribution systems as distributed generation continues to expand. More than 70 MPs and key stakeholders, including Ofgem, attended and were invited to engage locally with WPD.

The objective is to bring together expert representatives from every major stakeholder group and entrust them with full transparency about WPD's performance and future plans.





WPD engineer Terry Munton consults with a customer in a north Lincolnshire village, where electrical infrastructure improvements were made.

Social obligations program WPD has a comprehensive social obligations strategy and program with the objective of supporting its most vulnerable customers during power outages and tackling wider issues such as fuel poverty. In the U.K., fuel poverty is defined as low-income households that cannot be kept warm at reasonable cost. The wide range of initiatives include dedicated teams in the company's Contact Centers who are responsible for contacting known vulnerable customers on the Priority Service Register to update records.

The company has also developed four "Power Up" fuel-poverty referral programs, working with partners, including Citizens Advice, the Energy Saving Trust and the Centre for Sustainable Energy. These programs receive referrals from WPD when customers struggling with fuel poverty are identified. Programs are funded to provide a wide range of support services. In 2016, WPD launched a \$74,200 Affordable Warmth Local Action to fund existing community-based programs to develop innovative approaches to tackle fuel poverty.

Stakeholders return to engage with WPD regularly because they see that engagement leads to action. In 2014-15, stakeholder consultation helped to identify long-term strategic priorities for WPD.

In 2015-16, WPD's focus was to further develop its understanding of these priorities and to begin to take action to address them. One or two of the strategic priorities are covered by the CEO and discussed at the company's quarterly customer panel.

The stakeholder groups that raised the priorities were those present at workshops and included: domestic customers, business customers, utilities and industry, vulnerable customers and their representatives, and local government officials.

WPD's long-term strategic priorities

(in order of stakeholder importance):

- 1 Keeping the lights on
- 2 Smart networks
- 3 Environment and sustainability
- 4 Workforce renewal, skills and training
- 5 Vulnerability
- 6 Government legislation/policy
- 7 Affordability
- 8 Customer information and data
- 9 Customer awareness



Special services for customers

A number of special services are available to meet the broad range of residential and commercial customer needs. Here are some examples:

DISABILITY ASSISTANCE

Hearing-impaired WPD customers can now text to report power outages. The program was launched in 2015 with a marketing campaign that delivered 90,000 leaflets. For this program and others, WPD was awarded an excellence award by Action on Hearing Loss Cymru, a charity that recognizes businesses in Wales that go the extra mile to be accessible to those who are deaf or have hearing loss. WPD enlisted Cardiff's Hijinx Theatre Group in South Wales to conduct communication training workshops with 60 WPD customer service representatives to increase awareness and understanding of customers who may have difficulties communicating because of a disability.

PPL Electric has implemented a number of initiatives to assist customers with disabilities. The company completed a project to make its website, ppllectric.com, meet American with Disabilities Act guidelines to accommodate customers with visual or other impairments. Additionally, customers can request their electricity bills in large print or braille. If customers would like to apply for assistance programs but are unable to do so because of disability, the Customer Service department works closely with the customer or the customer's caregiver to complete the applications and ultimately provide the appropriate assistance.

LANGUAGE ASSISTANCE

PPL Electric wants to provide customers assistance in the language they prefer. The company's call centers use a translation service that allows customers to communicate with associates in over 75 languages. Additionally, the company makes many of its customer brochures and communications available in both English and Spanish.

LG&E and KU introduced a new translation service with live phone agents who are fluent in more than 150 languages.

FINANCIAL ASSISTANCE

Operation HELP provides financial aid to PPL Electric residential customers to help pay energy bills for low-income families. The program is funded jointly through contributions from PPL Corporation, employees, retirees and customers. More than 94,000 families have been helped since 1983, with 2,697 families receiving grants in 2016. Operation HELP also supports CARES, the Customer Assistance and Referral Evaluation Service program.

CARES is a referral service for customers with temporary hardships, such as illness, injury, loss of job or high medical bills.

The **OnTrack** program is a special payment plan for PPL Electric's low-income customers that offers reduced monthly payments, protection from shutoffs, debt forgiveness and referrals to other assistance programs. It is funded through residential customer rates in Pennsylvania.

Winterhelp, WinterCare and **WinterShare** are third-party heating assistance programs that provide heating

assistance for LG&E and KU's qualifying customers.

The assistance offered by the programs is contributed by customers through tax deductible donations. In addition, the companies match the customer contributions to the programs. Both LG&E and KU have relationships with local charities, community action groups and government assistance offices to help customers. The company partners with the Association of Community Ministries to provide emergency assistance to those in need.

The **Home Energy Assistance Program (HEA)** is funded by a per residential meter charge (\$0.25 per meter); LG&E and KU contributed \$550,000 in shareholder contributions in addition to customer charges.

ENERGY SAVINGS

WRAP – PPL Electric's Winter Relief Assistance Program – helps customers with limited incomes reduce their home energy use and lower their electric bills. WRAP provides energy education and energy saving measures for customers, when applicable. All measures and services are free.

WeCare (Weatherization, Conservation Advice and Recycling Energy) help LG&E and KU income-eligible customers in need through weatherization and energy education. The onsite Home Energy Analysis Program provides a certified energy analyst to assess a home's energy efficiency and identify ways participants can reduce their energy use. Financial incentives are available to eligible customers who take action to make their homes more energy efficient as a result of the onsite analysis.



Building trust, loyalty and appreciation — one call at a time

When Contact Center associates interact with customers, they aren't just answering questions or solving issues. They are building meaningful and hopefully long-term relationships. Customer service representatives are often the only people communicating directly with customers. As the "face" of the company, it's critical that they have the ability to respond quickly and act effectively in a calm, patient manner to establish trust, build goodwill and enhance the company's overall reputation in the community.

PPL Electric recognizes the critical part its Contact Center associates play in developing and fostering these relationships. To support its employees in this role, Customer Operations went to its associates and asked for their feedback and input on how work processes could be improved. This engagement and collaboration lead to the development of an innovative, one-of-a-kind tool that helps associates better serve customers.

The new tool, called Intelligent Desktop, is considered a one-stop-shop application because it provides associates with a wide-ranging view of customer information by incorporating dozens of dialogue screens and integrating with more than 10 other systems. The application is also streamlined and less cumbersome, which reduces time spent on each call.

"A major challenge we had was getting relevant customer information into the hands of our associates quickly," said Michael Sullivan, project manager of Customer Operations and Business. "With Intelligent Desktop, when a customer calls, the application uses business data and account status information to predict why the customer is calling and displays that information to our associate. Having more information at their fingertips enables our associates to provide a better customer experience."

Indeed, immediately after the application was rolled out in April 2016, PPL Electric saw a 30-second reduction in average handle time (a Contact Center metric for the average duration of one interaction). Since then, Intelligent



Desktop has continued to be an asset and to contribute significant cost savings for the company, which can be passed along to customers. The company is now saving an average of \$1.40 each call, which calculates to approximately \$1.5 million in annual savings.

"We don't believe there is anything like the Intelligent Desktop application anywhere in the country," Sullivan said. "This has enabled our associates to shift their roles from just being 'question answerers' to trusted advisors for our customers."

Michael Sullivan (third from the right, standing) worked with PPL Electric Customer Contact associates to design and implement an innovative system that improves the way customers and employees interact.



