

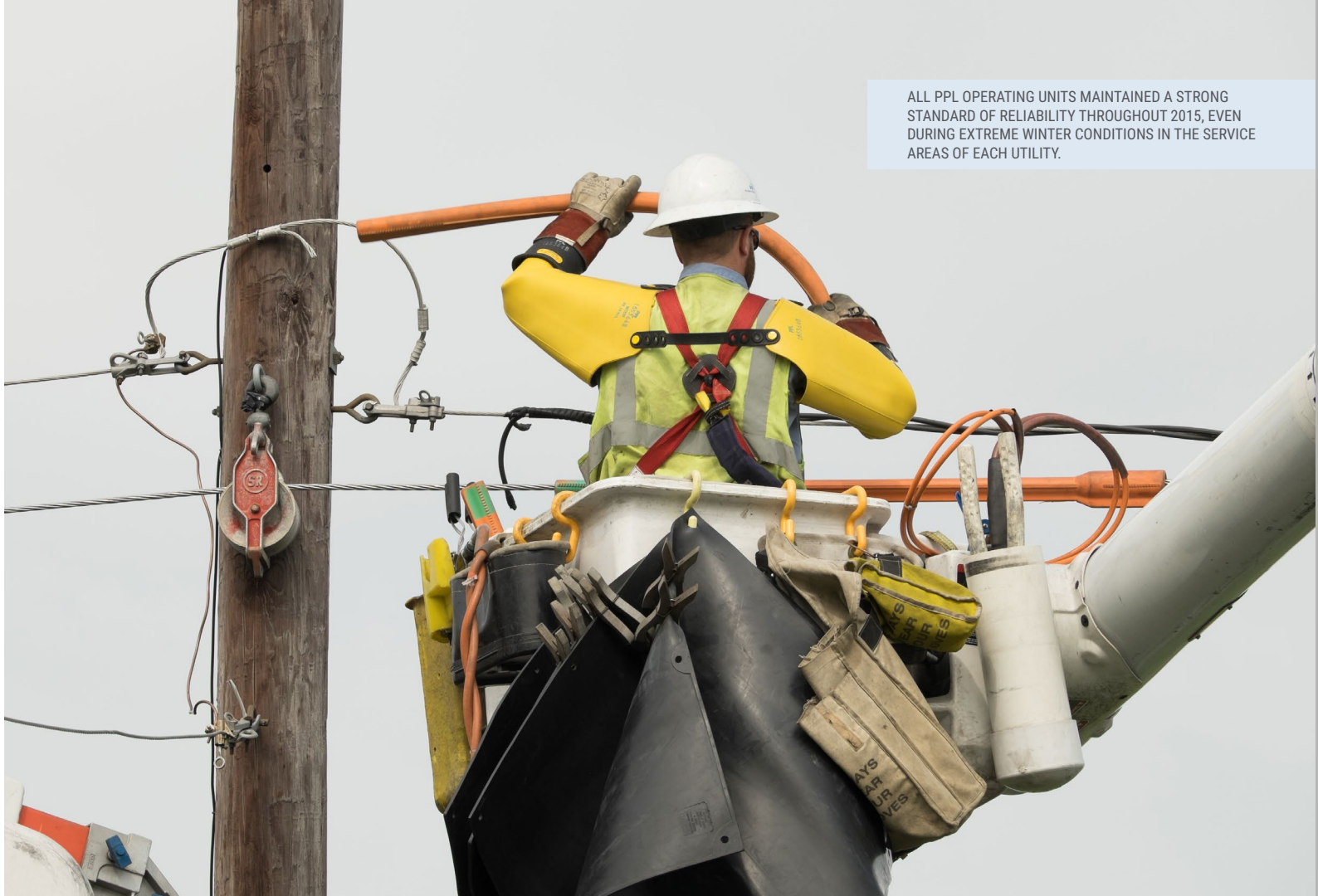
# PPL CORPORATION SUSTAINABILITY REPORT 2015

A BRIGHT FUTURE





ALL PPL OPERATING UNITS MAINTAINED A STRONG STANDARD OF RELIABILITY THROUGHOUT 2015, EVEN DURING EXTREME WINTER CONDITIONS IN THE SERVICE AREAS OF EACH UTILITY.



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COVER: CHILDREN FROM ST. BERNADETTE'S PRIMARY SCHOOL TOOK PART IN A FOREST SCHOOL EDUCATIONAL OUTREACH PROGRAM FUNDED BY WESTERN POWER DISTRIBUTION AT THE WILDLIFE TRUST AT SMALL HEATH IN BIRMINGHAM, U.K.



# PPL CORPORATION: POWERING A BRIGHT FUTURE

2015 was a milestone year for the PPL family of companies ... completing a plan to redefine the company as a regulated utility poised for growth and profitability.

Through nearly a century, the people of PPL Corporation have helped to power progress.

Whether extending electricity from cities and towns to rural communities, meeting the energy demands of industrial growth or stepping up to the challenge of the digital age, PPL has made a positive difference in people's lives.

We're proud of the role we have played in empowering economic vitality and quality of life, and we're equally committed to ensuring a bright future for generations to come.

That's why we are investing in smart grid technology that responds to outages more quickly and is more secure. It's why we're integrating more clean and renewable energy with traditional sources, providing programs to help customers save money and use energy wisely, and taking steps to reduce our impact on the environment. And it's why we support programs that strengthen our communities.

This year's Sustainability Report highlights PPL Corporation initiatives focused on meeting these challenges and shaping tomorrow's energy future.

THROUGH 2020, PPL WILL INVEST \$16 BILLION IN ELECTRIC INFRASTRUCTURE IMPROVEMENTS TO DELIVER POWER MORE RELIABLY AND EFFICIENTLY TO MORE THAN 10 MILLION CUSTOMERS WORLDWIDE.



## OUR VISION

Empowering 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

- > \$11.5 billion in annual revenue
- > 10.5 million utility customers in the U.S. and the U.K.
- > Nearly 13,000 employees
- > About 8,000 megawatts of generation capacity in the U.S.

# MESSAGE FROM OUR CHAIRMAN AND CEO

G4-1

From the rolling countryside of Wales in the U.K. to Pennsylvania's small towns and the busy streets of Louisville, Kentucky, PPL powers life.

Each day, we're driven by a desire to deliver energy to our customers more safely, efficiently and reliably than ever before. We're focused on growing long-term value for our shareowners and strengthening communities. And we strive for continuous improvement — determined not only to power life, but progress.

To us, that's what sustainability is. It's ensuring that our actions today, and our decisions tomorrow, create value for customers and shareowners alike, while supporting a bright future for generations to come.

### To us, that's what 2015 was all about.

We invested more than \$3.5 billion toward building tomorrow's energy infrastructure. This included investments in smart grid technology that allows PPL to respond to outages more quickly and monitor its delivery system like never before. In addition, it included substantial investment to expand, reinforce and better protect the power grid.

We took steps to support a more balanced energy mix, completing the retirement of 800 megawatts of coal-fired generation in Kentucky; replacing most of it with a new, state-of-the-art natural gas, combined-cycle power plant; investing in additional hydroelectric capacity at

our Ohio Falls facility; breaking ground on a new solar power plant that extends the benefits of solar to all customers; and announcing plans to offer on-site solar to businesses.

In the United Kingdom, we continued to test innovative ways to integrate more clean energy while preserving grid reliability. So far, our U.K. operations have connected more than 6,500 megawatts of renewable energy to the power grid. We've offered to connect more than double that amount going forward.

At the same time, we spun off PPL's competitive generation business in 2015, completing our strategic transformation to a purely regulated utility business, one that is well positioned to deliver strong earnings growth, a competitive dividend and long-term value. As a result, today PPL is one of the largest companies in the U.S. utility sector.

Moreover, we remained committed to exceeding customer expectations, offering energy efficiency programs that helped customers save nearly 3 billion kilowatt-hours (kWh) of electricity, providing payment assistance programs that help those in need as income gaps widen, and delivering new tools and services to improve our customers' experiences.

Within PPL, we continued to hire and develop diverse talent that will sustain PPL's success. And within our communities, we maintained strong support for education, community

revitalization, economic development and other worthwhile efforts.

This report highlights many of these initiatives and covers a wide range of topics, from our environmental and operational performance to the impact we have on the communities we serve. As we advance our reporting and disclosures, we intend to follow Global Reporting Initiative guidelines, the most widely used standard for corporate responsibility reporting. This report makes progress in that regard. As we look to future reports, we recognize more work is needed to be fully in accordance with Global Reporting Initiative (GRI-G4) guidelines.

Overall, I am pleased with the progress we have made, and continue to make at PPL, as we pursue our sustainability objectives. We know we have more work to do. We look forward to meeting that challenge as we do our part to secure a bright future.

Thank you for your interest in PPL and our sustainability report.

Sincerely,



William H. Spence  
Chairman, President and Chief Executive Officer



WILLIAM H. SPENCE  
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER





PPL'S UTILITIES SERVE 10 MILLION CUSTOMERS IN THE U.S. AND U.K. AND EMPLOY NEARLY 13,000 PEOPLE.

# ABOUT OUR COMPANY

G4-3, 4, 5, 6, 7, 8, 9, 17, EC1, EC8, EU-1, EU-2

Headquartered in Allentown, Pa., PPL Corporation (NYSE: PPL) is one of the largest companies in the U.S. utility sector. The company serves 10 million customers in the U.S. and U.K. 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 stable earnings, secure 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 "Empowering economic vitality and quality of life." Therefore, we are a positive force in the communities where we do business by supporting human services, education, arts and culture, as well as environmental conservation. Our companies work closely with local and state officials to foster economic development to create good-paying 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 [2015 Form 10-K Report](#), Part I, Business (filed with the Securities and Exchange Commission).



## Louisville Gas and Electric and Kentucky Utilities

LG&E and KU are regulated utilities that serve nearly 1.3 million customers in Kentucky and Virginia. In Virginia, KU operates under the name Old Dominion Power. LG&E and KU also own and operate about 8,000 megawatts of power generation as well as power delivery facilities.



## PPL Electric Utilities

PPL Electric provides electricity delivery services to about 1.4 million customers in Pennsylvania and consistently ranks among the best companies for customer service in the United States.



## Western Power Distribution

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

### FINANCIAL HIGHLIGHTS For the years ended Dec. 31

FINANCIAL	2015	2014
Operating revenues (millions)	\$7,669	\$7,852
Net income (millions) (a)	\$682	\$1,737
Earnings from ongoing operations (millions) (b)	\$1,489	\$1,349
Total assets (millions) (c)	\$39,301	\$48,606
Earnings per share - Diluted (a)	\$1.01	\$2.61
Earnings from ongoing operations per share - Diluted	\$2.21	\$2.03
Dividends declared per share	\$1.50	\$1.49
Book value per share (c,d,e)	\$14.72	\$20.47
Market price per share (c)	\$34.13	\$36.33
Dividend yield	4.4%	4.1%
Dividend payout ratio (a,f)	149%	57%
Dividend payout ratio - earnings from ongoing operations (f,g)	68%	73%
Market price/book value ratio (c)	232%	178%
Price/earnings ratio (a,f)	33.8	13.9
Price/earnings ratio - earnings from ongoing operations (f,g)	15.4	17.9
Return on common equity (a)	5.8%	13.0%
Return on common equity - earnings from ongoing operations (g,h)	15.2%	15.5%

### OPERATING - DOMESTIC ELECTRICITY SALES (GWh)

Retail delivered	67,798	68,569
Retail supplied	30,814	31,543
Wholesale supplied	2,241	2,365

### OPERATING - INTERNATIONAL ELECTRICITY SALES (GWh)

United Kingdom	75,907	75,813
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(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 U.S. generally accepted accounting principles (GAAP). 2015 also includes five months of Supply segment earnings, compared to twelve months in 2014.

(b) "Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income, which is an indicator of operating performance determined in accordance with U.S. generally accepted accounting principles (GAAP). PPL believes that earnings from ongoing operations, although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses earnings from ongoing operations in measuring certain corporate performance goals. Other companies may use different measures to present financial performance. Earnings from ongoing operations is adjusted for the impact of special items as described below, which includes the Supply segment's earnings now reflected in discontinued operations. Also included in special items is the loss on spinoff, reflecting the fair value of the Supply segment being less than PPL's recorded value as of the June 1, 2015 spinoff. Earnings from ongoing operations (adjusted) for 2014 also reflects, within the Corporate and Other category, the impact of spinoff dissynergies that, if not mitigated, would remain with PPL after completion of the spinoff.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- Unrealized gains or losses on foreign currency-related economic hedges.
- 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, not reflective of the company's ongoing operations.

(c) End of period.

(d) Based on 673,857 and 665,849 shares of common stock outstanding (in thousands) at December 31, 2015 and December 31, 2014.

(e) 2015 reflects the impact of the spinoff of the Supply segment and a \$3.2 billion related dividend.

(f) Based on diluted earnings per share.

(g) Calculated using earnings from ongoing operations, which is a non-GAAP financial measure that includes adjustments described above in footnote (b). 2014 was adjusted for Supply segment earnings and the impact of dissynergies related to the spinoff of the Supply segment.

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

More details are available at [this link](#).



# SUSTAINABILITY STRATEGY AND ANALYSIS

In 2015, as part of PPL Corporation's stakeholder review process, senior executives approved the company's **SUSTAINABILITY COMMITMENTS**:



## CREATE EXTRAORDINARY SHAREOWNER VALUE

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



## DRIVE BEST-IN-SECTOR OPERATIONAL PERFORMANCE

Excel in safety, reliability, responsiveness and energy efficiency while creating a culture that fosters innovation.



## EXCEL IN ENVIRONMENTAL STEWARDSHIP

Have a positive environmental impact, taking actions individually, as a company, and in partnership with our customers.



## 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 prosperity, and powers the modern lifestyle of the communities and customers we serve.



## EXCEED CUSTOMER EXPECTATIONS

Provide safe, reliable and environmentally responsible energy at a reasonable cost.



## STRENGTHEN COMMUNITIES

Empower the success of future generations by helping to build strong communities today. We strive to be an employer of choice and a driver of the economic prosperity in our communities.

### SUSTAINABILITY PROGRAMS AND FUTURE PLANS

Our current sustainability programs, performance metrics and initiatives are presented throughout the report and are referenced by subject in the [GRI Content Index](#) on p. 57. This report is the company's initial effort to present its sustainability performance following the GRI Framework, with the intent to be "in accordance" with GRI-G4 guidelines at the Core level. We have mapped our report content with GRI-G4 indicators throughout.

During the next year, the company plans to conduct a formal materiality assessment and related stakeholder engagement process to help guide priorities, strategies and goal-setting. Our views about the company's direct and indirect impacts, risks, challenges and opportunities are presented throughout this report and in other company documents such as the [2015 Form 10-K](#), [10-Q](#), [2016 Proxy Statement](#) and [2015 Annual Report](#) posted on the company's website.



WHETHER IT INVOLVES PIPELINES OR POWER LINES, PPL IS MAKING SIGNIFICANT INVESTMENTS IN INFRASTRUCTURE IMPROVEMENTS TO BENEFIT THE ENVIRONMENT AND IMPROVE RELIABILITY AND SAFETY.



## SUPPLY CHAIN

G4-12, LA6, S09, S010

Relationships with contractors and suppliers are vital to PPL's successful operations. Those 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.

Most purchase orders and contracts issued by PPL use a qualified supplier. PPL's Supply Chain team maintains a list of qualified suppliers and awards business to approved suppliers 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 standards of conduct.

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

PPL and its business units actively reach out to find diverse businesses — those owned by minorities, women and veterans. LG&E and KU have a target of spending \$144 million a year with these businesses and again reached that goal in 2015, working with more than 140 diverse businesses. PPL Electric has a goal of spending 3 percent with diverse businesses. PPL Electric spent \$24.5 million in 2015, working with more than 170 diverse businesses.

More information on PPL's supply chain and supplier diversity program is [available online](#).

## SIGNIFICANT OPERATIONAL AND REGULATORY CHANGES DURING REPORTING PERIOD

G4-13

**In April 2015, WPD entered a new eight-year price control period known as RIIO-ED1.** The company was the top-performing distribution network operator in the U.K. over the previous five-year price control period in terms customer service and has gotten off to a strong start in terms of customer service and reliability in the first nine months of RIIO-ED1.

**In May 2015, PPL Electric energized the Susquehanna-Roseland transmission line,** completing a major upgrade to the nation's electric power grid. The new 500-kilovolt power line will help improve reliability for millions of people in the Northeast. The three-year construction project created significant economic benefits in Pennsylvania and New Jersey, including 2,000 construction jobs. The project continues to create significant public benefits in the form of expanded national park lands, wetland improvements and cultural and historic preservation activities.

**In 2015, LG&E and KU neared completion of a \$2.3 billion plan to cost-effectively comply with the U.S. Environmental Protection Agency's (EPA) stricter emissions standards.** These plans provide additional clean-coal technology controls and the new gas-fired generation at Cane Run. The companies have retrofitted 87 percent of their 5,800 megawatts of coal capacity with additional clean-coal technologies at their four largest generating stations: E.W. Brown, Ghent, Mill Creek, and Trimble County. For the remaining 13 percent of coal capacity, the companies retired 800 megawatts of capacity produced by six coal-fired units at LG&E's Cane Run Station and KU's Green River and Tyrone stations. In addition to environmental advancements, LG&E and KU's coal-fired operations have an excellent reliability record as measured by the system's equivalent forced outage rate (EFOR), an industry yardstick that measures hours of failure for generating units. In 2015, our coal-fired units' EFOR was 3.96 percent for LG&E and KU. This performance compared favorably to the industry average of 8.1 percent for coal-fired units.

**In June 2015, PPL Corporation completed the spinoff of its competitive generation business,** PPL Energy Supply, LLC, which combined it with the competitive generation business of Riverstone Holdings LLC to form Talen Energy Corporation, a new, stand-alone, publicly traded company. The transaction resulted in the divestiture of more than 7,300 megawatts of fossil-fueled competitive generation and allows PPL to refocus on regulated utility operations. Details about the transaction can be found in PPL's [2015 Form 10-K](#), starting on page 3.