Foster an exceptional workplace

Cultivate success by energizing an inclusive, respectful and diverse workplace that rewards performance, enables professional development, encourages employee engagement and enables employees to achieve their full potential

Building tomorrow's leaders



Senior Talent Management Consultant Sue Drabic gives PPL employees the skills they need to manage and lead successful teams.

As part of her role as a senior talent management consultant, Sue Drabic rolls out the welcome mat for Pennsylvania-based PPL employees. Drabic and other members of the Human Resources team host new employee orientation, where they spend time teaching the values and vision of PPL. Drabic also makes an effort to engage with new arrivals and spark a connection that will make them feel accepted and appreciated on day one — and beyond.

But Drabic knows that employee engagement can't end there. It's an ongoing process.

That's why Corporate HR runs development programs aimed at giving employees the skills they need to become effective supervisors and managers. Drabic along with the talent management team focuses on teaching three core skill sets: setting goals, observing performance and giving feedback. These skills are necessary to build strong leaders, Drabic said. And strong leaders are vital to a business's success.

"There is a lot of research that shows the quality of a first-line supervisor at a company is very critical," Drabic said. "Having

(continued)

Building tomorrow's leaders

(continued)

highly skilled supervisors who know how to engage their employees and create a positive work environment keeps employees motivated and increases employee retention."

While the PPL workforce is made up of highly trained and talented people who excel in their fields, Drabic and her Human Resources colleagues recognize that being able to inspire and motivate a team of employees is a separate matter.

"Some people have innate management skills, or they had a really good manager in the past that they can model their behavior after," Drabic said. "But often management skills need to be taught and developed. You might be excellent in the IT or engineering or financial field, but you may need support and guidance on how to lead a team. That's what we are providing."

Drabic was part of the team that created supervisor training programming in 2009. At the time, there was recognition that many of the company's baby-boomer-generation supervisors would be retiring in the coming years. To get ready for that change and prepare people to step into management roles, Drabic and her training and HR colleagues developed a specialized curriculum for both Pennsylvania and Kentucky employees. Since its inception, there have been nearly 600 graduates of the program.

"The training experience was fun, hands-on and very engaging," said Jim Boykin, a right-of-way supervisor in the Harrisburg, Lancaster and Susquehanna regions, who received training in 2016. "It provides you with many different tools that you are able to take with you and grow your management skills. If you model the managerial practices, you will see a positive impact on your team. The experience really shows PPL's commitment to drive a culture and develop its employees."

Indeed, PPL has also offered a development program for senior-level managers to help them further advance their leadership skills. These programs are just two examples of how PPL shows its commitment to building an engaged workforce that is given numerous opportunities to grow and thrive.

Drabic herself is proof of that. The experience of teaching training sessions — plus PPL's tuition-reimbursement program — inspired Drabic to pursue her own career aspirations. "I discovered that I really like helping people grow their leadership skills, so I'm currently working to get my master's degree in organizational leadership," Drabic said. "I'm enjoying learning about new theories of management and am eager to be able to apply my new skills."



"There is a lot of research that shows the quality of a first-line supervisor at a company is very critical. Having highly skilled supervisors who know how to engage their employees and create a positive work environment keeps employees motivated and increases employee retention."

— SUE DRABIC



12,700

EMPLOYEES

21.1%

PERCENTAGE OF
WOMEN EMPLOYEES

6.2%

PERCENTAGE OF
MINORITY EMPLOYEES

A focus on employees

PPL is supported by nearly 13,000 talented employees, focused on providing safe, reliable energy at the lowest cost to our customers. In turn, PPL is committed to providing employees with a diverse and engaging workplace, rich with opportunities that foster innovation and personal success. We're always looking for candidates whose core competencies align with our company values, such as a strong safety culture and a team orientation. Candidates can expect a work environment built around our company's fundamental values of safety and health, customer focus, performance excellence, integrity and openness, corporate citizenship and diversity and engagement.

Diversity

An environment where all employees feel included and valued creates greater commitment and motivation, making PPL a stronger company. For PPL to continue its growth and build on its successes, we must be inclusive. The PPL family of companies is committed to nurturing a strong pipeline of talented employees from a diverse mix of educational and social backgrounds. We support the principles of non-discrimination and equal opportunity. We foster an atmosphere that brings together talented individuals with a deep history in the energy industry and new ideas for improving the services we provide.

To support that commitment, all U.S.-based employees receive training on diversity and inclusion. Every new hire is required within the first six weeks of employment to attend compliance and diversity training.

PPL uses diversity councils to identify and promote diversity initiatives and policies that help to achieve a diverse workforce and work environment. Additionally, PPL utilizes Business Resource Groups (BRG) in some regions to foster an environment of inclusion and provide an opportunity for employees with common experiences and perspectives to network and develop professionally. In 2016, the corporate office focused on building the membership of a new BRG — REACH — which aims to improve the well-being of differently abled employees, their friends, families and the communities PPL serves.

Throughout the year, BRG members organize employee "lunch and learns" to educate fellow employees and build awareness on topics such as autism, disability awareness and rehabilitation services. Members are also actively involved in various cultural and community programs that enable them to extend their reach outside their workplaces. BRG members have taught leadership skills to Girl Scouts, handed out first-aid kits to homeless veterans, run tech-focused summer camps for middle school girls and sponsored job-shadowing opportunities for Latino high school students.

PPL works hard to attract top talent, and once we make the decision to hire a new employee, we want that person to stay. In 2016, PPL increased its focus on employee engagement with an employee engagement team in the corporate office concentrated on making PPL an even better place to work. Through increased employee communications and surveys, the employee engagement professionals use the feedback they collect to influence company programs and practices. The company also offers a development-focused performance management program that helps employees set goals and advance their careers with the help and support of their managers. Thanks to these efforts — plus PPL's competitive salary, benefits and incentive programs — PPL reports a low attrition rate. In 2016, PPL had a turnover rate of just 6.74 percent.



Workforce planning

A large portion of the PPL workforce is moving toward retirement. Nearly 40 percent of the PPL workforce falls within the baby-boomer generation, a demographic group that represents people born between 1946 and 1964. In Kentucky, nearly 37 percent of the workforce is expected to retire by 2026 and 54 percent will become retirement-eligible. PPL is focused on attracting and retaining up-and-coming leaders with diverse skill sets. In addition, the company is continuing efforts to make workplaces inclusive to employees of all ages by incorporating generational diversity into the company's new hire orientation programs.

Generational diversity

In effort to attract top talent, PPL supports a robust internship program that engages students in career-specific work experiences, informational interviews, fun activities and community service. On average, about 40 percent become full-time employees. In 2016, PPL hosted 30 interns who represented 18 different universities and had an average GPA of 3.63. PPL's intern program also serves as an excellent source of diversity. Last year's interns were 67.9 percent diverse (females and minorities). PPL participates in many outreach activities to attract a diverse group of talent. Career fairs, multicultural leadership conferences, university leadership summits, mock interviews, resume reviews, panel discussions, career boot-camps, networking events, affinity group sponsorships and dinners are part of ongoing efforts to maintain PPL's position as an employer of choice.

Military veterans

As PPL develops its workforce planning strategy, the company recognizes that military veterans can offer desired qualities of leadership, dedication, confidence and discipline. PPL has earned a trusted reputation among the military community as a preferred employer. In the U.S., the company has received the coveted Patriot Award recognizing its long-time support of military reservists. PPL has been recognized as a Military Friendly Employer by G.I. Jobs magazine. And we are proud sponsors of the Troops 2 Energy Jobs initiative, which is designed to bring the military, education and the utility industry together to promote career opportunities.

Our U.S. operations have business resource groups for employee veterans, which focus on the needs of veterans and their families. Members participate in veteran outreach projects, mentoring of veterans, professional development and recruitment activities.



GENERATIONAL DIVERSITY

15.6%

UNDER 30

47.7%

30-50 YRS. OLD

36.8%

OVER 50





Benefits

In addition to challenging careers and competitive salaries, PPL offers an excellent benefits program that enriches the company culture of inclusion and diversity.

PPL offers competitive vacation time, a comprehensive and voluntary retirement program and internal and external development opportunities, including tuition reimbursement offerings for undergraduate and certain graduate degrees.

Our commitment and partnership with our employees has successfully powered PPL decade after decade and fosters an environment that encourages employees to directly contribute to the overall success of PPL. As we look toward the future, PPL is searching for team members who embrace and foster new ideas and perspectives to build upon our strong, value-based culture.

Benefits packages at PPL's U.S.-based companies generally include the following plans and provisions for full-time employees:

- Medical, dental, prescription and vision coverage
- 10 or more paid company holidays
- Sick time

- Vacation time
- Life insurance
- 401(k) plans
- Employee assistance plan
- Tuition reimbursement program
- Matching Gifts program that matches employee contributions to eligible colleges and universities up to a maximum amount
- Dollars for Doers programs that provide charitable contributions in recognition of employee volunteerism
- Home purchase and rental financial assistance in parts of Allentown, Pa., through the Live and Work in Allentown Program
- Other work perks, which include discounts on travel, wellness, financial services, vehicle purchases, cellular-phone products and services and entertainment

Benefits packages for part-time and temporary employees are similar to the benefits provided to full-time employees.



Health and wellness

PPL values the well-being of employees and offers several programs and activities to support its employees' pursuit of happier, healthier lives.

LG&E and KU go the extra mile to help employees, and it shows. The company's wellness offerings, which include flu shots, health fairs and screenings, matching grants for wellness programs, and on-site exercise and healthy-eating programs, earned it a number of accolades in 2016. The company was recognized as one of the 100 healthiest workplaces in the country by Springbuk in 2016. The winning organizations were honored for their commitment to employee health and exceptional corporate wellness programming. Of the more than 5,000 employers who applied for the award, LG&E and KU ranked 53. The company also won two awards at the 2016 Worksite Wellness Conference, hosted by the Worksite Wellness Council of Louisville, as well as a Platinum Award and a recognition certificate from Louisville Metro Mayor Greg Fischer for their ongoing wellness programs offered to employees and spouses. Additionally, the company won the prestigious Fleur de Lis Award for its Healthy for Life program, in which 94 percent of employees and 93 percent of spouses completed the requirements to earn lower medical premiums. To read more about positive impact the company is making on employees' lives, see "Small steps, big changes" on [page 71](#).

In Pennsylvania, the firm Occupational Athletics and its athletic trainers offer a number of health and fitness services and programs for PPL Services Corporation and PPL Electric employees. Based on health assessments and reassessments of participants, blood pressures improved by 5 percent, body-mass indexes by 5 percent, flexibility by 11 percent and balance by 4 percent. In addition to contracting four trainers who serve the company on a regional basis, the program has also initiated the Gameplan challenge, which encourages employees to improve their health and fitness with a 12-chapter self-help-style book. Employees are also able to participate in the company's WalkingWorks Challenge, which aims to encourage healthy living while enhancing team building. Employees enthusiastically joined efforts to form teams and work together to accumulate mileage while walking, swimming, biking, running — or any other fitness activity that could be tracked. Each person's hard work contributed to their own fitness goal as well as their team's overall mileage goal. In 2016, nearly 300 PPL employees walked nearly 35,800 miles. Employees are also able to take advantage of gym membership discounts and BRG-sponsored lunchtime yoga classes.

WPD hosted a week-long health program for employees in 2016. Presentations on a wide range of topics, including mental health and cardiovascular health were given, and employees were encouraged to take advantage of the company's discounted gym memberships and support systems like the Employee Assistance Program.



LG&E AND KU WAS RECOGNIZED
AS ONE OF THE

**100 HEALTHIEST
WORKPLACES**

NEARLY

300 PPL EMPLOYEES

WALKED A TOTAL OF

35,718 MILES

WPD HOSTED A

WEEK LONG

EMPLOYEE HEALTH PROGRAM



Senior Safety Specialist Frank Downs (left) applied for and received an LG&E and KU wellness grant, which enabled him to roll out a Fitbit walking program at the Cane Run plant to benefit colleagues, including Damon Newton, an operations and maintenance technician (right).

Small steps, big changes

After his health fair screening revealed “less than favorable results,” Frank Downs, a senior safety specialist at LG&E and KU’s Cane Run plant, decided to change his lifestyle and make his health a priority. With the help of the company’s on-site fitness center and nutrition programs, like “smoothie day,” Downs successfully lost 30 pounds.

Downs felt so good, and he wanted his co-workers to feel that way, too. So he volunteered to become one of the company’s Wellness Champions. LG&E and KU’s Wellness Champions help create a culture of well-being at each facility.

In 2016, Downs took the initiative and applied for one of the company’s wellness matching grants. He used the funding to purchase a Fitbit for every employee at Cane Run. Employees were asked to pay \$20 for the device with the promise that if they accumulated enough steps using the fitness tracker, they would receive their money back. Participants not only tallied their own activity, but they also set up teams and arranged challenges with employees at other plants. The program, which was also open to employees’ spouses, was a success. Ninety percent of employees at the plant participated, and collectively they averaged more than 8.5 million steps a month.

The program received a Fit-Friendly Worksite Community Innovation Award from the American Heart Association. And it’s one of the reasons LG&E and KU was named one of the 100 healthiest workplaces in the country by Springbuk in 2016. The winning organizations were honored for their commitment to employee health and exceptional corporate wellness programming. Of the more than 5,000 employers who applied for the award, LG&E and KU ranked 53.





610,180

TOTAL TRAINING HOURS

48

AVERAGE HOURS PER EMPLOYEE

Training

PPL is committed to creating a workplace atmosphere that rewards performance and encourages professional development. In 2016, PPL employees participated in more than 600,000 hours of training, an average of 48 hours annually per employee. Beyond occupational training, the company offers personal skills and management training courses. Programs cover a broad range of topics including business topics, effective communications, conflict resolution, personal awareness, effective leadership and situational leadership.

PPL provides classroom and computer-based training programs to improve employee skills in performing their jobs and to enable them to prepare for advancement opportunities. In 2016, Managing People and Processes (MPP), a program that teaches management skills critical to supervisory performance, trained 43 first-line supervisors. Its complementary Leading People and Processes (LPP), a similar program geared toward higher-level managers, trained 20 participants. (For more on these programs see, "Building tomorrow's leaders" on [page 65](#).) PPL also offers craftworker and lineworker development programs to help its employees enhance and further their skill sets.