**Also in June 2015, LG&E and KU's new natural gas combined cycle generating unit (NGCC) at Cane Run Station in Louisville, Ky. became commercially available,** providing customers with another source of safe, reliable energy. The 640-megawatt unit is the first of its kind in Kentucky, making history for both the state and company. The unit replaced the bulk of 800-megawatts of coal-fired generation as the company retired 13 percent of its energy production from coal-fired units. The transition was another step forward as the company continues to make strides in producing cleaner energy than ever before.

### REGULATORY RATE REVIEWS

**In June 2015, KU filed an application with the Virginia State Corporation Commission (VSCC)** to increase annual Virginia base electricity revenue by approximately \$7 million, representing an increase of 10.1 percent. On December 3, 2015, KU and other parties filed a proposed settlement with the VSCC. On February 2, 2016, the VSCC issued an order approving the settlement. The settlement provides for annual electric base revenues of \$6 million and establishes an authorized return on equity range of 9.5 percent to 10.5 percent for annual rate review purposes. The new rates became effective February 15, 2016.

**In July 2015, LG&E and KU retired Cane Run Station's coal-fired operations,** bringing an end to coal-fired generation at that site that spanned more than six decades and pioneered award-winning environmental technology for the utility industry. The change from the coal-fired units to the station's new NGCC means greater efficiency in power production and further emissions reductions. The new unit reduces particulate emissions by more than half, sulfur dioxide emissions by 99 percent, and nitrogen oxide by 82 percent.

**In June 2015, the Kentucky Public Service Commission approved a rate case settlement agreement** providing for increases in the annual revenue requirements associated with KU base electricity rates of \$125 million and LG&E base gas rates of \$7 million. The annual revenue requirement associated with base electricity rates at LG&E was not changed. Although the settlement did not establish a specific return on equity with respect to the base rates, an authorized 10 percent return on equity will be utilized in the Environmental Cost Recovery and Gas Line Tracker mechanisms. The settlement agreement provides for deferred recovery of costs associated with KU's retirement of Green River Units 3 and 4. The new regulatory asset will be amortized over three years. The settlement also provides regulatory asset treatment for the difference between pension expense calculated in accordance with LG&E and KU's pension accounting policy and pension expense using a 15-year amortization period for actuarial gains and losses. The new rates and all elements of the settlement became effective July 1, 2015.

### REGULATORY RATE REVIEWS

**In November 2015, the Pennsylvania Public Utility Commission approved a rate case settlement agreement** for an increase of \$124 million in annual energy delivery charge revenues. The new rates took effect Jan. 1, 2016. Increases in the delivery charge will be used by PPL Electric to continue its investments in smart grid technology, new power lines and substations, continued line clearing, and stronger poles and wires — which are significantly improving reliability. A joint petition to approve the settlement was supported by numerous parties, including the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission for Economic Opportunity, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Clean Air Council, Sustainable Energy Fund, The Alliance for Solar Choice, Keystone Energy Efficiency Alliance Energy Education Fund, Natural Resources Defense Council and the Environmental Defense Fund.



# INVESTING IN INFRASTRUCTURE

EC7, EU-10, DMA: RESEARCH AND DEVELOPMENT, PLANT DECOMMISSIONING, EN19

PPL is driven daily by a determination to ensure that all of our customers have the energy they count on to power their lives every day. Fulfilling that commitment takes dedication, hard work and resources. 2015 marked a year of strong investment and bringing new infrastructure online.

## ENHANCING RELIABILITY AND SAFETY THROUGH MODERNIZATION

Through 2020, PPL plans to invest \$16 billion in electric infrastructure improvements to deliver power more reliably and efficiently to more than 10 million customers worldwide.

Examples of reliability improvements include:

- > New more-efficient facilities
- > Replacement of aging system equipment
- > Construction of new lines and substations
- > Rebuilding existing lines with more resilient poles and wires
- > Vegetation management, such as tree trimming
- > Devices to guard against damage from lightning and animals

*Many of our investments came to fruition in 2015:*

### In Pennsylvania:

- > **Susquehanna-Roseland** — PPL Electric energized the new 500-kv Susquehanna-Roseland transmission line, making electric service more reliable for millions of people in the Northeast.
- > **Reliability Improvements** — Customers are experiencing 30 percent fewer outages today than they were in 2007. Additional investments of nearly \$1 billion per year are expected to increase reliability by another 15 percent in the next five years.
- > **Smart Grid** — Since 2012, PPL Electric has invested more than \$100 million in smart grid technology that strengthens electric service reliability and improves grid efficiency. The company is installing thousands of smart grid devices across its system that sense power outages and automatically reroute power around trouble spots, restoring many customers in minutes, and before repairs are made.

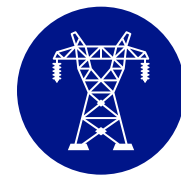
- We have approximately 3,500 remotely controlled smart devices on the system today.
- We installed more than 700 in 2015, and plans to install more than 700 in 2016.

### In Kentucky:

- > **Electric and Gas Distribution** crews completed all gas and electric utility relocation work on schedule to support the Ohio River Bridges Project, including both the East End and Downtown spans.
- > **LG&E completed construction of the Kenzig Road electric switching station**, which is located a few miles from Louisville in a hilly, wooded area near New Albany, Ind. across the Ohio River. The substation strengthens the regional transmission grid by giving LG&E an additional interconnection point with Duke Energy. LG&E undertook considerable steps to minimize any potential impacts to nearby residents. This includes planting compatible vegetation to transform right-of-way easements for the transmission line into a meadow to support wildlife. The substation was constructed so that it's largely hidden from sight. LG&E also notified adjacent property owners about the project and held public meetings to keep them informed and engaged during key phases.
- > **Electric conversion projects** to strengthen reliability in response to new development and extreme weather were either completed or progressed in downtown Lexington, the Central City area and Buena Vista. Lexington's work was scheduled for completion in 2016 and Central City's project is scheduled to finish in 2018.
- > **The Blue Grass, Keeneland Distribution Automation Enhancement Project** was completed in early 2015 and is the first automation application on LG&E and KU's distribution system.
- > **LG&E's Gas Main Replacement Program** entered the final stages in the replacement of about 540 miles of old steel-, cast- and wrought-iron natural gas pipelines located predominantly in downtown Louisville. Crews are replacing the old pipes with more durable plastic pipes that are environmentally safe. The work began in 1996.

### In the U.K.:

- > **Five projects** with a combined investment of £22 million (\$32 million) began in Birmingham, helping to improve the security of supply to the U.K.'s second largest city. Giant sinkholes, 60-meter excavations and the replacement of cables to a substation on the third floor of a building next to one of the busiest trunk roads into the city were just a few of the challenges facing the teams involved in critical reinforcement and asset replacement work across the Midlands city.
- > **A primary substation serving** about 14,000 large industrial, commercial and domestic properties in the Midlands was relocated as part of a £3.5 million (\$5.14 million) investment. The 33/11kV substation stood within the original Northampton power station building. However, due to the risk of asbestos it was unsafe for operational staff to access. Originally built in the 1920s, the power station generated the town's electricity for more than 50 years. Its cooling towers and other parts of the building have since been knocked down leaving in place just the façade of the building and WPD's substation.
- > **A £1 million (\$1.5 million) WPD initiative** helped to turn a derelict building site in the coastal resort of Weston-super-Mare in the South West into a leisure complex housing a new hotel and cinema. Work involved replacing two primary transformers with 11kV models to not only improve network security and performance, but also increase future capacity. Associated jointing linked a housing estate and the town center, including the Grand Pier, and benefits 4,000 customers.
- > **A £1.5 million (\$2.2 million) project to improve and safeguard a flood-threatened primary substation** in the South West was completed. The work at Bridgewater involved replacing a transformer and a switchboard, and constructing a flood resilient switch-room. The project will improve supply reliability for around 12,500 customers while also expanding flexibility for additional connections in the future.
- > **WPD completed £500,000 (\$733,000) worth of electrical work** needed as part of a new £100 million shopping and leisure



Total Transmission lines  
(line miles)

10,485



Total Distribution lines  
(line miles)

204,094



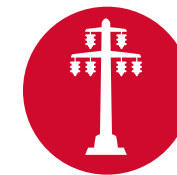
Number of  
substations

1,070



Number of  
poles & towers

2,919,876



Number of  
transformers

269,756



**PPL'S POWER LINES**  
ARE LONG ENOUGH TO WRAP AROUND  
**THE EARTH'S EQUATOR**

**8X**

development in South Wales. The project involved installing a new 6.5 megawatts supply — enough energy to power around 3,000 homes — and while meeting current demands, would also provide spare capacity for the future. After five years of planning and three years of construction work, the new development consists of 35 new stores, 11 restaurants and an eight-screen cinema, creating 1,200 new jobs.

Mapping out long-term energy plans that contribute to economic well-being is part of the way PPL's companies work to provide a bright future for the communities we serve.

## A SAFER, MORE SECURE NETWORK

EU-30

Creating 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. 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.

On Dec. 18, 2015, President Obama signed into law the Cybersecurity Act of 2015. Enactment of this legislation was a top priority for PPL and our sector, and its approval will complement the activities PPL and other utilities are undertaking to protect the U.S. grid from an ever-increasing number of threats.

The new law establishes a voluntary framework for real-time information sharing of cyber threat indicators and defensive measures among owners and operators of critical infrastructure and the federal government. The law provides liability protections and antitrust exemptions so that companies like PPL will not face new legal threats if the company receives or shares information consistent with the law. Part of complying with the law will be to ensure that prior to sharing any information, companies and the federal government must remove any personal information of a specific individual or information that identifies a specific individual not directly related to a cybersecurity threat.

Another priority for our industry in 2015 was to enact legislation that would clarify that the Federal Energy Regulatory Commission and the Department of Energy have the ability to protect sensitive grid security information provided by

utilities in the U.S. from public disclosure under the Freedom of Information Act and other laws.

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.

We are committed to the vigilance and investments necessary to provide the safe and reliable service our customers expect and deserve. To that end, we are active partners in industry organizations designed to share best practices and intelligence in grid security.

In addition, the 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 part of the 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.





LG&E'S NEW NATURAL-GAS UNIT AT CANE RUN GENERATING STATION PRODUCES MORE ELECTRICITY WITH LOWER EMISSIONS THAN COAL-FIRED GENERATION SYMBOLIZING A NEW ERA OF POWER GENERATION IN KENTUCKY.

## BLUEPRINT FOR A BRIGHTER FUTURE

### LG&E AND KU REACH MILESTONES WITH CLEAN-AIR PROJECTS

Praised by elected officials as a new era in Kentucky, LG&E and KU achieved significant milestones in 2015 as the companies wrapped up a slate of EPA air-emissions projects.

Highlighting this progress was the July start-up of Cane Run 7 (CR7), Kentucky's first natural gas, combined-cycle generating unit, which operates at the Cane Run Generating Station in Louisville. During the ribbon-cutting ceremony, Louisville Mayor Greg Fischer underscored the

project's importance in terms of cleaner air standards, technological innovation and supporting the local economy. CR7 produces 14 percent more electricity while emitting 50 percent less particulates, 99 percent less sulfur dioxide and 82 percent less nitrogen oxide emissions compared to production with the recently retired coal-fired units.

The 640-megawatt unit was completed after a 2½-year construction phase that required more than 2 million hours of labor. It finished under budget due to careful spending and lower consumption of natural gas during the testing period.

#### Other successes in 2015 include:

➤ **Additional environmental construction projects** — By December 2015, LG&E and KU entered the final stages of a historic construction phase to meet stricter EPA requirements for clean air and landfill permits for the storage of coal-combustion byproducts. As punctuated

by CR7, this illustrates LG&E and KU's ability and commitment to build a brighter future in Kentucky in terms of both economic progress and environmental excellence.

- LG&E and KU installed advanced emissions controls at the companies' Mill Creek, Cane Run, Trimble County, E.W. Brown and Ghent generating stations. Some 4,000 outside construction personnel worked on these projects during any typical week across the state, totaling more than 6 million labor hours in 2015 at an extraordinarily low injury rate of 0.50.
- The company executed plans to retire roughly 800 megawatts of coal-fired capacity as part of a least-cost plan to comply with tighter EPA restrictions. This includes all of Cane Run's remaining coal-fired units in addition to closure of the company's Green River and Tyrone coal-fired stations.

## GOVERNANCE

G4-2, 14, 34, 38, 39, 40, 41, 42, 43, 51, 52, 53, DMA: RISK MANAGEMENT, ECONOMIC PERFORMANCE

PPL Corporation's Corporate Governance Guidelines are posted online on the [corporate website](#).

Select details about the Role of the Board, Independent Directors, Executive Selection and Compensation and Board Structure can be found in the [Appendix, #2](#) on p. 65 of this report.

### RISK MANAGEMENT

G4-45, 46

The Board provides oversight of the company's risk management practices. The Board periodically reviews material risks associated with the company's business plan as part of its oversight of the ongoing operations and strategic direction of the company. At meetings of the Board and its committees, directors receive periodic updates from management regarding risk management activities, including environmental and social risks as appropriate. Outside of formal meetings, the Board, its committees and individual Board members have full access to senior executives and other key employees, including the CEO, CFO, the General Counsel and the Director of Risk Management (DRM).

Each of the committees of the Board, other than the Executive Committee, reports regularly to the full Board on risk-related matters. The committees also oversee the management of material risks that fall within such committee's areas of responsibility. In performing this function, each committee has full access to management as well as the authority to engage advisers.

The CFO communicates key risks to the Audit and Finance committees. This communication includes the identification of key risks and emerging risks and how these risks are being measured and managed. The company's internal Risk Management Committee is chaired by the DRM.

The Compensation, Governance and Nominating Committee (CGNC) considers various risks including those related to the attraction and retention of talent, the design of compensation programs, succession planning, governance matters and the identification of qualified individuals to become board members.

The Global Chief Compliance Officer works closely with the DRM and the Corporate Audit and Business Ethics Vice President to evaluate compliance risks and regularly communicate with the Board on key compliance risk mitigation measures.

More details about risks are reported in the [2015 Form 10-K](#), starting on p. 17.

### INCENTIVES AND REMUNERATION

#### Director and Executive Compensation

A brief description of PPL's approach to compensation of its directors and executives can be found in the [Appendix, #2](#), p. 65.

Additional details about specific compensation of directors can be found in the [2016 Proxy Statement](#), p. 18-19.

#### 2015 Executive Compensation

Details about senior management compensation and the process used to determine compensation levels is presented in the [2016 Proxy Statement](#), beginning at p. 3. The topic is covered in the "Compensation Discussion and Analysis" section, or CD&A, which provides an overview of PPL's executive compensation program, our compensation philosophy and the objectives of our compensation program, as well as a discussion of how executive compensation decisions affecting our named executive officers were made for 2015. Additional details about specific compensation of executives is presented in the [2016 Proxy Statement](#), beginning at p. 46.



## ETHICS AND INTEGRITY

G4-41, 49, 56, 57, 58, S04, DMA: ANTI-CORRUPTION, ANTI-COMPETITIVENESS

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. They apply in all situations, at all times, to all employees, guiding the decisions we make and the actions we take on PPL's behalf. 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. To do otherwise would be costly to our company – not just financially, but also in the loss of the strong reputation built by generations of PPL employees.

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

Every employee is required to complete training on PPL's [Standards of Integrity](#) annually. New employees must complete the training within six weeks of hire. There were 755 new hires across the company in 2015 and 100 percent had completed the training as of Jan. 15, 2016.

PPL's [Standards of Integrity](#) are posted on our [website](#). The topics covered in this document include: safety, equal employment opportunity and non-discrimination, 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, information security and cybersecurity. The standards also address fair-dealing, issues that can arise from government relations and competitor actions, and the misuse of company assets.

These Standards 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 directors, managers, officers, employees and agents, as appropriate, of PPL Corporation and its operating subsidiaries.

The Standards contain the legal and ethical principles that must be followed by everyone working within the PPL family of companies and provide guidelines for the way PPL expects these individuals to conduct business. All employees of PPL are responsible for knowing, understanding and abiding by the Standards.

PPL's commitment to maintaining high ethical standards begins with the obligation to fully comply with all applicable laws, rules, regulations, policies and procedures governing PPL's businesses. Such laws and regulations include, but are not limited to, laws and regulations of the United States, those of the United Kingdom, the European Union and of all other places where PPL conducts business operations and activities.

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

*Our Standards of Integrity... apply in all situations, at all times, to all employees, guiding the decisions we make and the actions we take on PPL's behalf.*

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

### REPORTING AND HANDLING OF VIOLATIONS

Generally, employees are advised that if they have concerns an employee 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.

An anonymous reporting mechanism – The PPL Ethics Helpline – is a telephone and Internet service available at each PPL subsidiary that allows employees to anonymously report their 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.



LIKE MILES OF TRANSMISSION LINES, ETHICS AND INTEGRITY FLOW THROUGHOUT PPL. THIS COMMITMENT GUIDES OUR DECISIONS, BEHAVIORS AND ACTIONS, FROM BOARDROOMS TO BOOTS ON THE GROUND.



PUBLIC POLICY ENGAGEMENT

PPL actively encourages public policy that furthers our ability to provide safe, reliable energy to our customers at a reasonable cost and to function efficiently, safely and economically. Our active participation in the public policy arena is appropriate to ensure that public officials are informed about key issues that affect the interests of our customers, employees, shareowners and the communities we serve.

BOARD OVERSIGHT

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

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

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.

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 of Representatives, U.S. Senate, Kentucky Legislative Ethics Commission, Pennsylvania Department of State, Maryland State Ethics Commission, New Jersey Election Law Enforcement Commission and New York State Joint Commission on Public Ethics and will also be made available upon request.

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 is a member of variety of business and trade associations that engage generally in education and advocacy efforts on a number of 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 2015, the amounts reported totaled \$418,634.22, including competitive supply-related associations of which PPL is no longer a member.

Listed below are the trade associations that received 2015 annual dues in excess of \$50,000, including that portion of dues identified by each trade association as attributable to lobbying. Supply-related associations of which PPL is no longer a member are not included.