LG&E and KU provide valuable skill-development opportunities for all employees aspiring to grow in the company. A "competency matrix tool" and "development discussion guide" have been developed to assist employees and managers in identifying suitable career opportunities and skill requirements. Twelve competency-based development programs are offered through the company's Talent Management group. The company also offers a formal mentoring program that enables high-potential employees to gain insight and guidance from senior leadership and a mentoring program that pairs engineers who are just starting their careers with more experienced engineers and managers.



WPD apprentices rolled up their sleeves to enhance a play area and sensory garden at a school for children with learning difficulties.



Craft worker apprentice and trainee programs

As many retirements at the company and in the industry loom, PPL's companies are taking a proactive approach to expanding the talent pool for positions that will be available in the next several years. In addition to college co-op programs, the company actively recruits and trains craft workers.

In the U.K., more than 83 apprentices were hired in 2016. The core training takes a minimum of two years and includes positions for overhead lines supported by wooden poles or steel towers, jointers who work on the underground cable network and fitters who work on switches and transformers in substations.

WPD's apprentices are encouraged to volunteer in the community. During 2016, apprentices supported three community projects:

- In the West Midlands, the task was to support a project to manage the overgrowth of an orchard and create new cycling paths in the Forest of Dean.

- Under the guidance of the Forestry Commission in Derby, apprentices cleared moorland and planted hedging to allow sheep to shelter from poor weather.
- In the South West, the apprentices transformed an area that had become overgrown and unsafe for children into a safe play area and sensory garden for a school for children with special education needs.

PPL Electric recruits from trade and technical schools throughout the company's 29-county service territory in northeast and central Pennsylvania. In 2016, the company hired 15 apprentices and partnered with a local community college to establish a line work program that teaches students electrical-, cable- and communications-related line work. The program has helped to fill a local void for workforce training and has been added to the state's High Priority Occupation Training program list, allowing Pennsylvania residents who are eligible for

Workforce Investment Act or Trade Adjustment Act funding to pay little or nothing for the course.

Through the craft worker internship program, LG&E and KU attract top talent while students are still in school. In 2016, LG&E and KU hired 15 interns into positions throughout power generation, compressor stations and metering.

Additionally, the program supports the community and technical colleges by generating greater interest in two-year technical degrees that many companies in Kentucky require for employment. For students to be eligible for the program, they must maintain a minimum grade point average and be enrolled in applicable two-year degree programs that match company needs (e.g., mechanical, electrical, industrial or instrumentation maintenance).



Strengthen communities

Empower the success of future generations by helping to build strong communities today.

Sparking inspiration



PPL Electric Engineer Abby Delserone shows high school students how math and science apply outside the classroom.

Even though Abby Delserone grew up in a family of utility workers – her cousin, uncle and grandfather all worked in the power industry – an engineering career wasn't always on her radar.

"I was originally applying to colleges as a psychology major," she said. "I really didn't have much exposure to STEM careers. I wish I would've had a broader sense of career opportunities in high school."

That wish motivated Delserone, an engineer with PPL Electric, to join PPL Electric's Exploring post at Allen High School in Allentown, Pa, shortly after being hired in 2016. The Exploring program, which is sponsored by Boy Scouts of America, strives to help teens discover career opportunities through activities and mentorships with professionals in technical fields. PPL launched its Allen post for the 2015-16 school year with 11 employee volunteers, who found the program so valuable and rewarding, they continued it for the 2016-17 school year.

"I enjoy being there with the students to show them how math and science apply in the real world," Delserone said. "I was always good at science and math in school, but I didn't really know what an engineer did. I also think it's important to show

(continued)

Sparking inspiration

(continued)

female students what we do since there aren't many females in engineering."

PPL Electric employee volunteers visit the students once a month. At each session, they arrange for a PPL guest speaker to give the students an overview of a specific career, be it an electrical engineer, a system operator or a line worker. Then they lead the group in an interactive, hands-on activity that helps to bring an aspect of that particular career to life.

"STEM careers can open doors for young people," said PPL Electric Engineer Nicole Lacouve, who is the leader of the Allen post. "The students we interact with are just starting to think about what they want to do as a career so this effort has a significant impact to enable them to pursue a career in the STEM fields. With the value that technical competency has in the job market, we believe that encouraging young people to pursue STEM careers will have a positive impact on the community."

The program has been so well-received by the students and the school that the post will continue at Allen again for the 2017-18 school year. Lacouve is also in the process of launching an additional post at another Allentown school.

Students aren't the only ones benefiting from the experience. "I get the satisfaction of nurturing a group of students engaged in STEM and feeling like I'm having a positive impact on the community," Lacouve said. "As a leader of a team of volunteers, I have the privilege of seeing how creative, engaged and giving PPL engineers can be."



Bolstering the local economy

LG&E and KU provide more than just power to their business customers. Competitive rates and excellent reliability, plus job-creating infrastructure improvements and construction projects, have made the company a strong partner in the community, helping to encourage economic development and growth.

In fact, by the end of 2016, there were 200 announcements of new businesses or expansions in the LG&E and KU service territories. This growth represents more than 9,700 new jobs and investments totaling more than \$1.8 billion.

LG&E and KU directly support local efforts to attract, retain and grow companies. The company continued to lead the proactive marketing of Kentucky as a business destination through its partnership in Kentucky United (KYU). The company is also regularly called upon as a resource to design and implement new community programs and strategies that promote the area as a vibrant place to do business.

The utilities' contributions to its local economy were recognized in 2016 by Site Selection magazine, which named LG&E and KU in the Top 10 Utilities in Economic Development. The article cited the utility's 2016 unveiling of the state's largest solar facility at E.W. Brown Generating Station as an example of the innovative work and facility investments the company is making to advance the local economy.

In addition to these efforts, LG&E and KU also actively partner with local, regional and statewide economic development organizations and charitable organizations that assist low-income families and invest in civic projects that enhance local communities and help build the workforce of the future. LG&E and KU recognize the increasing demand for jobs requiring STEM skills and work to propel interest in those fields. By sponsoring and participating in programs that showcase science- and math-related careers, LG&E and KU play a key role in ensuring that there are skilled workers ready to fill the labor pipeline and fuel future economic growth.



**LG&E AND KU SUPPORTING
200 ANNOUNCEMENTS
OF NEW BUSINESS EXPANSIONS**

9,754 NEW JOBS

**MORE THAN
\$1.8 BILLION
IN NEW INVESTMENTS**



\$11 million
TOTAL CHARITABLE GIVING

50,000
EMPLOYEE VOLUNTEER HOURS

Dedicated community partners

Delivering safe, reliable and affordable power to our customers is our primary role, but we know there are other ways to empower a community. Supporting innovative education programs, helping to revitalize neighborhoods and fostering the development of the future workforce strengthen communities.

PPL goes beyond its core business by focusing its energy on being a good neighbor through a longstanding commitment to corporate citizenship. Our commitment to the environment, philanthropic contributions and the dedicated volunteerism of our employees allow us to improve the communities in which we live, work and serve.

Focus Areas

As a keystone in each of the communities we serve, PPL contributes millions of dollars annually, partnering with nonprofit organizations working in the following areas:

- Education — Building a strong foundation is critical to the success of today's students. Contributions in this area will be focused on early childhood education and STEM programs in distressed areas to enable as many children as possible to have access to high-quality education.
- Community revitalization — A strong community is one in which all residents are empowered to fulfill their potential. Safe housing, prepared emergency response teams, accessible hospitals and even vibrant arts and cultural opportunities all work together to create a healthy community.
- Workforce development — A diverse, highly-skilled workforce contributes to stronger communities and is essential to PPL as it strives to meet tomorrow's energy challenges. Workforce development programs prepare current, future and displaced workers for placement and advancement in industries that are critical to economic development, community well-being and individual prosperity.