ASSOCIATION	Total Dues for 2015 Membership	Portion of Dues Allocated to Lobbying
Edison Electric Institute	\$1,405,129	\$296,126
American Gas Association	\$186,459	\$5,240
Energy Association of Pennsylvania	\$171,583	\$10,295
Greater Louisville, Inc.	\$131,300	\$1,100
American Coalition for Clean Coal Electricity	\$76,000	\$7,600
Kentucky Chamber of Commerce	\$55,500	\$5,800

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 Energy or PPL Corporation.

2015 Contributions to Tax-Exempt Organizations

Democratic Governors Association: \$10,000

POLITICAL ACTION COMMITTEES (PACS)

PPL Corporation and its affiliates are prohibited from making contributions to candidates and political parties, including in-kind contributions, under 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 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 private political preference of any executive or individual 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 also be made available upon request.



LG&E AND KU CHIEF OPERATING OFFICER AND LOUISVILLE FREE PUBLIC LIBRARY FOUNDATION BOARD ADVOCACY COMMITTEE CHAIR PAUL THOMPSON JOINS ELECTED OFFICIALS AND AREA RESIDENTS TO BREAK GROUND ON THE NEW SW REGIONAL LIBRARY BRANCH.

In the U.K., WPD does not make political contributions. In the public policy arena, WPD works with trade organizations to collectively represent industry views across a range of areas, including E.U. and U.K. legislation, government and regulatory bodies. One of those trade organizations is Energy Networks Association (ENA), which represents the wires and pipes transmission and distribution network operators for gas and electricity in the U.K. and Ireland. ENA's overriding goals are to promote the U.K. and Ireland energy networks ensuring the networks are the safest, most reliable, most efficient and sustainable in the world.

KEY LEGISLATIVE AND REGULATORY ISSUES

PPL engages with public officials on issues of importance to the company. In 2015, these were our top U.S. legislative and regulatory issues, which are highlighted within this report.

- > Clean Power Plan
- > Cybersecurity
- > Distributed generation
- > Energy efficiency conservation
- > Low Income Home Energy Assistance Program
- > Protecting critical energy information
- > Tax reform

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





WPD ENGAGED MORE THAN 4,200 STAKEHOLDERS, PLACING AN EMPHASIS ON TALKING DIRECTLY TO THEM FACE-TO-FACE ABOUT THEIR PRIORITIES AT EVENTS HELD THROUGHOUT 2015.

## STAKEHOLDER ENGAGEMENT

64-24, 25, 26, 27

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 local 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 (which is discussed in depth in the [Our Customers Chapter](#)).

*We have formal councils and advisory groups, which are discussed in other Chapters.*

> **Business Resource Groups** provide networking and professional development opportunities for employees with common experiences and perspectives. The groups also provide feedback and input to the company on diversity and inclusion issues in the workplace. (See [Our Employees Chapter](#)).

*Consumers and communities are represented 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 Pennsylvania. 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 service to customers in need.
- > **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.

*Stakeholders help us understand the connection between their needs and our role as an energy provider and employer.*

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.

# AN AWARD-WINNING STAKEHOLDER PROGRAM

WPD has the best stakeholder engagement program in the industry, according to U.K. regulator Ofgem. In 2015, WPD ranked first for the fourth consecutive year, achieving its highest-ever score in the annual Stakeholder Engagement Incentive. Coming out ahead of any distribution network and transmission company, it was also the only distribution business to improve on its score of last year. The accolade followed a rigorous assessment process involving two 10-page submissions to Ofgem and an interview with a panel of experts appointed by the regulator. WPD engagement has resulted in more than 159 positive outcomes and service improvements for customers.

The complete WPD stakeholder engagement report can be [found online](#). It provides details about current performance, priorities and investment plans for the future and the levels of service that customers can expect to see. The best practice program is distinguished by the following characteristics:

**Breadth and quality:** WPD has engaged with more than 4,200 stakeholders on our business plan under RIIO-ED1. RIIO — short for Revenue-Incentives-Innovation-Outputs — is Ofgem's framework for setting price controls for network companies like WPD. Many different stakeholders have been involved throughout the process and have become more knowledgeable about our business. This has enabled stakeholders to evaluate our plans critically and in considerable and increasing detail. The company places a strong emphasis on talking directly to stakeholders face-to-face at events co-facilitated by WPD staff.

**Business-led:** Stakeholder engagement is not separate from day-to-day activities. Members of the WPD senior management team, including local distribution managers, who will be responsible for operationally delivering the work, have facilitated stakeholder workshops so they can learn from customers first hand.

**Transparent:** After every stakeholder event, an independent report of the findings, is published followed by a WPD response including an action plan for how the company will act on stakeholders' feedback.

**Innovative:** WPD uses a wide range of innovative engagement methods. WPD's fourth annual customer awareness campaign began in February 2013 with the unveiling of a new TV commercial — a bold and novel approach to engagement with millions of customers who had little prior knowledge of WPD. The month-long *Power for life* campaign, including the screening of the TV ad, also included local newspaper advertising and a four-page leaflet delivered to every home and business in the region, which invited customers to participate in our stakeholder workshops.

**Inclusive:** WPD has given future bill payers the opportunity to have a say in our plans, through university events. WPD staff are also recognized as key stakeholders. WPD's Chief Executive personally conducts 50 staff road shows each year, seeing all 6,100 staff, to communicate the key aspects of the business plan and the role staff will play in delivering promises to customers.

**Valued by stakeholders:** WPD's stakeholder workshops have received 99.7 percent satisfaction ratings from the participants for usefulness and value.

### RESPONSES TO FEEDBACK

The report discussed feedback in depth. Here are some of the WPD commitments that arose from the process.

**Network Reliability and Availability:** WPD proposed to improve network performance so that on average customers will have 13 percent fewer power outages (moving from seven in 10 years, to six in 10 years) and have their electricity supplies restored 20 percent quicker (moving from an average duration of 48 minutes to 38 minutes) based on 2011/12 underlying performance. The final tougher targets agreed with Ofgem will lead to improvements of 16 percent for power outages and 23 percent for the duration. We recognize the inconvenience of frequent power cuts and will reduce by 20 percent the number of customers classified as worst served.

**Resilience to Severe Weather:** WPD will accelerate the rate of resilience tree trimming by 40 percent, to complete the program five years earlier than suggested by government guidelines (accelerate from 25 years to 20 years), clearing 700km of overhead line each year. Flood defenses will be applied to an additional 75 substations, reducing the risk of damage to equipment and power cuts due to flooding.

**Environment: Oil and Gas Equipment Spills** WPD will reduce by 75 percent the volume of oil lost through leaks from oil-filled cables through targeted investment to roll out a chemical tracer tagging system that will speed up the location of leaks. There are no alternatives to SF6 gas at some voltage levels and so the company will reduce the volume of SF6 gas lost by 17 percent, by replacing 1 percent of switchgear with the highest leak rates.

**Improving visual amenity at Natural Parks and Other Sites:** WPD will install underground 55km (34 miles) of overhead lines by 2023 (presenting an increase of nearly 2km per year on present average levels), working with National Parks and AONB (Areas of Outstanding Natural Beauty) representatives to determine the lines that provide greatest visual amenity benefit. This is in line with a majority proportion of stakeholders who sought an increase but does not go as far as the 70km (43 miles) previously proposed, in recognition of the 64 percent of customers who did not support large increases.

**Low Carbon Technologies:** WPD has undertaken a detailed forecasting exercise with the Centre for Sustainable Energy (CSE) to ensure that our best view scenario is documented and can be supported. In RIIO-ED1 we will provide a faster response (20 percent improvement) to customers wanting to connect LCTs, identify potential LCT hotspots and target network investment in these areas using smart interventions and traditional reinforcement.



# OUR CUSTOMERS

G4-5, 6, 24, PR5, EC7, EC8, DMA: INDIRECT ECONOMIC IMPACT, EU-3, EU-10, EN7



WHETHER THEY WEAR HEADSETS OR HARD HATS, EMPLOYEES ARE THE POWER BEHIND PPL'S AWARD-WINNING CUSTOMER SATISFACTION LEVELS AND SERVICE RELIABILITY.

The PPL family of companies provides essential energy services to 10.5 million customers in the U.S. and the U.K. Through its regulated utility subsidiaries, PPL delivers electricity to customers in the U.K., Pennsylvania, Kentucky, Virginia and Tennessee; delivers natural gas to customers in Kentucky; and generates electricity from power plants in Kentucky. We strive to provide the highest quality, safe, reliable service to customers, at a reasonable cost; improving quality of life in the areas we serve.

### 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 electric service to approximately 403,000 customers in Louisville and adjacent areas in Kentucky, covering approximately 700 square miles in nine counties and provides natural gas service to approximately 322,000 customers in its electric service area and eight additional counties in Kentucky. KU provides electric service to approximately 518,000 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

PPL Electric, LG&E and KU, and WPD maintained a strong standard of reliability throughout 2015, even during extreme winter conditions. PPL companies are industry leaders in customer satisfaction.

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 the end-users. WPD distributes electricity to approximately 7.8 million end-users in a 21,428-square mile region covering the East Midlands, South West and West Midlands regions of England and South Wales.

CUSTOMERS	LG&E AND KU	LG&E (GAS)	PPL ELECTRIC	WPD*	TOTAL
Residential	804,194	295,779	1,229,611		
Large Commercial	126,591	24,921	180,577		
Large Industrial	3,707	438	4,073		
Public Authorities	12,599	1,124			
Street Lights	2,144				
Municipals	11				
Other		81		7,798,636	
TOTAL	949,246	322,343	1,414,261	7,798,636	10,484,486

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

### CUSTOMER SATISFACTION MEASUREMENT

G4-27, PR5, EU-27, EU-28, EU-29

Customer satisfaction is a critical part of our business model. 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 satisfaction surveys are deployed through independent market research firms to ensure that we have 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.

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. Executives and board members review customer satisfaction results on a quarterly basis.

### 2015 CUSTOMER SATISFACTION METRICS

According to the Residential Competitive Customer Satisfaction survey conducted by Bellomy Research, LG&E and KU's customer experience score is 9.17 on a 10-point scale (10 being the best), continuing the company's positive trend since 2009. The survey is conducted through randomly selected calls to LG&E and KU customers as well as customers from peer group energy providers. During the calls, customers are asked questions regarding their satisfaction with their utility. The scores are compiled quarterly.

PPL Electric's overall customer satisfaction score according to Bellomy Research is 8.2 on a 10-point scale, a slight decrease from 2014. Despite this decrease, in 2015, PPL Electric ranked highest among large electric utilities in the eastern United States for residential customer satisfaction for the fourth year in a

System Average Interruption Frequency Index (SAIFI)*	2014	2015
LG&E and KU	0.98	0.99
PPL ELECTRIC	0.80	0.67
WPD	0.62	0.57

\*SAIFI is the average number of interruptions per customer, excluding major events, per IEEE definition 1366.

System Average Interruption Duration Index (SAIDI)*	2014	2015
LG&E and KU	91	87
PPL ELECTRIC	92	76
WPD	32	28

\*SAIDI is the average outage duration (in minutes), excluding major events, per IEEE definition 1366.

row, according to a study by J.D. Power. Its overall J.D. Power customer satisfaction score improved 26 points over 2014.

WPD was again rated as number one in its industry for customer satisfaction in the U.K., with its four licensed Distribution Network Operators (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.

### REGULATORY INFRACTIONS AND COMPLAINTS

In 2015, PPL and its companies incurred 70 regulatory infractions related to customer concerns such as rate increases, billing issues, and service terminations.

Infractions were deemed to have occurred in less than one-half of 1 percent of complaints by PPL Electric customers to the Pennsylvania Public Utility Commission in 2015. An infraction involves a misapplication or possible violation of the Public Utility Code. Infractions in 2014 also totaled less than one-half of 1 percent. Upon learning of any infraction, the company takes appropriate action with the intent to prevent recurrence.

The number of complaints filed with the Kentucky Public Service Commission for LG&E and KU was the lowest in 10 years.

### RELIABILITY

One of the most critical factors for customer satisfaction is reliability. This includes not only ongoing reliability but also how quickly the energy provider can respond to unforeseen interruptions. Reliability encompasses a number of operational aspects including ongoing maintenance and oversight for our system's equipment and powerlines that can be affected by everything from weather to animals. For more information about our efforts to improve reliability, see [p. 13](#).

All PPL operating units achieved a high level of reliability throughout 2015, even during extreme winter conditions in the service areas of each utility. Electric power utilities commonly use two indexes to measure reliability: 1) System Average Interruption Duration Index (SAIDI) is the average outage duration for each customer served as measured in units of time (minutes/ hours) over the course of a year. 2) System Average Interruption Frequency Index (SAIFI) is the average number of interruptions that a customer has experienced. SAIFI is measured in units of interruptions per customer usually over the course of a year.

In 2015, the PPL family of utilities posted a combined System Average Interruption Frequency Index (SAIFI) of 0.746 and a combined System Average Interruption Duration Index (SAIDI) of 63.77. Overall, the company's customers have benefitted from an 8.6 percent decrease in the number of interruptions and an 11.13 percent decrease in the duration of outages compared to 2014.



## DISABILITIES

## FINANCIAL ASSISTANCE

**Winterhelp (LG&E), WinterCare (KU) and WinterShare** are third-party heating assistance programs that provide heating assistance for the utilities' qualifying customers. The assistance offered by the programs is contributed by customers through tax-

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.

## ENERGY SAVINGS

*Other examples can be found in the Our Environment Chapter.*

## AWARDS AND RECOGNITION

- > **Best Residential Customer Satisfaction.** PPL Electric ranked highest among large electric utilities in the eastern United States for residential customer satisfaction for the fourth year in a row, according to a [study by J.D. Power](#). The award is the company's 12th from J.D. Power for residential customer satisfaction. The utility remains ranked in the top quarter in residential customer satisfaction among all large electric utilities nationwide.
- > **U.K.'s Best in Customer Satisfaction.** WPD was again ranked number one in its industry for customer satisfaction in the U.K. WPD was ranked best in customer complaint handling. The recognition was designated by Ofgem, a non-ministerial government department and an independent National Regulatory Authority. The ranking is based on customer surveys. About 15,000 WPD customers were surveyed.
- > **Customer Service Excellence Standard.** WPD has successfully re-accredited to the Customer Service Excellence Standard in 2015. The accreditation is a U.K. government program. WPD received a particular commendation this year for the introduction of a single emergency telephone number communicated via refrigerator magnets that were sent to 7.8 million customers. Its social obligations program also was cited for excellence.
- > **Customer Engagement Project of the Year.** POWERGRID International magazine chose PPL Electric's outage alerts as its Customer Engagement Project of the Year. The alerts tell customers the scope of their outage, and provide estimated restoration times and repair dates, when available.
- > **Top 100 Call Center.** LG&E and KU earned a top-10 finish in the medium-sized category of Benchmark Portal's annual Top 100 Call Center Contest. The rankings were based on data that measured the call center performance for hundreds of North American companies. Performance indicators include average speed of answer, calls per agent per hour and caller satisfaction.

## MORE CUSTOMER CHOICES

PPL's subsidiaries give customers more options to manage their energy use than ever before. In 2015, more than 1.1 million participants took advantage of the companies' wide menu of energy efficiency programs for residential and commercial customers. Energy efficiency helps customers and the environment by decreasing energy bills, supporting lower utility rates in general and reducing carbon emissions. In 2015, energy efficiency programs reduced peak demand by more than 132 megawatts in the areas in which we operate. As of 2008, residential and commercial customers received some \$78.3 million in rebates for installing energy-efficient appliances or load devices or participating in the companies' other programs offering related incentives.

Several of PPL's utilities are rolling out technologies to help customers stay informed and engaged with their utility, from billing alternatives to power outage updates. According to survey data, these alternatives improve customers' opinions of their utility.

PPL Electric customers now have an online and mobile map to show information about outages. By clicking on an icon, customers can see the outage location and status, cause, estimated restoration time and the number of customers affected. Mobile outage alerts also are provided.

In 2015, LG&E and KU launched reactive outage texting. This service communicates outages with the ease of text messaging, including status updates and links to outage maps. A new page within the utility's My Account section of its website enables customers to specify their desired billing notification channel, with options for email, text and voice. Customers can choose to be notified on their preferred channel when a bill becomes available, five days before payment is due or one-day after the due date.

## CUSTOMER EDUCATION

All PPL companies share important energy efficiency information with both commercial and residential customers on a regular and proactive basis. This information is distributed by mail, online and in person. Typical topics encompass safety, energy conservation and efficiency tips, smart meters, home energy analytics, program-related rebates and seasonal tips. More information can be found on the utilities' websites: [lge-ku.com](http://lge-ku.com) and [ppl electric.com](http://ppl electric.com).

Under Pennsylvania's Act 129 legislation to help cost-effectively reduce electricity consumption and peak demand, PPL Electric offers 13 programs to educate customers on energy efficiency. Customers who participated in energy efficiency programs during 2015 saved more than 184 million kWh of electricity. Since the program's inception in January 2010, customers have saved over 2.2 billion kWh per year through PPL Electric's energy efficiency programs – enough to power 181,000 average homes for a year.



## TECHNOLOGY IMPROVEMENTS

We're on track to invest about \$16 billion in electricity infrastructure improvements to deliver energy more reliably and efficiently for more than 10 million customers worldwide.

*We are utilizing technology to enhance system reliability:*

**Smart grid technology.** This technology works to isolate an outage and enables power to be rerouted around trouble areas in a matter of minutes.

PPL Electric has invested more than \$100 million to date in smart grid technology. The energy provider has more than 3,500 remotely controlled smart devices installed on the system today, including more than 700 installed in 2015. Customers are experiencing 30 percent fewer outages today than they were in 2007. Additional investments over the next five years are expected to increase reliability by another 15 percent.

**Drones.** In 2015, PPL Electric won Federal Aviation Administration approval to deploy the unmanned aerial vehicles to inspect distribution and transmission lines across its Pennsylvania service territory, making it one of the first utilities in the nation to gain this approval from the agency. Aerial inspections conducted by drones have proven to be beneficial for maintenance activities, providing a bird's-eye view of structures and enabling crews to spot potential problems before they become outages, or in the aftermath of a storm to check for damage.

DRONES ARE USED TO MONITOR THE CONDITION OF POWER LINES FOR MAINTENANCE AND REPAIR.







LG&E AND KU CIVIL ENGINEERS GUIDE LOCAL ELEMENTARY STUDENTS IN ENGINEERING FUNDAMENTALS AS THEY CONSTRUCT GRAHAM CRACKER AND MARSHMALLOW TOWERS.

## OUR COMMUNITIES

S01, DMA: LOCAL COMMUNITIES, EC8

Dedication to our communities is at the heart of PPL Corporation's core values. Our employees across the United States and in the United Kingdom live our commitment to community development, education and the environment. Here are ways that we contribute:

### VOLUNTEERING

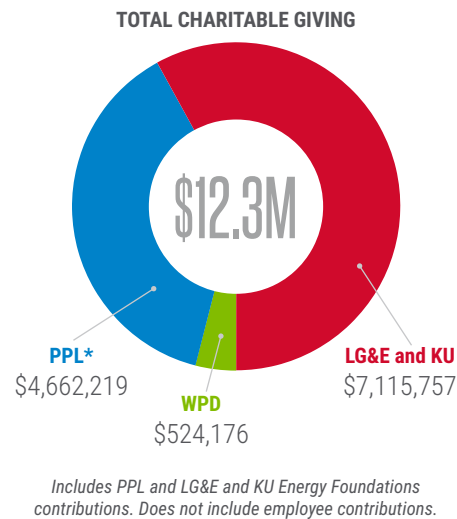
We proudly partner with many nonprofit organizations in the communities where we live and work. We continually seek new ways to invest our time and resources into our communities. It's how we do business, and it's our way of keeping our promise to support a brighter future.

PPL encourages employees of its subsidiary companies to volunteer their time in their local communities. Our employees are an extension of our commitment to our neighbors, schools and the environment. Employees in Kentucky and Pennsylvania participate in Day of Caring

events. Employees and family members fan out across our communities partnering with nonprofit agencies to assist with various projects. In 2015, more than 250 employees participated in the initiative.

Whether they hail from Wales, Kentucky or Pennsylvania, PPL employees are known for their dedication to the community. Employees serve on the boards of hundreds of organizations throughout the 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.

These efforts are recognized by the company through various initiatives. In the U.K., WPD supports employees' efforts through the Pound for Pound initiative. In the U.S., both PPL Electric and LG&E and KU have similar programs in Dollars for Doers, where employees can earn



company contributions for organizations where they volunteer. Collectively, PPL's Dollars for Doers contributed nearly \$100,000 to non-profits in 2015.

### PHILANTHROPY

We partner with nonprofit organizations working to improve the quality of life in the communities we serve with emphasis on the areas of education, community and economic development, and environmental stewardship.

PPL Corporation's contributions to charitable organizations totaled more than \$12.3 million in 2015. We are active supporters of United Way in Kentucky and Pennsylvania. In 2015, giving to United Way in Pennsylvania totaled \$2.5 million, including a \$769,177 corporate match of employee donations. In Kentucky, employee donations and the LGE & KU Foundation support reached more than \$1.7 million (including \$522,635 as a corporate match) during 2015 to benefit United Way and other local non-profit organizations.

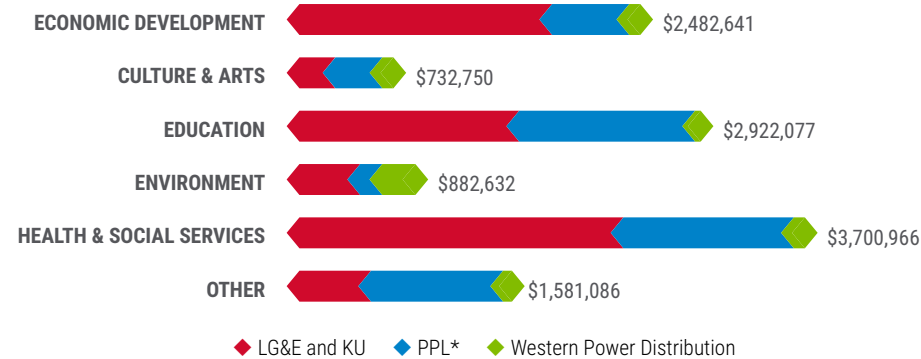
### EDUCATION

DMA: ACCESS, PROVISION OF INFORMATION

PPL strongly believes that education is the key to a successful future. 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 (science, technology, engineering and math) to safety. Examples of these projects are presented in the [Appendix #4](#), p. 66.

\*PPL CORPORATION AND ITS AFFILIATES IN PENNSYLVANIA

### CHARITABLE GIVING BY KEY AREAS



### ASSISTANCE TO LOW INCOME AND VULNERABLE CUSTOMERS

PPL is committed to helping our customers understand how to use energy wisely and lending a hand to those who may be struggling to pay their energy bills. In 2015, we provided more than \$12 million in low-income financial assistance.

We provide a number of different options for relief programs for customers with limited incomes. These are outlined in the [Our Customers Chapter](#).

Communication to this group also is critical, as we learned from our consumer research and outreach.

Here's how the company assisted at-risk customers:

#### PPL Electric

> A winter with record-breaking low temperatures prompted PPL to increase contributions to Operation HELP, the utility's fund that provides families facing financial hardships emergency financial aid to pay heating bills. In February, PPL donated \$200,000 to Operation HELP, supplementing a contribution of \$250,000 that had been made in December 2014 in preparation for the winter. Operation HELP grants were provided to 3,956 families in 2015.

#### WPD

> Proactively contacted 350,000 customers on the Priority Service Register to update their details and to offer power outage resilience advice.

> Created partnerships with charitable and non-profit organizations such as Citizen's Advice Bureau, Centre for Sustainable Energy and Energy Savings Trust — 5,000 referrals in 2015, leading to £850k (\$1.2 million) customer savings.

> Became the first company in the U.K. to be successfully assessed by the British Standards Institute (BSI) against their standard for vulnerable customer services (BS18477).

> The WPD Community Chest has a £50,000 (about \$73,000) energy efficiency grant program that supports community projects aimed at energy reduction. The program is managed for WPD by the Centre for Sustainable Energy in Bristol, which assessed applications from the whole WPD region. Grants ranging from £350 to a maximum award of £1,000 (about \$513 to \$1,466) went to 59 community projects. Among them was the Otterton Community Shop in East Devon, which received £1,000 (\$1,466) to install wall, floor and roof insulation.

#### LG&E and KU

> Stepped up contributions to the utilities' three heating assistance programs due to severe cold in 2015 by doubling the standard dollar-for-dollar match of customer donations. By contributing \$2 for each dollar donated by customers from February through April, the programs offered a bigger boost to those customers struggling to pay their energy bills throughout Kentucky and a section of Virginia.



23,300

Collectively, the number of hours our employees volunteered to support the communities where they live and work.



UTILITY INFRASTRUCTURE IS AMONG THE TOP FOUR CRITERIA CONSIDERED BY CORPORATE REAL ESTATE EXECUTIVES WHEN DECIDING WHERE TO LOCATE OR EXPAND PROJECTS. SITE SELECTION MAGAZINE RECOGNIZED LG&E AND KU'S ECONOMIC DEVELOPMENT TEAM WITH A TOP UTILITY HONORABLE MENTION IN 2015 FOR ITS CONTRIBUTION TO LOCAL ECONOMIC DEVELOPMENT.

## ECONOMIC DEVELOPMENT

EC8, DMA: DISASTER/EMERGENCY PLANNING AND RESPONSE

PPL supports economic and community development initiatives, helping create jobs and growth opportunities for local economies. We recognize that safe, reliable low cost and energy infrastructure is critical to attract new business and industry. In fact, utility infrastructure is among the top four criteria considered by corporate real estate executives when deciding where to locate or expand projects, according to the October 2015 study published by Site Selection magazine. Findings show this factor ranks higher in importance than land/building prices and supply, ease of permitting and regulatory procedures as well as availability of incentives.

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

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. For example, in Kentucky, the Major Accounts team worked with more than 100 businesses, representing more than \$1.28 billion in investments and 5,300 jobs. Two of the biggest in Kentucky: North American Stainless,

whose \$150 million expansion project required an annual additional load of 12 megawatts; and Toyota's new Lexus production line will increase demand by 6 megawatts.

These LG&E and KU teams work with existing customers to help keep utility costs down and reliability up in order to retain businesses and partner with state economic development officials to actively recruit new businesses. Company websites have sections devoted to showcasing incentives; comparing water, gas and electric rates with other states; and offering maps showing available sites and properties in the utilities' coverage area.

These efforts continue to "make waves" as Site Selection magazine recognized LG&E and KU's Economic Development team with a Top Utility Honorable Mention in 2015. Based on data from Site Selection's New Planet Database and utility and community report, analysis of corporate end-user project activity in 2014 in those utilities' territories is used to evaluate the award entries. Other criteria include website tools and data; innovative programs and incentives for business, including energy efficiency and renewable energy programs; and the utility's own job-creating infrastructure and facility investment trends.

PPL's infrastructure investments, which benefit the public and local economy, are listed on [p.13](#).

**PPL supports economic and community development initiatives, helping create jobs and growth opportunities for local economies.**

## DISASTER READINESS

Our approach to Emergency Preparedness and Management is presented in the [Appendix, #3](#), p. 66.

We work closely with local disaster preparedness organizations to ensure a rapid response when power interruptions occur.

In November 2015, employees of PPL Electric and LG&E and KU Energy participated in GridEx III, one of the largest grid-security exercises held in North America. The exercises determine how the utilities would respond to cyber — and physical — security threats and incidents, to strengthen internal crisis communications relationships and provide input for lessons learned.

Another example: In the U.K., WPD's North Devon colleagues in the South West took part in boat training as part of an initiative to prepare teams for flooding that affects WPD's network. The training was introduced to ensure staff can cope with situations that may involve using a boat to access flooded equipment. Recent years have seen a number of floods in the area, as well as other operational areas. In 2013, for instance, local floods led to the evacuation of about 250 families. The 2015 training was organized by Devon and Somerset Fire and Rescue in Exeter and staff learned about biohazards as well as the benefits of wearing dry suits in floods. It took place on the Taw and Torridge estuary and covered boat handling, including dealing with an upturned boat, as well as launching the boat from different locations.



WPD APPRENTICES SPENT A WEEK REPAIRING STEPS AND TRAILS, AND CONSTRUCTING A BENCH AND HANDRAIL FOR VISITORS TO THE FOREST OF DEAN.





PPL'S PARTNERS IN EDUCATION PROGRAM SUPPORTS FOUR COMMUNITY SCHOOLS NEAR THE COMPANY'S CORPORATE HEADQUARTERS. EMPLOYEES FROM ALL LEVELS OF THE COMPANY VOLUNTEER THROUGHOUT THE SCHOOL YEAR TO INCREASE STUDENT LEARNING AND EXTEND THE CAPACITY OF TEACHERS.

## PPL CORPORATION FORMS CHARITABLE GIVING FOUNDATION

In 2015, PPL announced the formation of the PPL Foundation, which will partner with community organizations to improve the lives of people in the communities served by the company. The new foundation supports a variety of nonprofit organizations in the 29-county PPL Electric service area, with a special focus on those that support early education, community revitalization and workforce development. The foundation plans to give \$2 million a year in grants.

For nearly a century, PPL has strived to empower the communities in which we live, work and serve by delivering reliable energy service, philanthropic contributions and support for community development and education. The PPL Foundation will carry this legacy forward

through strategic partnerships in support of organizations doing innovative and ground-breaking work to create vital, sustainable communities and empower each citizen to fulfill her or his potential.

In making major grants, the PPL Foundation will focus on three 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, as well as science, technology, engineering and math (STEM) programs in distressed areas to ensure that as many children as possible 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** - Over the next decade, the utility industry will undergo tremendous change. PPL is updating its infrastructure, building new power lines, installing smart grid systems, improving reliability and exploring new opportunities to help customers use energy wisely. A diverse, highly trained workforce will be critical to continue this challenging work.

With two application cycles each year, the PPL Foundation will offer sustaining grants between \$1,000 and \$25,000 to nonprofit organizations working in the areas of education, community and economic development, and environmental stewardship. It will offer major grants ranging between \$25,000 and \$100,000 to nonprofit organizations with a particular focus on education, community revitalization and workforce development.

In December 2015, the PPL Foundation announced the following grants totaling \$300,000:

- > **Pocono Alliance for the Bridges Out of Poverty** program in Stroudsburg, Pa. - \$30,000

- > **Building 21 High School** in Allentown, Pa. - \$100,000
- > **Fowler Hispanic Community Wellness Center and Basilio Huertas Senior Center** in Bethlehem, Pa. - \$30,000
- > **Milagro House Education Program** in Lancaster, Pa. - \$25,000
- > **The Children's Museum for Partners in Education** in Bloomsburg, Pa - \$30,000

Additionally, several Pennsylvania food banks received \$25,000 grants for capital contributions to expand capacity: Central Pennsylvania Food Bank for the Northern Tier Distribution Hub in Williamsport, Pa.; Project SHARE in Carlisle, Pa.; and Second Harvest Food Bank in Allentown, Pa.



# OUR EMPLOYEES

DMA: LABOR PRACTICES AND DECENT WORK,  
HUMAN RIGHTS-NONDISCRIMINATION, EU-15, LA2

PPL is supported by more than 12,000 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 commitment to safety and our company's fundamental values of customer focus, performance excellence, integrity and openness, corporate citizenship and diversity and engagement.

Good jobs, trade apprenticeships and training are attracting a new generation of workers to PPL.

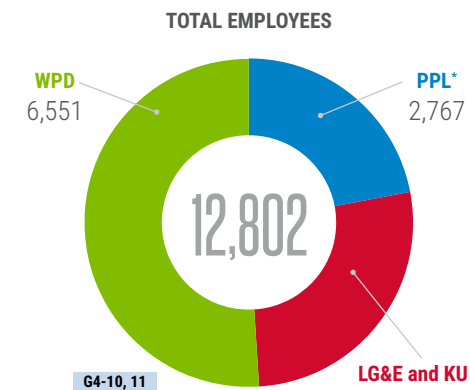
Major job types for which we are regularly hiring include:

- > Engineers
- > Finance and accounting professionals
- > Linemen
- > Foremen
- > Plant operators
- > Mechanics
- > IT professionals
- > Project managers

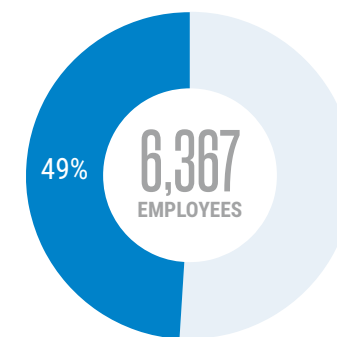
Some positions require a two-year technical or trade degree or equivalent military experience; others require a four-year college degree.



A WPD LINEWORKER UPGRADES A PRIMARY SUBSTATION IN ST. AGNES, CORNWALL, TO ACCOMMODATE A RENEWABLE CONNECTION TO THE NETWORK.



**UNION REPRESENTATION**  
Percentage of Total Workforce



DMA: FREEDOM OF ASSOCIATION

## GENERATIONAL DIVERSITY

EU-15

A large portion of the PPL workforce is moving toward retirement. Nearly 40 percent of the PPL workforce falls into the Baby Boomer generation, a demographic group that represents people born between 1946-1964. In Kentucky, just under 39 percent of the workforce is expected to retire by 2025 and 57 percent will become retirement-eligible. In 2015, the number of retirements was almost five times higher than 2011.

In response to this ongoing transition, PPL is stepping up its recruitment efforts with the goal of attracting and retaining up-and-coming leaders with diverse skill sets.

The company has also continued efforts to ensure workplaces are inclusive to employees of all ages by incorporating generational diversity into the company's New Employee Orientation.

\*PPL CORPORATION AND ITS AFFILIATES IN PENNSYLVANIA

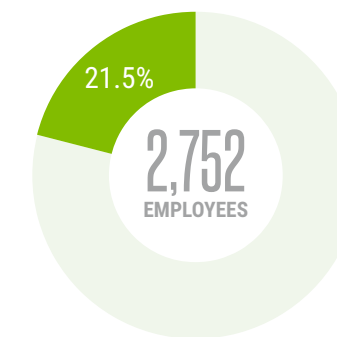
## DIVERSITY

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 to 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.

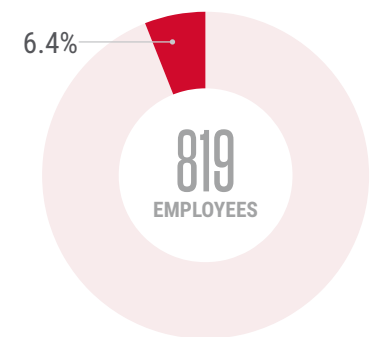
To support that commitment, we have a Diversity Council to identify and promote diversity initiatives and policies that help to achieve a diverse workforce and work environment. Additionally, PPL offers Business Resource Groups to foster an environment of inclusion and provide an opportunity for employees with common experiences and perspectives to network and develop professionally.

All 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. In 2015, our U.S. employees devoted 2,846 hours to training on diversity and inclusion issues.

**WOMEN IN THE WORKFORCE**  
Percentage of Total Workforce



**MINORITIES IN THE WORKFORCE**  
Percentage of Total Workforce



## GENERATIONAL DIVERSITY

**GENERATION Y**  
(BORN 1980-2000)

28%

**BABY BOOMERS**  
(BORN 1946-1964)

37%

**GENERATION X**  
(BORN 1965-1979)

35%

SUBSIDIARY	EMPLOYEES	TURNOVER	TURNOVER PERCENTAGE BY SUBSIDIARY
LG&E and KU	3,484	257	7.4%
PPL*	2,767	258	9.3%
WPD	6,551	223	3.4%
<b>TOTAL</b>	<b>12,802</b>	<b>824</b>	<b>6.4%</b>

Statistics include both full- and part-time employees.

Subsidiary turnover rates are determined based on each company's total 2015 employee count.

LA1



MILITARY VETERANS

As PPL develops its workforce planning strategy, the company recognizes that military veterans can offer the 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 longtime support of military reservists. PPL has been continuously 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.

In 2015, PPL's U.S. utilities hired 35 veterans and the companies are marching forward to increase their ranks. LG&E and KU hired a designated military recruitment coordinator and joined the KEEP VETS state initiative, which partners universities with employers to hire veterans.

Both PPL Electric and LG&E and KU 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.