LG&E and KU's Director of Media Relations Natasha Minyon Collins participates in the company's annual United Way Day of Caring to make her community a better place.





LG&E and KU Civil Engineer II Jennifer Price gives Louisville-area fifth-graders the opportunity to hear about women's success in STEM fields.



Volunteering

We proudly partner with many nonprofit organizations in the communities where we live and work. We continually seek new ways to invest our time and resources in our communities. It's how we do business, and it's our way of keeping our promise to support a brighter future.

Whether they hail from the U.K., Kentucky or Pennsylvania, PPL employees are known for their dedication to the community. Employees serve on the boards of hundreds of organizations throughout our service areas. They also take an active role — jumping in to help clean up children's centers, to help students with science fair projects, to lead scout troops and to coach youth sports teams.

PPL encourages employees to volunteer their time in their local communities. Our employees are an extension of our commitment to our neighbors, schools and the environment. In 2016, employees volunteered more than 20,000 hours.

These efforts are recognized by the company through various initiatives. In the U.S., PPL and LG&E and KU have similar programs in Dollars for Doers, where employees can earn company contributions for organizations where they volunteer. In the U.K., WPD supports employees' efforts through the Pound for Pound initiative. Collectively, PPL's companies contributed nearly \$45,000 to nonprofits in 2016 in recognition of employee volunteer efforts.



Jeff Higley, a PPL Electric lineman leader, volunteered for the company's United Way Day of Caring.



WPD Technician Jason Bray participates a workshop organized by a local charity to help keep children safe and to help adults with parenting skills.

Philanthropy

We partner with nonprofit organizations working to improve the quality of life in the communities we serve. PPL's contributions to charitable organizations totaled more than \$11 million in 2016.

In Pennsylvania, the PPL Foundation has contributed more than \$4 million to a wide variety of nonprofit organizations in north and central Pennsylvania since its inception in 2015.

Funded solely by PPL Services Corporation, the PPL Foundation awards grants to qualified nonprofit (501(c)(3) organizations working to improve the community through initiatives focused on education, community revitalization and workforce development.

In 2016, the PPL Foundation provided grants to more than 100 nonprofit organizations throughout the 29 counties in Pennsylvania served by PPL Electric.

Additionally, PPL's employees make meaningful contributions — both in time and monetary contributions.

We are active supporters of United Way in Kentucky and Pennsylvania. In 2016, giving to United Way in Pennsylvania was more than \$2 million, including a corporate match for employee donations. Coupled with financial support from the LG&E and KU Foundation, the employee giving campaign in Kentucky raised more than \$1.8 million in contributions.

Collectively, the company's employee-giving campaigns help support nearly 300 nonprofit organizations in the communities we serve.

WPD also has a charitable foundation which enables the company to make donations to registered charities.

Education

At PPL, we believe that education is vital for vibrant communities. Our company and employees are proud to support a number of initiatives with the gifts of time and funding. These range from life skills to STEM subjects to safety.

In 2016, PPL launched a new initiative aimed at erasing the summer learning gap, which is one key factor in improving education for all students. The company partnered with the United Way and other community organizations to develop Cover to Cover, a summer reading program.

The PPL Foundation and PPL employees donated more than 25,000 new and gently used books to more than 5,000 students in 21 schools throughout its Pennsylvania service area. The program also provided funding for 13 libraries and other summer reading programs in central and eastern Pennsylvania. Cover to Cover is one of many examples of how PPL partners with community organizations to help improve education.

Economic development

PPL supports economic and community development initiatives, helping create jobs and growth opportunities for local economies. We recognize that safe, reliable, low-cost energy and infrastructure is critical to attract new business and industry.

PPL's subsidiaries and its executives are actively involved in business and economic development organizations, such as the Chamber of Commerce.

We provide incentives to support economic development efforts. For example, LG&E and KU's Economic Development Rider – an incentive rate for existing industry expansions, new project locations and redevelopment initiatives within the service area – continues to be recognized as an exemplary business attraction tool.

The company's economic development and major accounts team works with state, county and local officials, regional partners, site consultants, real estate developers and industry associations on potential business relocations and expansions.



PPL Electric Regional Affairs Director Alana Roberts distributes books purchased and donated by PPL employees as part of the company's Cover to Cover summer reading program.

Disaster readiness

We work closely with federal, state and local public safety and emergency preparedness organizations to coordinate responses to all hazardous events.

In Kentucky, LG&E and KU works closely with local disaster preparedness organizations to rapidly respond when power interruptions occur. In July 2016, LG&E and KU participated in a FEMA region-4 staging exercise. This involved exercising the logistical processes for emergency response and included LG&E and KU deploying their Mobile Command Center. LG&E and KU also participated in the Unified Command Brief conducted by Kentucky Emergency Management in December 2016. This exercise was conducted to test the crisis communications and processes of the Kentucky Emergency Operations Center in preparation for severe weather in 2017.

In November 2016, employees of PPL Electric participated in the PJM Grid Security Exercise, which involved all PJM member utilities, as well as state and federal agencies. The exercise focused on how the utilities would respond to cyber and physical security threats and incidents, strengthen internal crisis communications relationships and provide input for lessons learned. In addition to the PJM exercise, PPL Electric conducted 47 drill exercises to test and educate employees about PPL Electric Emergency Response Plans.



Emergency preparedness and management

PPL Corporation's Board of Directors has authorized the company to establish an emergency management plan. This plan is based on an annual hazard vulnerability and risk analysis. It summarizes activities to prevent, mitigate, prepare for, respond to and recover from emergencies. This plan provides guidance for the corporation's role in supporting the National Infrastructure Protection Plan and National Response Framework.

The plan outlines the company's processes for dealing with an all-hazards approach to an actual or perceived disaster. The all-hazards nature allows PPL Corporation to remain compliant with North American Electric Reliability Corporation and the electric sector with regard to natural disasters, terrorism, sabotage, cyber-attacks and other criminal activity posing a risk to the organization.

All domestic business lines and support service groups are required to develop and maintain a written business continuity plan that documents, maintains and tests procedures for preparedness/initial response, business continuity and recovery from emergencies.

Corporate Emergency Management will conduct and/or review a hazard vulnerability analysis on an annual basis to evaluate natural, man-made, technological and hazardous materials risks and vulnerabilities.

PPL business lines maintain policies and procedures for responding to a variety of emergencies as required by regulatory agencies.

We work closely with federal, state and local public safety and emergency preparedness organizations to coordinate response to all hazardous events.

GRI index

STANDARD DISCLOSURES

PPL Corporation is committed to reporting on our sustainability performance annually, using the Global Reporting Initiative (GRI-G4) Sustainability Reporting Framework with the Electric Utilities Sector Supplement. This index details where specific GRI indicators appear in this report or in other publicly available filings or pages on [PPL's website](#).