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 offerings, a comprehensive 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 impact the overall success of PPL. As we look toward the future, PPL is looking for team members that embrace and foster new ideas and perspective to build upon our strong, value-based culture.

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

- > Medical, dental, prescription and vision coverage at date of hire
- > 10 or more paid company holidays
- > Sick time
- > Vacation time
- > Life insurance
- > 401(k) plans
- > Scholarship program offered for employees' children
- > 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
- > Adoption Assistance
- > Free or subsidized parking at company locations, where applicable

With the exception of pension and disability plans (short term and long term), the benefits packages for part-time and temporary employees are similar to the benefits provided to full-time employees but may be adjusted based on hours worked, employee classification and tenure.

HEALTH AND WELLNESS

In Kentucky, 93 percent of employees and 90 percent of spouses completed the new Healthy For Life requirements for lower medical premiums and other incentives. Health fair participation has increased 40 percent since 2013 and tobacco use continues to fall since the introduction of the tobacco-user premium.

For PPL Electric employees, the firm Occupational Athletics and its athletic trainers offers a number of health, fitness and lifestyle services and programs for PPL Electric employees. In addition to making available four trainers that serve the company on a regional basis, the

program also has initiated the Gameplan challenge, which encourages employees to improve their health, fitness and lifestyle with the help of a 12-chapter self-help style book. To date, about 900 employees have ordered Gameplan books and nearly 200 are reporting their progress on a company website.

TRAINING

LA9, LA10

PPL is committed to creating a workplace atmosphere that rewards performance and encourages professional development. 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.

ANNUAL AVERAGE HOURS OF TRAINING (PER EMPLOYEE) \*

TYPE	AVERAGE # OF HOURS
Management/Non-Represented	54.0
Bargaining Unit	71.5

\*Includes all training, full-time and part-time employees, except WPD which does not track training hours.

CRAFT TRADE APPRENTICE AND TRAINEE PROGRAMS

As many retirements at the company and in the industry loom, LG&E and KU 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 trade craft workers.

LG&E and KU launched a Craft Worker Internship Program in April 2015. The Craft Worker Internship Program hired interns into positions throughout power generation, compressor stations and metering to help LG&E and KU attract the top talent in these fields while the students are still in school. 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). By early 2016, 18 students were enrolled in the program. An additional 10 students will be enrolled in the program by June.

In the U.K., more than 100 apprentices were hired in 2015. The core training takes a minimum period 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. The apprentices are encouraged to volunteer in the community. In Cardiff South Wales and in the Midlands, apprentices improved outdoor spaces for a school serving pupils with special needs including widening a pathway through a woodland to make the area wheelchair accessible. In the Forest of Dean,

apprentices cleared overgrown vegetation and rebuilt footpaths.

PPL Electric recruits from trade and technical schools throughout the company's 29-county service territory in northeast and central Pennsylvania. The company has 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.

2015 AWARDS AND RECOGNITION

- > PPL was notified in November 2015 that it had received a score of 95 out of 100 on the 2016 Corporate Equality Index (CEI), a national benchmarking survey and report on corporate policies and practices relating to lesbian, gay, bisexual and transgender (LGBT) workplace equality. PPL's score in the annual Human Rights Campaign Foundation's survey reflects a commitment to LGBT workplace equality, with respect to tangible policies, benefits and practices.
- > PPL was recognized by Training Magazine as one of the Top 125, which ranks training and development programs of companies throughout the United States.



PPL OFFERS A STABLE WORK ENVIRONMENT WITH COMPETITIVE SALARIES AND BENEFITS. AN EMPHASIS ON DIVERSITY, TRAINING, WELLNESS AND OTHER QUALITIES ENABLE PPL TO ATTRACT TOP TALENT FOR THE 21ST CENTURY.





A WPD EMPLOYEE INSPECTS NEWLY-INSTALLED HIGH VOLTAGE CABLES IN AN EXISTING RISER SHAFT AT THE WINSON GREEN 132/11KV SUBSTATION.

SAFETY

DMA: OCCUPATIONAL HEALTH AND SAFETY, EU-18, LA6

One of PPL's primary goals is to provide and 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. In 2015, employees participated in 21,796 hours of safety training at LGE, KU and PPL Electric. (WPD does not track safety training hours.)

As we continued our drive toward improving our safety performance in 2015, we undertook a number of initiatives:

- > Established an important safety advocacy group made up of bargaining unit employees to help bolster our safety team's efforts.
- > Reorganized safety professionals based upon particular roles they'll serve rather than on the geographic regions they serve.
- > Refined the company's Safety Strategy during meetings of top PPL leaders, identifying initiatives focused on our mission and core values.

Our ultimate goal is to ensure that we all 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.

Components of our program include:

- Hazard Assessment and Mitigation -** Aggressively identify, assess and mitigate hazards of all types before they cause injuries.
- 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.

INJURIES AND ACCIDENTS

SUBSIDIARY	TOTAL HOURS WORKED	# OF LOST DAY CASES	LOST TIME INCIDENT RATE	TOTAL CASE INCIDENT RATE	WORK RELATED FATALITIES
LG&E and KU	6,864,595	8	0.23	1.22	0
PPL*	5,836,543	12	0.41	1.44	0
WPD	12,471,368	7	0.11	1.04	1
TOTAL	25,172,506	27	0.25	1.23	1

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

\*PPL CORPORATION AND ITS AFFILIATES IN PENNSYLVANIA

**Job Briefings -** Ensure that employees participate in a job briefing prior to the start of any work related to natural gas or electric operations.

**Compliance -** Ensure that all business areas and employees comply with local, state and federal regulatory requirements.

**Vehicle Incident Prevention -** Ensure employees have 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 business partners to strengthen the company's safety culture.

**Near-Miss/Close Call Reporting -** Report all incidents that could have potentially resulted in injury, so hazards can be addressed to prevent similar incidents in the future.

**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, ensure 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 commitment to safety also extends to our contractors. Safety and health requirements are stringent and contractual obligations.

INJURIES AND ACCIDENTS

We do not compromise on safety and health. The objective is simple: zero accidents and no adverse impact on the public, employees or contractors. Even with extensive training, however, accidents can occur. The chart above outlines our rates.

Regrettably, we had one work-related fatality in 2015 — an accident involving an engineer in the U.K. Accidents serve as a reminder of the importance of working safely. The company reviews every incident and takes the necessary corrective measures to prevent as many incidents as possible.

PPL LEARNS SAFETY BEST PRACTICES FROM OTHERS

PPL engages with outside groups to learn best practices. These include relevant committees, which 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
- > Burn Prevention Foundation
- > British Red Cross
- > 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 Technology
- > Institute of Engineering and Electronics Engineers
- > 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 (PEMA)
- > 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



# OUR COMMITMENT TO ENVIRONMENTAL RESPONSIBILITY

DMA: BIODIVERSITY, EMISSIONS, WATER, DEMAND SIDE, R&D, PLANT DECOMMISSIONING, EU-10, EU-11, EU-12, EN12, EN15, EN21, EN22

PPL has a long-standing commitment to carry out all of our business activities in ways that preserve and promote a clean, safe and healthy environment. Over the past decade, we have invested more than \$5 billion in environmental upgrades at PPL power plants, more than \$1 billion in carbon-free generation projects and about \$500 million on programs to encourage energy efficiency. These efforts ultimately reduce energy use and its associated carbon emissions. Our management approach to environmental responsibility encompasses:

## COMPLIANCE

PPL is committed to complying with internal standards and 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 for our high environmental standards.

Over the past decade, we have invested more than \$5 billion in environmental upgrades at PPL power plants, more than \$1 billion in carbon-free generation projects and about \$500 million on programs to incent and encourage energy efficiency.

## COMMUNICATION

Throughout the development of the Environmental Protection Agency's Clean Power Plan, PPL Corporation engaged with industry groups, the EPA and other policymakers to provide feedback on development of the rule.

In 2015, PPL Electric also provided formal comments to Pennsylvania regulators on the Clean Power Plan as part of an association of electricity distribution companies, with a particular focus on energy efficiency and the opportunities to achieve compliance through the development of localized energy generation resources, or electricity generated by consumers through small energy sources such as private solar.

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

THIS FIXED-BLADE TURBINE ENABLES LG&E'S OHIO FALLS HYDROELECTRIC STATION TO CAPTURE THE KINETIC ENERGY OF FLOWING WATER AND TURN IT INTO ELECTRICITY, ONE OF AMERICA'S CLEANEST FORMS OF POWER. LOCATED ON THE OHIO RIVER IN LOUISVILLE, KY., THE FACILITY IS COMPLETING A REHAB PROJECT TO BOOST OUTPUT BY 27 PERCENT.





# ADDRESSING OUR ENVIRONMENTAL IMPACT

These are the platforms for addressing our environmental impact:

## EXPANDING RENEWABLE ENERGY

PPL works to reduce our 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. In 2015, renewable power sources comprised more than 13 percent of the power PPL Electric purchased for customers.

### Initiatives include:

WPD participates in the U.K. Low Carbon Networks Fund, recently renamed the 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 include connecting low-carbon generation directly to urban electricity networks and using batteries as storage devices for excess energy from solar panels. WPD, in partnership with a solar company, is currently developing one of the first industrial-scale battery storage facilities linked to a solar park and the electricity network.

In the U.K., we are "leading the way," according to the U.K.'s utility regulator, Ofgem, in connecting renewable energy to local distribution networks. Our U.K. operations have connected more than 6,500 megawatts of renewable energy to the power grid, or enough to power more than 3 million homes. We've offered to connect double that amount going forward. As a distribution network operator, WPD doesn't own that generation, but is developing creative

solutions to accommodate it on the grid without sacrificing reliability. As we do, we're applying lessons learned from innovative demonstration projects we've been awarded through the U.K.'s Low Carbon Networks Fund.

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

- > Most recently, the utilities are exploring offering individual solar generation facilities to commercial and industrial customers.
- > In November, construction began on Kentucky's largest universal solar facility on the grounds of the E.W. Brown Station in Mercer County, which is scheduled to become fully operational in June 2016. The 10-megawatt facility will have more than 44,000 solar panels and produce 19,000 megawatt hours, enough to power 1,500 hundred homes. It's considered a universal solar resource because the power it will generate will be shared across the electric grid. In a related project, LG&E and KU are partnering with the Electric Power Research Institute on a three year project to learn more about battery storage by installing a 1-megawatt battery near the E.W. Brown solar facility. The battery is expected to become operational in October. The research project is designed to evaluate battery integration, test potential applications for utility scale batteries and shed insight on operations and maintenance matters.
- > LG&E is rehabilitating all eight generating units at the 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 27 percent. Together, Ohio Falls and KU's Dix

Dam hydroelectric plant will have a capacity of generating more than 120 megawatts of carbon-free generation.

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

- > Pennsylvania law prohibits regulated utility ownership of generation resources; however, PPL Electric participates in a statewide alternative energy portfolio standard. From June 2015 to May 2016, alternative power sources will comprise 13.7 percent of the power PPL Electric buys for customers, including 5.5 percent from solar, wind and hydropower energy sources. PPL Electric's investments in smart grid technology can help the company better integrate localized generation facilities, such as wind, solar and other renewable sources.

## CONSERVING AND PROTECTING WATER

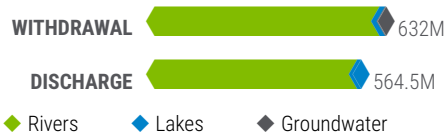
DMA: WATER, EN8, EN26

PPL carefully manages the water it uses and monitors the impact of the waste water discharged into waterways. The company supports programs that protect waterways and the ecosystems that depend on them in the service areas where the utilities operate. LG&E and KU pays consumptive use fees to cover the costs of reservoir projects and storage space, designed to benefit all users and maintain adequate river levels during low flow periods.

In the U.S., PPL utilities collaborate with a variety of stakeholders and state agencies to ensure that watersheds and reservoirs meet both the needs of 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, as well as improving 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 (Ghent, Cane Run, Mill Creek) 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.

### 2015 WATER USE in millions gallons/day



### CONSUMPTIVE WATER USE in gallons per megawatt-hour



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

## EMISSIONS CONTROL

EN19, EN23, EN26

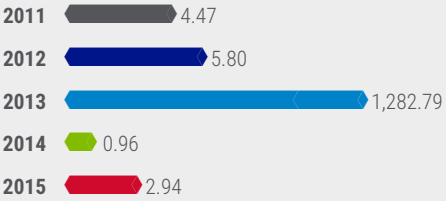
We invest in technology, facility upgrades, renovations and new construction projects that reduce emissions. We are shifting our power generation from coal to lower-emissions sources such as natural gas and solar. And we are adding lower emission vehicles to our own fleet, including electric and natural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

- > We completed construction of Kentucky's first natural gas combined-cycle generating unit at our Cane Run facility. The 640-megawatt unit came online in July 2015 and replaced most of the retired coal-fired generation.
- > We are participating in Kentucky's first megawatt-scale carbon capture pilot project at the E.W. Brown Generating Station. This is a collaboration of government agencies, electric utilities and research organizations to seek cost-effective technologies to reduce and manage carbon dioxide emissions from coal-fired power plants.

## HAZARDOUS MATERIALS AND ENVIRONMENTAL SAFETY

We do not compromise on safety and health. The objective is simple: zero accidents and no adverse impact on the public, employees or contractors. We manage this concern through continuous attention to maintenance and operations, training for our employees and high standards for our suppliers who must comply with our operational requirements, as well as the law.

### TOTAL HAZARDOUS WASTE DISPOSAL in tons



Historic data has been normalized to exclude operations no longer part of PPL as of 12/31/2015. 2013 included a one-time waste stream from a boiler cleaning.

REPORTABLE AGENCY SPILLS IN GALLONS		
SUBSIDIARY	SPILLS	GALLONS
LG&E and KU	3	1505
PPL ELECTRIC	2	81
WPD	10	3199





## HELPING OUR CUSTOMERS GO GREEN

EN19, EN27

Our companies offer a variety of services to help our residential customers save energy, calculate their indirect greenhouse gas and carbon emissions, adopt renewable energy and be more energy efficient. Energy efficiency incentives and programs have helped our customers reduce demand by an average of 2.2 billion kWh annually since their inception in 2010.

Our customer programs utilize advisory and educational resources from our team members as well as 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 EnergySmart appliances
- > Smart energy profiles and dashboards for monitoring usage and performance

Because our footprint is tied directly to our customers' usage, we also offer important carbon footprint information on the back of our customers' bills, including a customer's average carbon footprint and tips for reductions.

### ELECTRIC VEHICLES

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

**Utility Fleet Vehicles.** PPL Electric was among utilities recognized by the White House for helping advance the electric vehicle market, committing to spend at least 5 percent of its annual fleet acquisition budget on plug-in electric vehicles. In 2015, PPL Electric purchased 15 Chevrolet Volt plug-in hybrid electric vehicles to be used for field visits and travel between work locations. The cars, which replaced 15 older gas-powered cars in the company's fleet, are also used for customer education programs. The utility began using 12 bucket trucks with electric power take-offs, meaning the engine won't have to be running when crews are working at a job site. The quieter equipment will help crew members communicate with each other at job sites, reduce noise in neighborhoods where crews are working and reduce air emissions from the vehicle. There will be eight material

handling trucks and four trouble trucks with the new equipment.

**Research and Development.** PPL Electric was one of about 25 utilities in the research project led by the Electric Power Research Institute and General Motors that studied the effect of electric vehicles on the grid. The utility has been using three Chevy Volts since the summer of 2011 as part of the industry study, using them to conduct business and at the same time show the public that electric cars are a viable and environmentally conscious means of transportation. The study helped PPL determine that the company's infrastructure and delivery system can handle commercial growth of these vehicles.

**Customer Vehicles.** We work with customers who purchase an electric vehicle to make sure we're meeting their needs and check if they may require modifications to the electric service feeding their home or business. We continually assess how changes in customers' electricity usage might impact our system. We encourage customers to check with the vehicle manufacturer and have their homes inspected by a licensed electrician to ensure the home's interior wiring and infrastructure can support the specific charging requirements. PPL Electric has launched a [website](#) to provide customers with information on electric vehicles. The site contains basics on getting started, charging options and government incentives and rebates available to customers.

**Electric Charging Stations.** In 2015, LG&E and KU filed requests with the Kentucky Public Service Commission to allow the companies to own and operate electric vehicle charging stations within their two service territories. While the specific locations have not been selected, each utility requested approval to place 10 stations in public access areas such as street parking, parking lots and outdoor areas. Additionally, the utilities are requesting the ability to offer business customers the opportunity to host the charging station as long as they agree to a five-year commitment. Under the proposed filing, the full cost of charging stations, including maintenance, installation and energy usage, will be borne by those who request the stations or who use the charging service.

The service and rate schedules – currently being developed – will help enable LG&E and KU to meet our customers' needs, learn more about charging technology and network infrastructure, collect information on the electric vehicle charging market, better gauge and understand customer preferences, and assess the potential market for a broader deployment of charging stations.

According to the Electric Power Research Institute, more than 15,000 electric vehicles have been registered in the state of Kentucky since 2010. Although they represent less than 3 percent of the total number of registered vehicles in Kentucky, the purchase and use of

electric vehicles in Kentucky is increasing.

We realize that, for this number to increase, there must be an investment in charging stations. It is especially important to combat 'range anxiety,' where consumers fear the battery range is insufficient to support their driving patterns. Currently, there are about 30 public charging stations in Kentucky, 19 of which are in the LG&E and KU service territories. Of those 19, 13 are located at automotive dealerships.

In Pennsylvania, PPL Electric installed 12 charging stations throughout the company's facilities in early 2016 as a way to begin testing this technology. The company allows employees to charge their own electric vehicles at the charging stations. Additionally, PPL Electric has donated two public charging stations to the Allentown Parking Authority.

**Public Transport.** Three-quarters of a million bus passengers a year in the Midlands region of the U.K. will be traveling on the U.K.'s first all-electric fleet following work by WPD. The lithium ion battery fleet replaces conventional diesel-powered buses. Although the buses are fully charged when leaving, they require extra charging to run a full day, so WPD installed three wireless charging plates in roadways. A \$400,000 investment, the installations are part of WPD's Electric Boulevards project, a pilot to understand the feasibility of wireless charging in other locations as well.





SLEEK AND EFFICIENT, THE NEWEST GENERATING UNIT AT KU'S TRIMBLE COUNTY POWER PLANT FEATURES ADVANCED ENVIRONMENTAL CONTROLS, MAKING TRIMBLE COUNTY ONE OF THE CLEANEST AND MOST ECONOMICAL COAL-FIRED PLANTS NATIONWIDE.

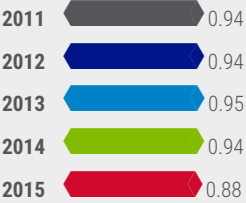
REDUCING AIR EMISSIONS –  
2015 PROJECTS

EN15, EN21

LG&E is in the final stages of an unprecedented construction phase, investing nearly \$3 billion in additional environmental controls across Kentucky's remaining coal-fired generating units. These comprehensive plans include additional emission controls to further reduce sulfur dioxide and nitrogen oxide emissions, as well as installing state-of-the-art technology to control mercury and fine particulate matter.

Our investments in emission control equipment have delivered outstanding results. From 1997 to 2018, the utilities' sulfur dioxide emission levels will drop by 80 percent, and nitrogen oxide emission rates will drop by 69 percent. With the replacement of coal-fired plants with natural gas at Cane Run, we expect to see further reductions in some of these emissions as well as reductions in carbon dioxide emissions.

CARBON DIOXIDE EMISSIONS  
in metric tonnes per megawatt-hour



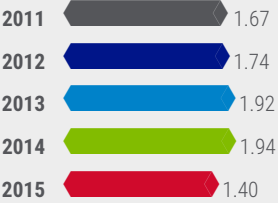
Historic data has been normalized to exclude operations no longer part of PPL as of 12/31/2015.

SULFUR DIOXIDE EMISSIONS  
in pounds per megawatt-hour



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

NITROGEN DIOXIDE EMISSIONS  
in pounds per megawatt-hour

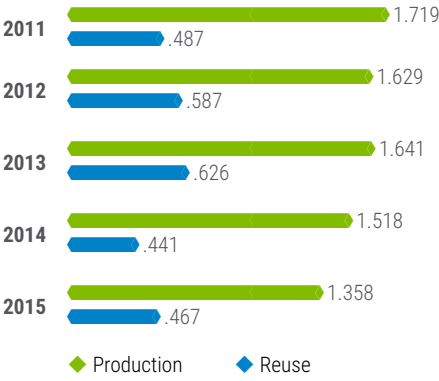


Historic data has been normalized to exclude operations no longer part of PPL as of 12/31/2015.

MATERIALS AND EFFLUENTS

Coal ash is one of the residuals of coal power production. Ash production decreased by 11 percent from 2014 due to the retirement of five coal-fired units. Reuse has remained fairly consistent over the last five years, even as approved uses for the waste have been restricted by the government.

ASH USE TRENDS  
in millions tons



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

Other waste streams include E-waste, cardboard, municipal trash, scrap metals and wooden utility poles. In 2015, PPL Electric began piloting an innovative pole recycling program to save costs and reduce wooden waste. Not only does the recycling program reduce waste sent to landfills, it helps generate energy as well. The company plans to expand the program in 2016 and expects to keep about 1,600 tons of wooden waste out of landfills each year.

ENVIRONMENTAL STEWARDSHIP  
& THE COMMUNITY

DMA: BIODIVERSITY, EN12, EU-13

Our commitment to our 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 2015, LG&E and KU gave out thousands of eastern redbud tree seedlings, which thrive in Kentucky, during various Earth Day celebrations in the state. Seedlings were distributed at the companies' customer offices in Greenville, Shelbyville, Somerset and Winchester, offering strong coverage for the state. 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.

- > LG&E is the sole sponsor of *Earth Month: Party for the Planet* celebrations at the Louisville Zoo, and KU sponsors *Party for the Planet* at the Arboretum State Botanical Gardens in Lexington. Thanks to the companies' support, the 2015 events drew record crowds, strong media coverage and participation by elected officials and other dignitaries. Engaging and interactive activities for children and adults ensure that sustainability, ecology and biodiversity have center stage during these events.

- > Our *Plant for the Planet* grant program awards matching grants in amounts of \$500 to \$5,000 to organizations with a history of successful tree plantings in the LG&E and KU service territories. The *Plant for the Planet* program is modeled after the United Nations' *Plant for the Planet: Billion Tree Campaign* which promotes the planting of more than one billion trees annually by individuals, communities and businesses worldwide. In 2015, LG&E and KU donated \$39,857 to 10 organizations for tree planting.

- > WPD partnered with nine regional Wildlife Trusts to engage children in environmental education. Around 1,500 families and children participated.

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 its projects to avoid and minimize impacts to the environment, especially in sensitive resource areas. We routinely relocate structure locations and access roads to avoid impacting sensitive areas like wetlands, waterways, as well as 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 coordinated partnership that includes Copperhead Environmental Consulting, the United States Fish and Wildlife Service, Fort Knox and LG&E and KU. The utility poles were fitted with artificial bark to supplement and eventually replace the existing roost trees over time. At one time, more than 150 bats were counted emerging from just one of the installed poles.

In Pennsylvania, PPL Electric has built several large 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.

*Birds*

Through cross-department collaboration, the company uses a comprehensive approach. The energy providers use bird-safe methods for newly-constructed or rebuilt lines and other electrical equipment in areas with high bird risk; tracking and documenting all bird mortalities and at-risk nest sites so that remedial actions can be identified and fixed; and providing employee training on bird protection issues and procedures.

In 2008, LG&E adopted a comprehensive Avian Protection Plan to protect birds from coming in contact with electrical equipment and power

lines. PPL has recently used innovative technology such as Bird Strike Indicators and thermal imaging cameras to monitor a transmission line to determine its actual risk to migratory birds.

PPL Electric has installed numerous osprey nesting platforms throughout its service territory for over 20 years. Efforts are underway in 2016 to work with the game commission to install an additional six nesting platforms throughout the service area.

Additionally, PPL Electric helped bald eagles. One nest that was in eminent danger of falling was supported by installation of a new pole adjacent to the nest. Supports were attached to the pole to secure the nest for continued long-term use by the nesting eagles.

*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 territory 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. We recently became a member of the Edison Electric Institute Pollinator Working Group, which hopes to play a major role in managing pollinator habitat and protection initiatives. 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*

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 to assist our operational staff and our contractors in recognizing and managing species and habitats. Please click on the links below to view samples of these sheets: [Great Crested Newts](#) and [Water Voles](#). WPD is involved in a number of protected species licenses across South Wales, most recently regarding dormice.



Awards and Recognition

- > PPL Electric and LG&E were both named Top 2015 Utility Environmental Champions by Cogent Reports™, the syndicated research division of Market Strategies International. The Environmental Champions were determined based on Environmental Dedication scores and rankings that reflect the extent to which consumers believe providers are supporting environmental causes, committed to environmentally friendly energy sources, encouraging green initiatives and offering tools to help consumers save energy.
- > PPL Electric was recognized as a Tree Line USA utility for its vegetation management program and community educational efforts. The Tree Line USA program promotes the dual goals of reliable electric service and abundant, healthy trees. The award comes from the National Arbor Day Foundation, in cooperation with the National Association of State Foresters. PPL Electric met the five requirements for being a Tree Line USA utility:
  - Using industry best practices for quality tree care.
  - Training workers annually in tree care practices.
  - Participating in and sponsoring tree planting and public education.
  - Offering a tree-based energy conservation program.
  - Participating in Arbor Day celebrations.

VEGETATION MANAGEMENT IS A CRITICAL FACTOR IN MAINTAINING RELIABILITY OF THE ELECTRIC POWER GRID. PPL'S UTILITIES ARE RECOGNIZED FOR USING BEST PRACTICES FOR QUALITY TREE CARE AND COMMUNITY EDUCATIONAL EFFORTS.

2015 ENVIRONMENTAL MATTERS - LITIGATION AND REGULATION

PPL's business units operate under a variety of regulatory frameworks, each defining how environmental matters are managed, licensed, permitted and evaluated. These regulations are sometimes in flux with changing regulations, legislation and legal decisions. We are occasionally subject to litigation, some of which was pending in 2015. We describe these matters in our [2015 Form 10-K](#), beginning on page 192.

CLIMATE CHANGE

EC2

PARIS AGREEMENT ON CLIMATE

In December 2015, 195 nations, including the U.S., signed the Paris Agreement on Climate which establishes a comprehensive framework for the reduction of greenhouse gas (GHG) emissions from both developed and developing nations. Although the agreement does not establish binding reduction requirements, it requires each nation to prepare, communicate and maintain GHG reduction commitments. Based on EPA's Clean Power Plan described below, the U.S. has committed by 2025 to a reduction target of 26 to 28 percent below 2005 levels.

The EPA's Rules under Section 111 of the Clean Air Act

The U.S. EPA finalized rules imposing greenhouse gas emission standards for both new and existing power plants. The EPA has also issued a proposed federal implementation plan that would apply to any states that fail to submit an acceptable state implementation plan under these rules. The EPA's authority to promulgate these regulations under Section 111 of the Clean Air Act has been challenged in the D.C. Circuit Court by several states and industry groups. On February 9, 2016, the U.S. Supreme Court stayed the rule for existing plants (the Clean Power Plan) pending the D.C. Circuit Court's review and subsequent review by the Supreme Court, if a writ of certiorari is filed and granted. Thus, the impact of these rules remains in flux.

The EPA's rule for new power plants imposes separate emission standards for coal and natural gas units based on the application of different technologies. The coal standard is based on the application of partial carbon capture and sequestration technology, but

because this technology is not presently commercially available, the rule effectively precludes the construction of new coal-fired plants. The standard for natural-gas combined-cycle power plants is the same as the EPA proposed in 2012 and is not continuously achievable. The preclusion of new coal-fired plants and the compliance difficulties posed for new natural gas-fired plants could have a significant industry-wide impact.

The EPA's Clean Power Plan

The EPA's rule for existing power plants, referred to as the Clean Power Plan, was published in the Federal Register in October 2015. The Clean Power Plan contains state-specific rate-based and mass-based reduction goals and guidelines for the development, submission and implementation of state implementation plans to achieve the state goals. State-specific goals were calculated from 2012 data by applying EPA's broad interpretation and definition of the Best System of Emissions Reductions (BSER) resulting in the most stringent targets to be met in 2030, with interim targets to be met beginning in 2022.

The EPA believes it has offered some flexibility to the states as to how their compliance plans can be crafted, including the option to use a rate-based approach (limit emissions per megawatt hour) or a mass-based approach (limit total tons of emissions per year), and the option to demonstrate compliance through emissions trading and multi-state collaborations. Under the rate-based approach, Kentucky would need to make a 41 percent reduction from its 2012 emissions rate and under a mass-based approach it would need to make a 36 percent reduction. These reductions are significantly greater than initially proposed and present significant challenges to the state. If the



ADVANCED EMISSIONS CONTROLS HAVE BEEN INSTALLED AT LG&E'S FOUR LARGEST COAL-FIRED GENERATING STATIONS, INCLUDING THE GHENT FACILITY PICTURED HERE. LOCATED ON THE OHIO RIVER BETWEEN LOUISVILLE AND CINCINNATI, GHENT IS ONE OF THE MOST ENVIRONMENTALLY SOUND AND TECHNOLOGICALLY ADVANCED COAL-FIRED PLANTS IN THE NATION.

Clean Power Plan is ultimately upheld and Kentucky fails to develop an approvable implementation plan by the applicable deadline, the EPA would impose a federal implementation plan that could be more stringent than what the state plan might provide. Depending on the provisions of the Kentucky implementation plan, LG&E and KU may need to modify their current portfolio of generating assets during the next decade and/or participate in an allowance trading program.

LG&E and KU are participating in the ongoing regulatory processes at the state and federal level. Various states, industry groups and individual companies including LG&E and KU have filed petitions for reconsideration with EPA and petitions for review with the D.C. Circuit Court challenging the Clean Power Plan. We cannot predict the outcome of this matter or the potential impact, if any, on plant operations, or future capital or operating needs. We believe that the costs, which could be significant, would be subject to cost recovery.

In April 2014, the Kentucky General Assembly passed legislation which limits the measures that the Kentucky Energy and Environment Cabinet may consider in setting performance standards to comply with the EPA's regulations governing GHG emissions from existing sources. The legislation provides that such state GHG performance standards shall be based on emission reductions, efficiency measures and other improvements available at each power plant, rather than renewable energy, end-use energy efficiency, fuel switching and re-dispatch. These statutory restrictions may make it more difficult for Kentucky to achieve the GHG reduction levels that the EPA has established for Kentucky.





WPD EMPLOYEES PREPARE TO ENERGIZE THE NEW HOCKLEY SUBSTATION IN BIRMINGHAM.

#### **Water/Waste:** **Coal Combustion Residuals (CCRs)**

On April 17, 2015, the EPA published its final rule regulating CCRs. CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes. The rule became effective on October 19, 2015. It imposes extensive new requirements, including location restrictions, design and operating standards, groundwater monitoring and corrective action requirements and closure and post-closure care requirements on CCR impoundments and landfills, located on active power plants and not closed. Under the rule, the EPA will regulate CCRs as non-hazardous under Subtitle D of RCRA and allow beneficial use of CCRs, with some restrictions. The rule's requirements for covered CCR impoundments and landfills include implementation of groundwater monitoring and commencement or completion of closure activities generally between three and 10 years from certain triggering events. This self-implementing rule requires posting of compliance documentation on a publicly accessible website and is enforceable solely through citizen suits. LG&E and KU are also subject to state rules applicable to CCR management which may potentially be modified to reflect some or all requirements of the federal rule.

LG&E and KU are currently pursuing KPSC approval for a compliance plan providing for construction of additional landfill capacity at the E.W. Brown Station, closure of impoundments at the Mill Creek, Trimble County, E.W. Brown and Ghent stations, and construction of process water management facilities at those plants. In addition to the foregoing measures required for compliance with federal CCR rule requirements, LG&E and KU are also proposing to close impoundments at the retired Green River, Pineville and Tyrone plants to comply with applicable state law requirements. We currently estimate the cost of these CCR compliance measures at \$311 million for LG&E and \$661 million for KU.

#### **Mercury and Air Toxics Standards (MATS)**

In February 2012, the EPA finalized the MATS rule requiring reductions of mercury and other hazardous air pollutants from fossil-fuel fired power plants, with an effective date of April 16, 2012. The MATS rule was challenged by industry groups and states and was upheld by the U.S. Court of Appeals for the D.C. Circuit Court in April 2014. A group of states subsequently petitioned the U.S. Supreme Court to review this decision and in June 2015, the Supreme Court held that the EPA

failed to properly consider costs when deciding to regulate hazardous air emissions from power plants under MATS. The Court remanded the matter to the D.C. Circuit Court, which in December 2015 remanded the rule to EPA without vacating it. EPA has proposed a supplemental finding regarding costs of the rule and has announced that it intends to make a final determination in 2016. The EPA's MATS rule remains in effect during the pendency of the ongoing proceedings.

LG&E and KU have installed significant controls in connection with the MATS rule and in conjunction with compliance with other environmental requirements, including fabric-filter baghouses, upgraded scrubbers or chemical additive systems for which appropriate KPSC authorization and/or ECR treatment has been received. LG&E and KU are currently seeking KPSC approval for a compliance plan providing for installation of additional MATS-related controls, the cost of which is currently estimated at \$5 million for LG&E and at \$17 million for KU. We cannot predict the outcome of the MATS rule or its potential impact, if any, on plant operations, rate treatment or future capital or operating needs.

## NEW KENTUCKY BAGHOUSES CONTROL EMISSIONS LIKE GIANT VACUUM CLEANERS

They won't clean your floors like a Hoover or roam your home like a Roomba, but the new fabric-filter baghouses being constructed on generating units at LG&E and KU have been described as "vacuum cleaners on steroids."

These new environmental controls, being installed at the utilities' Ghent, Trimble County, Mill Creek and E.W. Brown generating stations, are part of the company's larger plan to continue EPA compliance and further reduce emissions.

How does it clean? A fabric-filter baghouse unit consists of isolated compartments that contain rows of fabric bags. The bags are similar to those found in common household vacuum cleaners; but on the utility scale, each bag is about 27 feet long, and thousands of them work in harmony to clean the gas that passes through them.