G4 INDICATOR	TOPIC	RESPONSE
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization	For a message from our chairman, president and CEO, see page 3 .
G4-2	Description of key impacts, risks and opportunities	For a message from our chairman, president and CEO, see page 3 . More detailed information can be found in PPL's 2016 Form 10-K .
Organizational Profile		
G4-3	Name of the organization	PPL Corporation
G4-4	Primary brands, products, and/or services	Headquartered in Allentown, Pa., PPL Corporation is one of the largest companies in the U.S. utility sector. PPL's high-performing, award-winning utilities – Western Power Distribution (East Midlands) plc, Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc and Western Power Distribution (West Midlands) plc (together, WPD), Louisville Gas and Electric Company (LG&E), Kentucky Utilities Company (KU) and PPL Electric Utilities Corporation (PPL Electric) – provide an outstanding service experience for our 10.5 million customers, consistently ranking among the best in customer satisfaction in the United States and United Kingdom.
G4-5	Location of organization's headquarters	Allentown, Pa.
G4-6	Number of countries where the organization operates, and names of countries with either major operations or specific relevance to the sustainability issues covered in the report	PPL operates utilities in the United States and the United Kingdom.
G4-7	Nature of ownership and legal form	PPL Corporation is an investor-owned utility.
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	For information on the markets we serve, see page 6 .
G4-9	Scale of the reporting organization	See At a Glance on page 6 . More detailed information can be found in PPL's 2016 Form 10-K .
G4-10	Total workforce by employment type, employment contract and region, broken down by gender	PPL has 12,689 employees. For more details on employees, see page 65 .
G4-11	Percentage of employees covered by collective bargaining agreements	As of the end of 2016, 49% of our employees were covered by collective bargaining agreements.
G4-12	Describe the organization's supply chain	Please see our supply chain overview on page 16 .
G4-13	Significant changes during the reporting period regarding size, structure or ownership	Please see Company Profile on page 15 .

G4 INDICATOR	TOPIC	RESPONSE
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Please see Corporate Governance on page 17 .
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	For information on PPL's memberships in associations, see page 20 .
G4-16	Memberships in associations (such as industry associations) and/or national/international/advocacy organizations	For information on PPL's memberships in associations, see page 20 .

Identified Material Aspects and Boundaries

G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	PPL Corporation's utility subsidiary operating companies are WPD, LG&E, KU and PPL Electric.
G4-18	Process for defining report content	For information about how material aspects were determined, please see page 10 .
G4-19	List all the material aspects identified in the process for defining report content	For information about how material aspects were determined, please see page 10 .
G4-20	For each material aspect, report the aspect boundary within the organization	For information about how material aspects were determined, please see page 10 .
G4-21	For each material aspect, report the aspect boundary outside the organization	For information about how material aspects were determined, please see page 10 .
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	PPL had no significant restatements to report in 2016.
G4-23	Report significant changes from previous reporting periods in scope and aspect boundaries	There were no significant changes from the previous reporting period.

Stakeholder Engagement

G4-24	List of stakeholder groups engaged by the organization	PPL engages with a variety of stakeholder groups, including customers, community groups, shareholders, potential investors, employees, retirees, labor unions, contractors and others in our supply chain as well as various professionals in academia, industry and government. For more information on stakeholder engagement, see page 60 .
G4-25	Basis for identification and selection of stakeholders with whom to engage	For more information on stakeholder engagement, see page 60 .
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	PPL is committed to keeping our stakeholders informed through various formal and informal groups, forums and events. For more information on stakeholder engagement, see page 60 .
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	For more information on stakeholder engagement, see page 60 .

Report Profile

G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	This report focuses on calendar year 2016.
G4-29	Date of most recent previous report (if any)	PPL's last Corporate Sustainability Report was published in 2016. It focused on calendar year 2015.
G4-30	Reporting cycle (annual, biennial, etc.)	PPL prepares this report annually.
G4-31	Contact point for questions regarding the report or its contents	Questions and comments about this report can be directed to community@pplweb.com
G4-32	Table identifying the location of the standard disclosures in the report	Disclosures are included in the GRI index of this report, beginning on page 81 .
G4-33	Policy and current practice with regard to seeking external assurance for this report	External assurances for this report have not been conducted.

G4 INDICATOR	TOPIC	RESPONSE
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body	PPL Corporation's corporate governance structure is posted online on the corporate website at pplweb.com/board-committees . For more information on corporate governance, see page 17 of this report, and pages 4-9 of PPL's 2017 Proxy Statement .
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	It is the general policy of the board that all major decisions be considered by the board as a whole, including review of key sustainability topics.
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	It is the general policy of the board that all major decisions be considered by the board as a whole, including review of key sustainability topics.
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Anyone wishing to make their concerns known to PPL's board or independent directors may contact the PPL lead director, currently John W. Conway, or the board or the independent directors as a group, by writing to such person or persons in care of the Corporate Secretary's Office at: PPL Corporation, 2 N. Ninth St., GENTW4, Allentown, PA 18101. Senior management and certain directors meet regularly with investors to discuss matters of interest with shareowners, such as financial performance, strategic direction, corporate governance, executive compensation, and environmental and social topics.
G4-38	Composition of highest governing body	Information regarding our board of directors is available on pages 4-9 of PPL's 2017 Proxy Statement .
G4-39	Is chair of highest body also an executive officer?	Yes. See Board Leadership Structure on pages 10-11 of PPL's 2017 Proxy Statement .
G4-40	Report the nomination and selection processes for highest governance body members	See Director Nomination Process on pages 14-16 of PPL's 2017 Proxy Statement .
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided	The board of directors determines the independence of each director before the director joins the board and on an annual basis thereafter. Disclosure of other board memberships and PPL's policy on related-person transactions, together with any disclosures, are included each year in the annual proxy statement.
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts	It is the general policy of the board that all major decisions be considered by the board as a whole, including the review of corporate strategy and key sustainability topics. See also PPL's Guidelines for Corporate Governance .
G4-43	Report the measures taken to enhance the board's collective knowledge of economic, environmental and social topics	Please see Governance on page 17 .
G4-44	Report the process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, at a minimum, changes in membership and organizational practices	Please see Board and Committee Evaluations on page 11 of PPL's 2017 Proxy Statement .
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities	Please see Governance on page 17 and The Board's Role in Risk Oversight on page 17 of PPL's 2017 Proxy Statement .

G4 INDICATOR	TOPIC	RESPONSE
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Please see Governance on page 17 and The Board's Role in Risk Oversight on page 17 of PPL's 2017 Proxy Statement .
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	Please see Governance on page 17 .
G4-48	Report the highest committee of position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	Senior executive leaders review and approve sustainability reports.

Ethics and Integrity

G4-49	Process for communicating critical concerns to the highest governance body	Please see Ethics and Integrity on page 18 .
G4-51	Remuneration policies for the highest governance body and senior executives	PPL's approach to compensation of its directors and executives can be found in PPL's 2017 Proxy Statement (pages 18-19 for directors and pages 25-47 for executive officers).
G4-52	Process for determining remuneration including use of consulting	PPL's process for determining compensation of its directors and executives, including the use of consultants, can be found in PPL's 2017 Proxy Statement (pages 13-14 and 29-42).
G4-53	Report how stakeholder views are sought for determining remuneration	Please see page 35 of PPL's 2017 Proxy Statement .
G4-56	Describe the organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics	Please see Ethics and Integrity on page 18 .
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior and matters related to organizational integrity, such as help lines or advice lines	Please see Ethics and Integrity on page 18 .
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle-blowing mechanisms or hotlines	Please see Ethics and Integrity on page 18 .