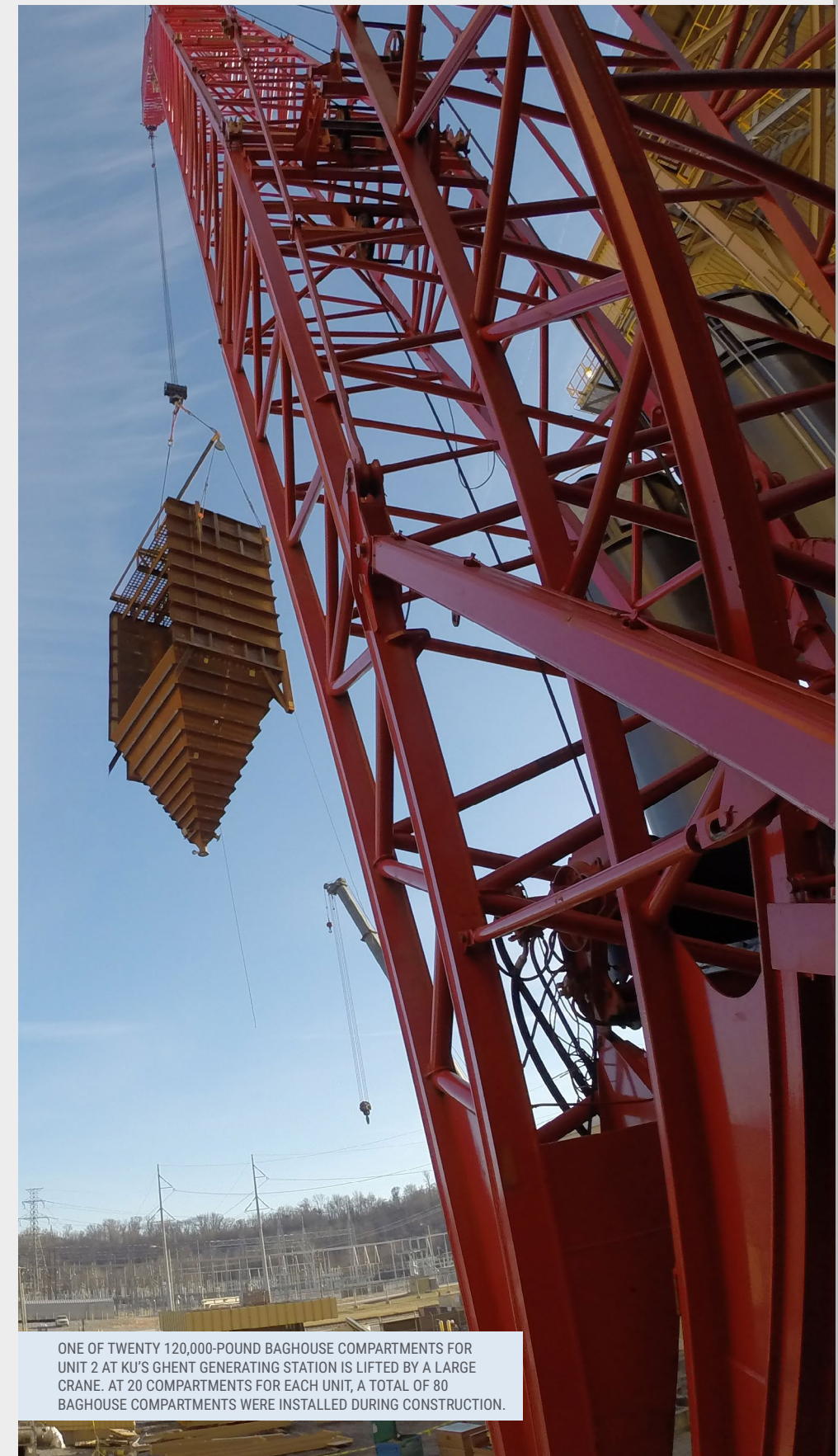
During the electricity generation process, particle-laden gas passes through the outside of the filter bags, trapping particulates, or the tiny bits of matter produced during the coal combustion process.

The cleaned gas continues up through the bags to a tubesheet before being routed through downstream ductwork. During operation, the filter cycles between periods of filtering and periods of cleaning.

During the cleaning cycle, dust that has accumulated on the bags is removed from the fabric surface by pulsing air through the bags against the gas flow, depositing dust into a hopper for disposal. At Ghent, LG&E and KU's largest generating station, fabric-filter baghouses are being installed on each of the four units.

Each baghouse will hold approximately 17,280 bags, or more than 69,000 bags total for all four units at Ghent, Ky. That many 27-foot-long bags, placed end to end, would cover more than 353 miles — more than the distance from Louisville to Chicago.

To see a video of this technology, go to: [www.youtube.com/lgeku](http://www.youtube.com/lgeku)



ONE OF TWENTY 120,000-POUND BAGHOUSE COMPARTMENTS FOR UNIT 2 AT KU'S GHENT GENERATING STATION IS LIFTED BY A LARGE CRANE. AT 20 COMPARTMENTS FOR EACH UNIT, A TOTAL OF 80 BAGHOUSE COMPARTMENTS WERE INSTALLED DURING CONSTRUCTION.



## A BIRD'S EYE VIEW

Thousands of online viewers tuned in to watch a pair of peregrine falcons nesting at LG&E's Mill Creek Generating Station. LG&E and the Kentucky Department of Fish and Wildlife Resources installed the state's first peregrine falcon webcam inside the nest box in 2013. Since the webcam first launched, it has drawn nearly 200,000 viewers. Power plant crevices and alcoves remind the falcons of natural nesting locations, such as mountain cliffs and ledges, and attract ample food supply of pigeons and starlings. The nest box at Mill Creek is located in the window of a concrete power plant stack about 300 feet above ground. More than 100 falcons have hatched from nest boxes at LG&E and KU's power plants.

## STATEMENT ON CLIMATE CHANGE

PPL Corporation conducts its business in an environmentally responsible manner.

PPL has a long-standing commitment to carry out all of our business activities in ways that preserve and promote a clean, safe and healthy environment as we carry out our mission to provide reliable, competitively priced 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. There is continuing momentum to address climate change.

### CLIMATE ADAPTION

Go to WPD's 2015 [Climate Adaption Report](#) to get insights about how WPD is addressing climate change impacts.



# ABOUT THIS REPORT

## REPORT PROFILE

G4-28, 29, 30, 31, 33, 48

This report's content follows activities in the calendar year 2015 and was published in 2016. This is our first report to reference the GRI-G4 guidelines, following a [stakeholder report](#) we published in 2015.

Throughout the report, we reference GRI-G4 guidelines, and have included a [GRI Content Index](#) for ease of review on p. 57. In 2016, we intend to conduct a materiality assessment in accordance with G4 guidelines at the Core level. For this report, since we have not yet conducted a formal materiality assessment, we have chosen content based on reliable available data and our opinions on what is material. We also examined reports by industry peers and the *GRI Electric Utilities Sector Supplement*.

PPL Corporation intends to report 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. Data or other content verified by a third-party are referenced in the content copy.

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 [2015 Form 10-K](#) and other of its reports on file with the Securities and Exchange Commission.

Conversions of pounds to dollars marked throughout this report were based on the foreign exchange rate on Dec. 31, 2015.

Questions and comments about this report can be directed to [Community@pplweb.com](mailto:Community@pplweb.com).

## IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-18, 19, 20, 21, 22, 23

PPL has not yet completed a formal non-financial materiality assessment for the purposes of reporting. However, we have chosen content based on what our executive and report teams have deemed material, based on 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
- > Third-party consultation, including the Boston College Center for Corporate Citizenship
- > Regulatory requirements for disclosure

All material aspects chosen for inclusion in this report are reflected on our [GRI Content Index](#), on p. 57. 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, in addition to distribution. These are noted throughout the report's content.

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 reported in content.

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

Because this is our first report that follows GRI-G4 guidelines, we do not have any previous changes from earlier reports.

We intend to conduct a formal materiality assessment in the next reporting period.



PPL ELECTRIC EMPLOYEES CHECK NEW SENSORS BEING PILOTTED IN A TRANSMISSION SUBSTATION NEAR HARRISBURG, PA.



# GRI INDEX

## SPECIFIC 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.

STRATEGY AND ANALYSIS	DESCRIPTION	INFO PROVIDED
G4-1	Statement from the most senior decision-maker of the organization.	CEO Letter, <a href="#">p. 6</a>
G4-2	Description of key impacts, risks, and opportunities.	Our Company, Governance, Risk Management, <a href="#">p. 16</a>

ORGANIZATIONAL PROFILE	DESCRIPTION	INFO PROVIDED
G4-3	Name of the organization.	Our Company, <a href="#">p. 7</a>
G4-4	Primary brands, products, and/or services.	Our Company, <a href="#">p. 7</a>
G4-5	Location of organization's headquarters.	Our Company, <a href="#">p. 7</a>
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Company, <a href="#">p. 8</a>
G4-7	Nature of ownership and legal form.	Our Company, <a href="#">p. 8</a>
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Company, <a href="#">p. 8</a>
G4-9	Scale of the reporting organization.	Our Company, <a href="#">p. 7-8</a>
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	Our Employees, Diversity, <a href="#">p. 36</a>
G4-11	Percentage of employees covered by collective bargaining agreements.	Our Employees, <a href="#">p. 36</a>
G4-12	Describe the organization's supply chain	Our Company, <a href="#">p. 11-12</a>
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	Our Company, <a href="#">p. 11</a>
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Our Company, Governance, Risk Management, <a href="#">p. 16</a>
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Public Policy, <a href="#">p. 19</a>

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	DESCRIPTION	INFO PROVIDED
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	Our Company, <a href="#">p. 8</a> ; <a href="#">2015 10-K</a>
G4-18	Process for defining report content.	About This Report, <a href="#">p. 55</a>
G4-19	List all the material Aspects identified in the process for defining report content.	About This Report, <a href="#">p. 55</a>
G4-20	For each material Aspect, report the Aspect Boundary within the organization	About This Report, <a href="#">p. 55</a>
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	About This Report, <a href="#">p. 55</a>
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	None.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	None.

STAKEHOLDER ENGAGEMENT	DESCRIPTION	INFO PROVIDED
G4-24	List of stakeholder groups engaged by the organization.	Our Company, Public Policy, <a href="#">p. 19</a> ; Stakeholder Engagement, <a href="#">p. 21</a> ; Our Customers, Customer Satisfaction, <a href="#">p. 24</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement, <a href="#">p. 21-22</a>
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement, <a href="#">p. 21-22</a>
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.	Stakeholder Engagement, <a href="#">p. 21-22</a> ; Customer Satisfaction, <a href="#">p. 24</a>

REPORT PROFILE	DESCRIPTION	INFO PROVIDED
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report, <a href="#">p. 55</a>
G4-29	Date of most recent previous report (if any).	About This Report, <a href="#">p. 55</a>
G4-30	Reporting cycle (annual, biennial, etc.)	About This Report, <a href="#">p. 55</a>
G4-31	Contact point for questions regarding the report or its contents.	About This Report, <a href="#">p. 55</a>
G4-32	Table identifying the location of the Standard Disclosures in the report.	GRI Index, <a href="#">p. 57-64</a>
G4-33	Policy and current practice with regard to seeking external assurance for the report.	About This Report, <a href="#">p. 55</a>

GOVERNANCE	DESCRIPTION	INFO PROVIDED
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts	Governance, <a href="#">p. 16</a>
G4-38	Composition of Highest Governing Body	Governance, <a href="#">p. 16</a>
G4-39	Is Chair of Highest Body also an executive officer?	Yes
G4-40	Report the nomination and selection processes for highest governance body members	Governance, <a href="#">p. 16</a>
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided.	Governance, <a href="#">p. 16</a>
G4-42	Development – organization's purpose value mission strategy	Governance, <a href="#">p. 16</a>
G4-43	Measures taken to enhance board's collective knowledge of economic, environmental and social topics	Governance, <a href="#">p. 16</a>
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Governance, <a href="#">p. 16</a>
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.	Governance, <a href="#">p. 16</a>
G4-48	Highest committee or executive who reviews the Sustainability report	About This Report, <a href="#">p. 55</a>

ETHICS AND INTEGRITY	DESCRIPTION	INFO PROVIDED
G4-49	Process for communicating critical concerns to the highest governance body	Ethics and Integrity, <a href="#">p. 17</a>
G4-50	Total number of critical concerns communicated to the highest body	Not reported.
G4-51	Remuneration policies for the highest governance body and senior executives	Governance, <a href="#">p. 16</a>
G4-52	Process for determining remuneration including use of consulting	Governance, <a href="#">p. 16</a>
G4-53	Report how stakeholders views are sought for determining remuneration	Governance, <a href="#">p. 16</a>
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Ethics and Integrity, <a href="#">p. 17</a>
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	Ethics and Integrity, <a href="#">p. 17</a>
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	Ethics and Integrity, <a href="#">p. 17</a>

ECONOMIC	DESCRIPTION	INFO PROVIDED
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.	Our Company, <a href="#">p. 7</a> ; <a href="#">2015 10-K</a>
G4-EC2	Financial Implications and Other Risks and Opportunities for the organization's Activities Due to Climate Change.	<a href="#">2015 10-K</a>
G4-EC3	Coverage of the Organization's Defined Benefit Plan Obligations.	<a href="#">2015 10-K</a>
G4-EC4	Significant Financial Assistance Received From Government.	None.



ECONOMIC	DESCRIPTION	INFO PROVIDED
Market Presence		
G4-EC5	Range of Ratios of Standard Entry Level Wage By Gender Compared to Local Minimum Wage at Significant Locations of Operation.	Not reported.
G4-EC6	Proportion of Senior Management Hired From the Local Community at Significant Locations of Operation.	In the U.K. 100% of senior management is from the U.K., PPL's only international market.
Indirect Economic Impacts	DMA	<a href="#">Our Company</a> , <a href="#">Our Customers</a> , <a href="#">Our Communities</a>
G4-EC7	Development and impact of infrastructure investments and services supported.	Our Company, Infrastructure, <a href="#">p. 13</a>
G4-EC8	Significant Indirect Economic Impacts, including the Extent of Impacts.	Our Company, <a href="#">p. 8</a> ; Our Communities, Economic Development, <a href="#">p. 31</a>
ENVIRONMENTAL	DESCRIPTION	INFO PROVIDED
Energy		
G4-EN3	Energy Consumption Within the Organization	Do not track.
G4-EN4	Energy Consumption Outside of the Organization	Do not track.
G4-EN5	Energy Intensity	Do not track.
G4-EN6	Reduction of Energy Consumption	Do not track.
G4-EN7	Reductions in Energy Requirements of Products and Services	Our Customers, <a href="#">p. 23-24</a>
Emissions		
G4-EN15	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Our Environment, <a href="#">p. 41</a>
G4-EN16	Energy indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Do not track
G4-EN17	Indirect Greenhouse Gas (GHG) Emissions (Scope 3)	Do not track.
G4-EN18	Greenhouse Gas (GHG) Emissions Intensity	Our Environment, <a href="#">p. 47</a>
G4-EN19	Reduction of Greenhouse Gas (GHG) Emissions	Our Company, Infrastructure, <a href="#">p. 13</a> ; Our Environment, <a href="#">p. 43-47</a>
Effluents and Waste	DMA	Our Environment, <a href="#">p. 41</a>
G4-EN21	NOX, SOX , and other significant air emissions	Our Environment, <a href="#">p. 47</a>
G4-EN22	Total water discharge by quality and destination	Meets state and federal standards. Our Environment, <a href="#">p. 44</a>
G4-EN23	Total weight of waste by type and disposal method	Our Environment, <a href="#">p. 44, 47, 51</a>
G4-EN24	Total number and volume of significant spills	Reportable Agency Spills: 4,785 gallons.
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and realated habitats significantly affected by the organization's discharges of water and runoff	Our Environment, Biodiversity, <a href="#">p. 48</a> ; Water Use, <a href="#">p. 44</a>
Products and Services	DMA	Our Environment, <a href="#">p. 41</a>
G4-EN27	Extent of Impact Mitigation of Environmental Impacts of Products and Services	Our Customers, <a href="#">p. 24</a> ; Our Environment, <a href="#">p. 45</a>
Compliance	DMA	Our Environment, <a href="#">p. 41</a>
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)
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	We contractually require supplier adherence to our environmental terms and conditions.

SOCIAL - LABOR PRACTICES AND DECENT WORK	DESCRIPTION	INFO PROVIDED
Employment		
	DMA	Our Employees, <a href="#">p. 35-40</a>
G4-LA1	Total Number and Rates of New Employee Hires and Employee Turnover By Age Group, Gender and Region	Our Employees, <a href="#">p. 36</a>
G4-LA2	Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees, By Significant Locations of Operation	Our Employees, <a href="#">p. 37</a>
G4-LA3	Return to Work and Retention Rates After Parental Leave, By Gender	For PPL's U.S.-based companies, a total of 44 females and 29 males used parental leave. All 73 employees returned to work, resulting in a 100% retention rate.
Labor/ Management Relations	DMA	Our Employees, <a href="#">p. 36</a>
G4-LA4	Minimum Notice Periods Regarding Operational Changes, including Whether these are Specified in Collective Agreements	Notice periods vary by collective bargaining agreement. For IBEW 2100 at LG&E and KU and IBEW 1600 at PPL Electric, the company is required to notify employees of any change to the regular scheduled work week at least 48 hours prior to the change.
Occupational Health and Safety	DMA	Our Employees, <a href="#">p. 39</a>
G4-LA5	Percentage of Total Workforce Represented in Formal Joint Management–Worker Health and Safety Committees that Help Monitor and Advise On Occupational Health and Safety Programs	100%
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 By Gender	Our Employees, Safety, <a href="#">p. 39-40</a>
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 Healthy and Safety Advisory Committee.
Training and Education	DMA	Our Employees, <a href="#">p. 37-38</a>
G4-LA9	Average Hours of Training Per Year Per Employee By Gender, and By Employee Category	Our Employees, <a href="#">p. 37</a>
G4-LA10	Programs for Skills Management and Lifelong Learning that Support the Continued Employability of Employees and Assist them in Managing Career Endings	Our Employees, <a href="#">p. 37</a>
G4-LA11	Percentage of Employees Receiving Regular Performance and Career Development Reviews, By Gender and By Employee Category	Not reported.
Diversity and Equal Opportunity	DMA	Our Employees, <a href="#">p. 35-38</a>
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	<a href="#">Our Employees</a> , <a href="#">Diversity</a> ; <a href="#">Our Company</a> , <a href="#">Board Selection</a> ; <a href="#">Board breakdown, 2016 Proxy</a> , p. 5
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 Operation	Not reported.
Labor Practices Grievance Mechanisms		
G4-LA16	Number of Grievances About Labor Practices Filed, Addressed, and Resolved Through Formal Grievance Mechanisms	For 2015, for LKE, there were 28 grievances filed 4 resolved and 22 pending resolutions.For PPL Electric, there were 148 grievances filed, with 56 resolved and 91 pending resolutions.