Economic

Economic Performance

G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	For 2016 Financial Highlights, see page 14 . Additional financial information can be found in PPL's 2016 Form 10-K .
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Please refer to PPL's 2016 Form 10-K .
G4-EC3	Coverage of the organization's defined benefit plan obligations	Please see page 69 of this report and also refer to PPL's 2016 Form 10-K .
G4-EC4	Significant financial assistance received from government	None.

Market Presence

G4-EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	PPL Corporation hires all employees, including interns, at a rate significantly above minimum wage.
G4-EC6	Proportion of senior management hired from the local community at significant locations of operations	Hiring and promotion is based on merit, not whether a candidate is from a particular locality.

Indirect Economic Impacts

G4-EC7	Development and impact of infrastructure investments and services supported	Please see more about infrastructure investments on page 49 .
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G4 INDICATOR	TOPIC	RESPONSE
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Please see Strengthen Communities on page 74 .
G4-EC9	Proportion of spending on local suppliers at significant locations of operations	Please see the supply chain overview on page 16 .
Environmental		
Energy		
G4-EN2	Report the percentage of recycled input materials used to manufacture the organization's primary products and services	Nearly all fuel used is virgin material because sufficient volumes of recycled fuels are not available. We continuously investigate opportunities to incorporate recycled fuels in our operations.
G4-EN3	Energy consumption within the organization	PPL uses the difference between gross MWh generation and net MWh generation as the measure for this indicator. For 2016, this was 2,887,811 MWh. See page 38 for additional information.
G4-EN4	Energy consumption outside the organization	We do not centrally track consumption by suppliers or other third parties.
G4-EN5	Energy intensity	PPL utilizes carbon intensity measured in tons of CO2 per MWh generated as well as per dollar of gross operating revenue for this indicator. For 2016, the intensity measure of CO2 per MWh equals 0.84 and per dollar equals 0.00379. For more information on emissions, please see page 37 .
G4-EN6	Reduction of energy consumption	For information on PPL's efforts to reduce energy consumption within our operations, please see page 38 .
G4-EN7	Reductions in energy requirements of products and services	For information on programs that help customers save energy, see page 59 .
G4-EN8	Total water withdrawal by source	Consumptive water use at our facilities has decreased. In 2016, we used 61% less water for each MWh generated than we did in 2012. We expect this trend to continue as power plant efficiency improves and we move to dry-ash handling at our Kentucky coal-fired plants. For more information, see page 36 .
G4-EN9	Water sources significantly affected by withdrawal of water	For information on PPL's approach to water conservation, see page 35 .
G4-EN10	Percentage and total volume of water recycled and reused	Approximately 98% of circulating water for cooling water in our generation plants is returned to the source water and is not consumed.
G4-EN11	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	For information on PPL's approach to biodiversity, see page 41 .
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	For information on PPL's approach to biodiversity, see page 41 .
G4-EN13	Habitats protected or restored	For information on PPL's approach to biodiversity, see page 41 .
G4-EN14	Total number of IUCN Red List species and national conservation lists species with habitats in areas affected by operations, by level and extinction risk	For information on PPL's approach to biodiversity, see page 41 .
Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	For information on PPL's approach to emissions, see page 37 .
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	We do not track or report our indirect emissions. They are a very small percentage relative to our direct emissions.

G4 INDICATOR	TOPIC	RESPONSE
G4-EN17	Indirect greenhouse gas (GHG) emissions (Scope 3)	We do not track or report our indirect emissions. They are a very small percentage relative to our direct emissions.
G4-EN18	Greenhouse gas (GHG) emissions intensity	For information on PPL's approach to emissions, see page 37 .
G4-EN19	Reduction of greenhouse (GHG) emissions	For information on PPL's approach to emissions, see page 37 .
G4-EN20	Emissions of ozone-depleting substances (ODS)	For information on PPL's approach to emissions, see page 37 .
Effluents and Waste		
G4-EN21	NOx, SOx, and other significant air emissions	For information on PPL's approach to emissions, see page 37 .
G4-EN22	Total water discharge by quality and destination	For information on PPL's approach to water conservation, see page 35 .
G4-EN23	Total weight of waste by type and disposal method	For information on PPL's approach to waste management, see page 39 .
G4-EN24	Total number and volume of significant spills	PPL had three reportable spills with a total volume of 135 gallons (non-PCB transformer oil). All spills were cleaned in full compliance with established spill policies.
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	This is not material to PPL, as the company's operations do not transport any hazardous waste across international borders.
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Discharges to lakes and rivers are by regulatory permits. Operating practices are designed to protect aquatic species and the environment.
Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	For information on PPL's environmental stewardship efforts, see page 32 .
Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None. (Significant fines defined as more than \$100,000.)
G4-EN30	Significant environmental impacts of transporting products and services and other goods and materials for the organization's operations and transportation of the workforce	For information on PPL's efforts to minimize the impact of the operation's transportation fleet, see page 47 .
G4-EN31	Total environmental protection expenditures and investments by type	For information on recent and planned expenditures, refer to PPL's 2016 Form 10-K .
Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	100%
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	PPL contractually requires supplier adherence to environmental terms and conditions.
Social - Labor Practices and Decent Work		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	For information on PPL's workforce data, see page 67 .
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	For information on benefits provided to employees, see page 69 .
G4-LA3	Return to work and retention rates after parental leave, by gender	For PPL's U.S.-based companies, a total of 30 women and 14 men used parental leave. A total of 41 employees returned to work, resulting in a 93% retention rate.

G4 INDICATOR	TOPIC	RESPONSE
Labor/ Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Notice periods vary by collective bargaining agreement. We comply with applicable laws, regulations and collective bargaining agreements.
Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented by informal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	PPL has voluntary employee safety committees across the company in virtually every business unit that plan and execute safety improvement activities. These committees, with representatives from first line and management, communicate safety messages to employees and hold regular safety meetings.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and gender	For information on PPL's safety program, see page 25 .
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	No high risks or incidents identified.
G4-LA8	Health and safety topics covered in formal agreements with trade unions	All collective bargaining agreements contain language that references the need for a strong health and safety program and a joint health and safety advisory committee.
Training and Education		
G4-LA9	Average hours of training per year per employee by gender and by employee category	For information on professional development, see page 72 .
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	For information on professional development, see page 72 .
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	PPL's expectations are that all eligible employees receive an evaluation of their skills and performance on an annual basis. The company's business units have formal performance appraisal processes that cover 100% of eligible active full-time and part-time employees.
Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category, according to gender, age group, minority group membership and other indicators of diversity	For information on diversity at PPL, see page 67 .
Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operations	PPL complies with all state, federal and local laws and regulations prohibiting discrimination.
Labor Practices Grievance Mechanisms		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	PPL's <i>Standards of Conduct and Integrity for Suppliers</i> requires that all suppliers adhere to all applicable labor and human-rights laws.
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	This is not publicly disclosed information. The company follows procedures set forth in collective bargaining agreements.
Social - Human Rights		
Nondiscrimination		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human-rights clauses or that underwent human-rights screening	PPL and its subsidiary companies in the U.S. and U.K. operate in compliance with applicable laws and regulations.