SOCIAL - HUMAN RIGHTS	DESCRIPTION	INFO PROVIDED
Non-discrimination		
G4-HR3	Total Number of incidents of Discrimination and Corrective Actions Taken	None.
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.
Human Rights Grievance Mechanisms		
G4-HR12	Number of Grievances About Human Rights Impacts Filed, Addressed, and Resolved Through Formal Grievance Mechanisms	In 2015, PPL had none.
SOCIAL SOCIETY		
Local Communities		
G4-S01	Percentage of Operations With Implemented Local Community Engagement, Impact Assessments, and Development Programs	100% of operations have programs for local community engagement.
Anti-corruption		
G4-S03	Total Number and Percentage of Operations Assessed for Risks Related to Corruption and the Significant Risks Identified	100%
G4-S04	Communication and Training on Anti-Corruption Policies and Procedures	All employees receive anti-corruption training. The <i>Standards of Integrity</i> can be accessed <a href="#">online</a> .
G4-S05	Confirmed incidents of Corruption and Actions Taken	None.
Public Policy		
G4-S06	Total Value of Political Contributions By Country and Recipient/Beneficiary	Our Company, <a href="#">p. 19</a>
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). Regulatory violations in 2015 totaled 70.
Supplier Assessment for Impacts on Society		
G4-S09	Percentage of New Suppliers that Were Screened Using Criteria for Impacts On Society	Supply Chain, <a href="#">p. 11</a>
G4-S010	Significant Actual and Potential Negative Impacts On Society in the Supply Chain and Actions Taken	Supply Chain, <a href="#">p. 11</a>

SOCIAL PRODUCT RESPONSIBILITY	DESCRIPTION	INFO PROVIDED
Customer Health and Safety	DMA	Our Customers, <a href="#">p. 23</a>
		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. See our websites: <a href="#">lge-ku.com</a> <a href="#">ppllectric.com</a> <a href="#">westernpower.co.uk</a>
G4-PR1	Percentage of Significant Product and Service Categories for Which Health and Safety Impacts are Assessed for Improvement	
G4-PR5	Results of Surveys Measuring Customer Satisfaction	Our Customers, <a href="#">p. 23-24</a>
Marketing Communications		
G4-PR6	Sale of Banned or Disputed Products	None.
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	None.

## SECTOR SPECIFIC DISCLOSURES - ELECTRIC UTILITIES

ADDITIONAL GENERAL STANDARD DISCLOSURES	DESCRIPTION	INFO PROVIDED
Organizational Profile	G4-10 Report on total contractor workforce (contractor, subcontractor, independent contractor) by employment type, employment contract and regulatory regime.	Not reported.
	G4-11 Report on percentage of contractor employees (contractor, sub-contractor and independent contractor) working for the reporting organization covered by collective bargaining agreements by country or regulatory regime.	Not reported.
	EU-1 Installed Capacity, broken down by primary energy source and by regulatory regime	LG&E and KU's installed capacity is 7,997 MW. Our Company, <a href="#">p. 8</a>
	EU-2 Net energy output broken down by primary energy source and by regulatory regime	Our Company, <a href="#">p. 8</a> ; Our Environment, <a href="#">p. 43</a>
	EU-3 Number of residential, industrial, institutional and commercial customer accounts	Our Customers, <a href="#">p. 23</a>
	EU-4 Length of above and underground transmission and distribution	Our Company, <a href="#">p. 14</a>
	EU-5 Allocation of CO2e emissions allowances or equivalent broken down by carbon trading framework	None.



SPECIFIC STANDARD DISCLOSURES		DESCRIPTION	INFO PROVIDED
Economic			
Availability and Reliability	EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Our Company, <a href="#">p. 13-14</a> ; Our Customers, <a href="#">p. 24</a>
Demand Side Management	DMA	Demand-side management programs including residential, commercial, institutional and industrial programs	Our Customers, <a href="#">p. 26</a> ; Our Environment, <a href="#">p. 45-46</a>
Research and Development	DMA	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Our Company, <a href="#">p. 13</a> ; Our Customers, <a href="#">p. 24</a> ; Our Communities, <a href="#">p. 31</a>
Plant Decommissioning	DMA		Our Company, <a href="#">p. 13-15</a>
System Efficiency	EU-11	Average generation efficiency of thermal plants by energy source and by regulatory regime	In 2015, our coal-fired units' EFOR was 3.96 percent for LG&E and KU.
	EU-12	Transmission and distribution losses as a percentage of total energy	Data not collected.
Environmental			
Materials	DMA	Describe long-term strategy for managing and phasing out high level and low level in-service PCBs	Per regulatory requirements, the company completed a major effort in 80s and 90s to remove PCBs. This is no longer material issue.
	EN-1	Report in-use inventory of solid and liquid high level and low level PCBs contained in equipment	Per regulatory requirements, the company completed a major effort in 80s and 90s to remove PCBs. This is no longer material issue.
Water	DMA	At the watershed or hydrological basin level, include collaborative approaches to managing watersheds and reservoirs for multiple uses (e.g., irrigation, drinking water, water resources, for meeting the needs of both the utility and other stakeholders	Our Environment, Water Use, <a href="#">p. 43-44</a>
	EN-8	Total Water Withdrawal by source: Additional disclosure requirements. Report overall water usage for processing, cooling and consumption in thermal and nuclear power plants, including use of water in ash handling and coal cleaning	Our Environment, Water Use, <a href="#">p. 44</a>
Biodiversity	DMA	See guidance	Our Environment, Biodiversity Initiatives, <a href="#">p. 48</a>
	EN12	Description of significant impacts of activities, product and Services on biodiversity in protected areas and areas of biodiversity value outside protected areas	Our Environment, Biodiversity Initiatives, <a href="#">p. 48</a>
	EU-13	Biodiversity of offset habitats compared to the biodiversity of the affected area	Our Environment, Biodiversity Initiatives, <a href="#">p. 48</a>
Emissions	EN-15	Direct GHG emissions (SCOPE 1). Report CO <sub>2</sub> per MWh, broken down by regulatory regime for net generation from all generating capacity; net generation from all fossil fuel generation, and estimated net deliver to end users. This includes emissions from own generation	Our Environment, Emissions, <a href="#">p. 47</a>
	EN-16	Energy Indirect GHG emissions (SCOPE 2). Report per MWh broken down by regulatory regime for power	Not tracked.
	EN-21	Report emissions per MWh for: net generation from all generating capacity and net generation from all combustion power plants	Our Environment, Emissions, <a href="#">p. 47</a>
Effluents and Waste	DMA	Describe the management strategy and storage methods for different types of radioactive nuclear waste	PPL divested its nuclear plant in 2015. No longer applicable.

SPECIFIC STANDARD DISCLOSURES		DESCRIPTION	INFO PROVIDED
Social			
Labor Practices and Decent work			
Employment	DMA	Programs and processes to ensure a skilled workforce; Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors;	Our Employees, <a href="#">p. 35-40</a>
	LA-1	For the employees leaving employment during the reporting period, provide the average length of tenure of employees leaving broken down by gender and age group	Not reported.
	EU-15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Our Employees, Generational Diversity, <a href="#">p. 36</a>
	EU-17	Days worked by contractor and subcontractor employees involved in construction, operation, and maintenance activities.	Not reported.
Occupational Health and Safety	EU-18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	100%
	LA-6	Report on health and safety performance of contractors and subcontractors working onsite or on behalf of the reporting organization off site	Our Company, Supply Chain, <a href="#">p. 11</a>
Human Rights			
Freedom of Assn.	DMA	Report on management mechanisms to address the right to organize, right to bargain and right to strike or instances of lock out, given the context of the industry's need to ensure continuous provision of essential services. Where the right to strike does not exist or is limited, report on remedial measures such as binding arbitration. Where freedom of association or expression are limited or prevented by regulatory regime, report on mechanisms and processes that exist for getting employee input on conditions of employment	We recognize the legal right of employees to organize, a right recognized in the countries where we have operations. Our Employees, Union Representation, <a href="#">p. 36</a>
Society			
Local Communities	DMA	See guidance	Our Communities, <a href="#">p. 29-34</a>
	EU-22	Number of people physically or economically displaced and compensation, broken down by type of project	In 2015, PPL had none.
Disaster/Emergency Planning & Response	DMA	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Our Communities, Disaster Readiness, <a href="#">p. 31</a>
Customer Health & Safety	DMA	See guidance	Our Customers, <a href="#">p. 24-26</a>
	EU-25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	None.
Access	DMA	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	Our Communities, <a href="#">p. 30</a> ; Our Customers, <a href="#">p. 25-26</a>
	EU-26	Percentage of population unserved in licensed distribution or service areas	0%
	EU-27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	In 2015, LG&E and KU had 148,772 residential disconnections, while PPL Electric had 54,293 residential disconnections.
	EU-28	Power outage frequency	Our Customers, Reliability, <a href="#">p. 24</a>
	EU-29	Average power outage duration	Our Customers, Reliability, <a href="#">p. 24</a>
	EU-30	Average plant availability factor by energy source and by regulatory regime	Our Company, <a href="#">p. 11</a>
Provision of Information	DMA	Practices to address language, cultural, low literacy and disability related barriers to accessing and safety using electricity and customer support services	Our Customers, <a href="#">p. 24-26</a>



## 1. GOVERNANCE — ROLE OF BOARD IN SOCIAL AND ENVIRONMENTAL PERFORMANCE

### Role of the Board

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

### Size and Independence of the Board

The Board of Directors consists of such number of directors, no fewer than six or more than 20, as may be determined from time to time by resolution of the Board. The exact number may vary from time to time to reflect events such as the addition of an outstanding director candidate or departures. The Board should be comprised predominantly of (and in any event have a majority of) independent directors.

### Role of Independent Directors

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

### Presiding or "Lead" Director

Whenever the Chairman of the Board is also the CEO or is a director who does not otherwise qualify as an "independent director," the independent directors shall designate one independent director to serve as the presiding director to chair the executive sessions of the Board. The presiding director shall also serve as the "lead" director and will serve for such term as the Board shall determine. The lead director roles are described extensively in the *Guidelines for Corporate Governance* document and in the [2016 Proxy Statement](#) beginning at p. 10.

### Selection of Directors

G4-38, 40

The Compensation, Governance and Nominating Committee (CGNC) establishes guidelines for new directors and evaluates director candidates. In considering candidates, the CGNC seeks individuals who possess strong personal and professional ethics, high standards of integrity and values, independence of thought and judgment and who have senior corporate leadership experience. The company believes that prior business experience at a senior executive level is desired, and it seeks candidates who have diverse experience relevant to serving on the Board, such as financial, operating, executive management and technology experience. In addition, the CGNC seeks individuals who have a broad range of demonstrated abilities and accomplishments beyond corporate leadership. These abilities include the skill and expertise sufficient to provide sound and prudent guidance with respect to all of the company's operations and interests. While diversity and variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the CGNC focuses on skills, expertise or background that would complement the existing Board, recognizing that the company's businesses and operations are diverse and global in nature. Finally, the CGNC seeks individuals who are capable of devoting the required amount of time to serve effectively, including preparation time and attendance at Board, Committee and Shareowner meetings. Information about the background, experience and diversity of board members can be found in the [2016 Proxy Statement](#), p. 4.

### Director Orientation and Continuing Education

G4-43

New directors participate in an orientation program, including visits to company facilities, discussions with key executives and attending additional meetings or seminars as appropriate. Also, new directors receive the Directors Handbook, which contains information about the company, various laws and standards related to directorship and specific expectations for directors of the company. In addition to education sessions provided to the Board by the company, directors are encouraged to participate in continuing education opportunities of their own choosing that will enhance their performance as a director.

### Our Commitment to Corporate Governance

Strong corporate governance practices are in place and are intended to drive results and support accountability to shareowners, as well as align interests of executive officers with those of shareowners.

## 2. BOARD AND EXECUTIVE COMPENSATION

G4-51, 52, 54

### 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. Directors who are company employees do not receive any separate compensation for service on the Board of Directors or committees of the Board of Directors.

Additional details about specific compensation of directors, can be found in the [2016 Proxy Statement](#), p. 18-19.

### Executive Compensation

Our executive compensation program reflects the company's ongoing commitment to pay for performance. The compensation of our named executive officers (NEOs), who are included in the [2016 Proxy Statement](#), is aligned with our Corporate Strategic Framework, which in turn links to the interests of our shareowners. Over 70 percent of our NEOs' compensation, and 85 percent of our CEO's compensation, is driven by short- and long-term company performance.

Our primary compensation metrics are earnings from ongoing operations (EPS), earnings from ongoing operations before interest and taxes

(EBIT) and relative total shareowner return (TSR), as more fully described in the [2016 Proxy Statement](#) beginning on p. 28, reflecting internal and external measures of shareowner value creation. By using EPS and EBIT, our program balances executive officers' primary accountability for strong EPS performance, and the more general operational profitability across the company.

### Role of the Compensation, Governance and Nominating Committee

As part of its duties, there are a number of activities the CGNC undertakes each year in reviewing the operation and effectiveness of the PPL compensation programs. One of the primary roles of the CGNC is to approve the compensation of each of our NEOs named in the [2016 Proxy Statement](#). The CGNC has the exclusive authority to grant equity awards to executive officers and delegates specified administrative functions to certain officers, including the CEO and the Chief Human Resources Officer, or CHRO. The CGNC has strategic and administrative responsibilities for our executive compensation plans, including the design of, and performance measures and award opportunities for, the executive incentive programs. The CGNC regularly reviews the company's executive compensation programs and practices, monitors new rules and regulations and assesses evolving best practices concerning executive compensation and corporate governance. A key concern of the CGNC is to ensure that PPL compensates executive officers effectively and in a manner consistent with our stated compensation and corporate strategy.

### Role of Advisers to the CGNC

**Independent Advisers.** The CGNC has retained Frederic W. Cook & Co., Inc. (Cook), the committee's independent compensation consultant, as its independent compensation consultant since July 1, 2014. Cook provides additional information to the CGNC so that the CGNC can determine whether the company's executive compensation programs are reasonable and consistent with competitive practices. Representatives of Cook regularly participate in CGNC meetings, providing expertise and guidance as to executive compensation program design, market trends and best pay practices. Cook does not perform any other consulting work or any other services for PPL and reports directly to the CGNC.

**Internal Advisers.** The CGNC can seek the input of management to inform decision-making.

Each year, senior management develops an annual strategic business plan, which includes recommendations on the proposed goals for the annual cash incentive and long-term incentive programs. The CGNC takes this into account when establishing and setting all incentive goals for executive officers.

The CGNC may choose to invite certain individuals to attend meetings or contribute written materials. Such individuals may review and comment on market compensation data, including the composition of market comparison groups and the description of comparable officer positions. They may also present proposals relating to executive compensation programs and policies for review and approval by the CGNC, including base salary, performance goals and goal weightings for short-term and long-term incentive awards, and the mix of compensation components for each executive officer. No individual is present when matters pertaining to their own compensation are being discussed, and neither the CEO nor any of the other executive officers discusses their own compensation with the CGNC or the CGNC's independent compensation consultant.

For additional information on the roles of the CGNC and its advisers, please see the [2016 Proxy Statement](#) beginning on p. 13.

### 2015 Executive Compensation

Details about senior management compensation and the process used to determine compensation levels is presented in the [2016 Proxy Statement](#), beginning at p. 24. The topic is covered in the "Compensation Discussion and Analysis" section, or CD&A, which provides an overview of PPL's executive compensation program, our compensation philosophy and the objectives of our compensation program, as well as a discussion of how executive compensation decisions affecting our named executive officers were made for 2015. Additional details about specific compensation of executives is presented in the [2016 Proxy Statement](#), beginning at p. 46.

## 3. EMERGENCY PREPAREDNESS AND MANAGEMENT

PPL Corporation's Board of Directors has authorized the Corporate Leadership Council to establish an Emergency Management Plan. This plan is based on an annual hazard vulnerability and risk analysis and is a summary of the prevention, mitigation, preparedness, response,

continuity of essential functions, and recovery activities that serve as the comprehensive integrated approach to establishing and maintaining an effective response to and recovery from internal or external disasters. This plan provides guidance for the corporation's role in supporting the National Infrastructure Protection Plan and National Response Framework.

The plan outlines the corporation'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 terrorism, sabotage, cyberattacks, and other criminal activity posing a risk to the organization.

All domestic business line and support service groups are required to conduct an annual Business Impact Analysis and develop a written business continuity plan which 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.

## 4. ADDITIONAL INFORMATION ABOUT COMMUNITY EDUCATION PROGRAMS

One of our ongoing programs is providing curriculums for teachers to use in the classroom: Electrical safety (grades K to 8) — uses activity guides and lesson plans from noted national vendors to provide educators with a wide range of grade-level-specific electrical safety materials. And Watt do you know about the cost of watts? (grades 5 to 12) — a fun lesson plan about how to determine the cost of using various electrical appliances. We also offer speakers to visit schools and community groups.

Some of our 2015 education programs and initiatives include:

- > PPL's Partners in Education program supports four community schools near the company's corporate headquarters. Employees from all levels of the company volunteer throughout the school year to increase student learning and extend the capacity of teachers, as well as to expand their own awareness of the



crisis in education. Through in-classroom tutoring and mentoring, career workshops, pre-school development and parenting programs, and partnerships with organizations such as Junior Achievement, Explorer Scouting, Adult Literacy Council and the Hispanic American Organizations, volunteers help students become successful learners. Allentown School District partnerships include the Washington, Cleveland, Central, McKinley and Lincoln elementary schools.

- > In 2015, PPL Corporation contributed \$300,000 through the Pennsylvania Education Improvement Tax Credit Program to help improve K-12 education in Pennsylvania.
- > PPL Corporation awarded \$10,000 to five schools in eastern and central Pennsylvania in Empowering Educators grants, part of an initiative to educate the public about energy resources and the environment. A team of PPL employees, environmental professionals and educators chose the winning projects. WPD as well as LG&E and KU demonstrated strong support of education throughout 2015, from financial donations to stuffing backpacks with school supplies, as these examples show:
- > The LG&E and KU Foundation contributed \$168,679 to fund educational initiatives, including \$35,400 in scholarships.
- > In the U.K., WPD organized 263 safety/education events reaching over 50,000 school-children. These included school visits, crucial crew and life skills initiatives. In addition, education sponsorships included Big Bang science and careers events, and children's safety initiatives like Countrytastic at Malvern in the Midlands and Keep Me Safe in Torfaen, South Wales, which involved 16 schools. A new community safety campaign Think Safe, Stay Safe was launched aimed at making farmers, leisure operators and landowners more aware of electricity infrastructure like overhead power lines. Targeted advertising, social media and leaflet mail-drops reached around 250,000 landowners.
- > WPD, the electricity distribution network operator for the Midlands, South West England and South Wales teamed up with the Worcester News to launch the Cash for Schools initiative for local primary and middle schools. Members of the public were invited to nominate schools to receive a share of a £25,000 (\$36,670) cash pot.

A TEACHER WORKS WITH A STUDENT IN THE NEWTON SCHOOL, A STEM PROFESSIONAL DEVELOPMENT PROGRAM FOR EARLY CHILDHOOD EDUCATORS SUPPORTED BY THE PPL FOUNDATION.