G4 INDICATOR	TOPIC	RESPONSE
G4-HR2	Total hours of employee training on human-rights policies or procedures, concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	All employees are trained on PPL's <i>Standards of Integrity</i> , which includes topics on respect in the workplace, nondiscrimination and compliance with laws.
G4-HR3	Total number of incidents of discrimination and corrective actions taken	This is not publicly disclosed information. Company policies prohibit discrimination and set forth a robust procedure for reporting, investigating and responding to allegations of discrimination.
Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	None. We comply with applicable laws, rules and regulations wherever we operate. Freedom of association is also addressed in our <i>Standards of Conduct and Integrity for Suppliers</i> .
Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	None. We comply with applicable laws, rules and regulations wherever we operate.
Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	None. We comply with applicable laws, rules and regulations wherever we operate.
Security Practices		
G4-HR7	Percentage of security personnel trained in organization's human-rights policies or procedures that are relevant to operations	All domestic Corporate Security personnel complete corporate <i>Standards of Integrity</i> training on an annual basis. Additionally, all domestic Corporate Security personnel complete a training program on indicators and response to workplace violence events at least bi-annually. All contract security personnel working domestically complete training programs on ethics and conduct and cultural diversity administered by their employer.
Supplier Human-Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human-rights criteria	PPL's <i>Standards of Conduct and Integrity for Suppliers</i> requires that all suppliers adhere to all applicable labor and human-rights laws.
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	PPL's <i>Standards of Conduct and Integrity for Suppliers</i> requires that all suppliers adhere to all applicable labor and human-rights laws.
Social Society		
Local Communities		
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	100% of PPL's operations have programs for local community engagement. For more information on community engagement, see page 74 .
Anti-corruption		
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	All business units are subject to corruption risks analysis.

G4 INDICATOR	TOPIC	RESPONSE
G4-S04	Communication and training on anti-corruption policies and procedures	All employees receive regular anti-corruption training as well as training on a variety of important policies and procedures. PPL's Standards of Integrity , which highlights certain key policies and procedures, can be accessed online at any time.
G4-S05	Confirmed incidents of corruption and actions taken	None.
Public Policy		
G4-S06	Total value of political contributions by country and recipient/beneficiary	For information on PPL's public policy approach, see page 20 .
Anti-competitive Behavior		
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	None.
Compliance		
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant fines (defined as greater than \$100,000).
Social Product Responsibility		
Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Electricity and natural gas can be dangerous if handled incorrectly. Safety programs are part of our ongoing operations. We have extensive training and safety education programs for customers, contractors and employees.
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome	PPL does not publicly disclose this information. We do report to agencies and regulators, as appropriate.
Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Electric and natural gas service cannot be labeled. We provide regular and detailed safety information to customers via bill inserts, public service announcements, presentations, social media and the company's websites.
G4-PR5	Results of surveys measuring customer satisfaction	For information on customer satisfaction, see page 58 .
Marketing Communications		
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	None.
Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None.
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Please refer to PPL's 2016 Form 10-K .

SECTOR DISCLOSURES — Electric Utilities

G4 INDICATOR	TOPIC	RESPONSE
EU1	Installed capacity, broken down by primary energy source and regulatory regime	LG&E and KU's installed capacity is 8,011 MW
EU2	Net energy output broken down by primary energy source and regulatory regime	Please see Company Profile on page 6 .
EU3	Number of residential, industrial, institutional and commercial accounts	For details on PPL's customers, see page 57 .
EU4	Length of above and underground transmission and distribution	Please see the Infrastructure overview on page 54 .
EU5	Allocation of CO2 emissions allowances, or equivalent, broken down by carbon trading framework	None.
G4-DMA Availability & Reliability	Management approach to ensure short- and long-term electricity availability and reliability	PPL addresses availability and reliability in our integrated resource plans that are submitted to regulatory agencies. More information is also available in PPL's 2016 Form 10-K .
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Forecast demand for LG&E and KU is 6,948 MW, and LG&E and KU generation capacity is currently 8,011 MW, providing 13.26% reserve margin
G4-DMA Demand Side Management	Demand-side management programs including residential, commercial, institutional and industrial programs	Where applicable, PPL addresses planned capacity and projected demand in integrated resource plans that are submitted to regulatory agencies. For information about demand-side management programs for customers, see page 59 .
G4-DMA Research & Development	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Research and development activities addressing short- and long-term electricity availability and reliability include investigations of advanced fossil generation, flexible plant operations, distributed energy resource integration, grid scale energy storage and advanced grid technologies to support the integrated grid. The research spans paper studies to pilot demonstrations. The information supports the integrated resource-planning and business-planning processes across the organization.
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime	In 2016, our coal-fired units' Equivalent Forced Outage Rate was 5.34% for LG&E and KU.
EU12	Transmission and distribution losses as a percentage of total energy	This data is not centrally tracked.
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	For information on habitat-protection efforts, see page 41 .
EU15	Percentage of employees eligible to retire in next 5 and 10 years, broken down by job category and region	PPL has developed strategic workforce plans to identify key functions and proactively implement plans to assure a ready and qualified workforce. For information on generational diversity and turnover rates, see page 67 .
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	PPL does not publicly disclose this information.
EU18	Percentage of contractor and subcontractor employees who have undergone relevant health and safety training	PPL provides required health- and safety-related training for 100% of the contractors performing physical work on our electric systems.
G4-DMA Water	At the watershed or hydrological basin level, include collaborative approaches to managing watersheds and reservoirs for multiple uses (e.g., irrigation, drinking water, ecosystem conservation, etc.). Also report long-term planning for securing water resources, for meeting the needs of both the utility and other stakeholders (e.g. local communities). This includes describing the criteria for managing maximum/minimum flow of surface water and volume of ground water and how these are determined and maintained.	For information on PPL's approach to water conservation, see page 35 .

G4 INDICATOR	TOPIC	RESPONSE
G4-DMA Vegetation Management	Report approaches for pest and vegetation management along transmission and distribution corridors (e.g., use of Integrated Pest Management and Integrated Vegetation Management)	For information on our approach to vegetation management, see page 43 .
G4-DMA Stakeholders	Stakeholder participation in decision-making processes related to energy planning and infrastructure development	For information on stakeholder engagement, see page 60 .
EU22	Number of people physically or economically displaced and compensation, broken down by type of product	We avoid displacement of anyone to the extent feasible by careful planning during the siting process of major projects. If displacement is unavoidable, we make fair compensation for any property transactions.
G4-DMA Emergency Planning	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	For information on PPL's disaster and emergency management planning, see page 80 .
G4-DMA Customer Support Programs	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	For information on customer programs, see page 55 .
EU26	Percentage of population unserved in licensed distribution or service areas	PPL's utilities have an obligation to serve all who want electrical service in their service territory.
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	In 2016, LG&E and KU had 140,656 residential disconnections and PPL Electric had 40,849 residential disconnections.
EU28	Power outage frequency	For information on reliability, see page 28 .
EU29	Average power outage duration	For information on reliability, see page 28 .
EU30	Average plant availability factor by energy source and by regulatory regime	LG&E and KU's plant availability factor is 84.56%. The unplanned outage rate for LG&E and KU plants in 2016 was 8.39%, up from 8.16% in 2015.
G4-DMA Customer Access	Practices to address language, cultural, low literacy and disability related to barriers to accessing and safely using electricity and customer support services	For information on customer programs, see page 55 .