



CORPORATE RESPONSIBILITY REPORT

2016





**Jim Connor** | Chairman and Chief Executive Officer



**3500 Indian Avenue | Perris, CA**



## OUR ONGOING COMMITMENT

Duke Realty has been committed to providing high-quality, efficiency-enhancing facilities for the warehouse/distribution and healthcare sectors throughout its 45-year history. Along with this focus, we've placed a high priority on being a responsible corporate citizen with an ongoing concern for our environment, the communities where we live and work, and the manner in which we conduct our operations.

2016 was no exception. In addition to successfully executing on our business purpose, we continued to take a sustainable approach to development, invest our time and efforts into improving the well-being of our associates and other stakeholders, and conduct our business to the highest ethical standards.

I am pleased to present our 2016 Corporate Responsibility Report and share with you our progress and accomplishments, as well as initiatives we have planned for the future. Duke Realty's commitment to corporate responsibility is ongoing, and we pledge to look for ways to make continual improvements in our programs, processes, and policies.

A handwritten signature in black ink, appearing to read "James B. Connor".

James B. Connor  
Chairman and Chief Executive Officer

## WHO WE ARE

Since 1972, Duke Realty has been one of the leading commercial real estate developers, owners and managers in the United States, with a primary focus on industrial facilities.

Duke Realty is publicly traded on the NYSE under the symbol DRE and is listed on the S&P MidCap 400 Index. The company maintains a Baa1 rating from Moody's Investor Service and a BBB+ rating from Standard & Poor's Financial Services.

Throughout our history, our growth and success have gone hand-in-hand with our longstanding pledge to "do what's right" as we conduct our business and interact with our associates, customers, partners, investors, and other stakeholders.



# Moody's

## S&P Dow Jones Indices

A Division of **S&P Global**

## S&P MIDCAP 400®

## SUSTAINABILITY MISSION

Sustainability at Duke Realty is a commitment to corporate practices that balance continuous improvement in environmental, social, and corporate governance initiatives. By doing so, we will enhance stakeholder value, implement innovative development solutions and make a difference in the communities we serve.

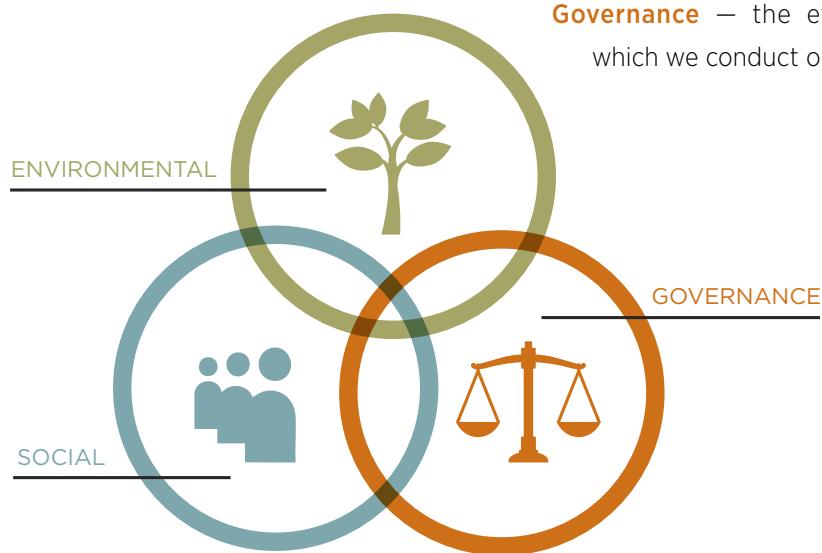
## OUR APPROACH TO SUSTAINABILITY

Our shared and enduring corporate responsibility program is focused on three areas:

**Environmental** — the impact our portfolio and operations have on the world in which we live

**Social** — the relationships we build and cultivate with our stakeholders

**Governance** — the ethical manner in which we conduct our business



## SAFEGUARDING OUR ENVIRONMENT

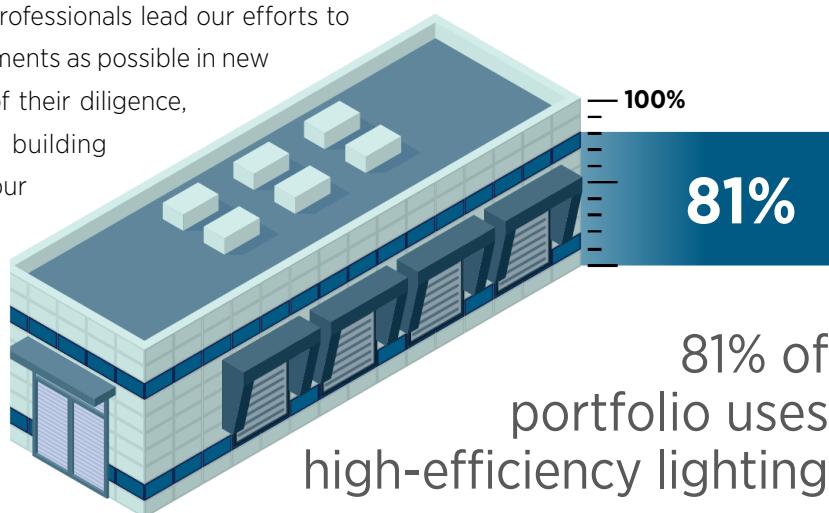
At Duke Realty, we care about our operations and buildings' impact on the environment. That's why we continue to use sustainable practices in developing, constructing, and managing our facilities.

One of our primary concerns is energy consumption given it can have the biggest impact on costs and environmental performance. To aid us in our efforts to measure and identify ways in which we can reduce energy use, we invested in an environmental data management system in 2016. In addition, working with our environmental management provider, we began adding data into ENERGY STAR's Portfolio Manager as a way to more objectively benchmark performance. With these tools, we can better gauge usage and performance in our properties – information that will help us improve environmental and financial performance over time.



Lighting is the primary driver of energy use in our buildings so we are leveraging a database of the quantity and type of fixtures in each of our buildings to analyze retrofit opportunities. Eighty-one percent of our portfolio utilizes high-efficiency lighting systems and, in the last year, we've completed retrofits to high-efficiency lighting in 25 buildings, resulting in more than 9.3 million kilowatt hours of savings compared to prior in-place, less efficient lighting. Also in all new development projects, our design guidelines now call for installing high-efficiency lighting.

Our 21 LEED®-accredited in-house professionals lead our efforts to incorporate as many sustainable elements as possible in new development projects. As a result of their diligence, we added another LEED-certified building to our portfolio last year, bringing our total LEED-certified projects delivered since 2008 to 57.





**Site Preparation**



**Completed Building**

## ENVIRONMENTAL RESPONSIBILITY IN ACTION

### *33 Logistics Park - Easton, Pennsylvania*

Thorough due diligence when preparing a site for new construction can minimize costs and reduce the need for additional work later on. Knowing that the soil where 33 Logistics Park is located contains a great deal of rock, Duke Realty invested in a geotechnical analysis, as well as confirmatory boring, to identify the location of rock formations in deep excavation areas as moving rock is more energy intensive than moving soil.

These preemptive actions reduced the amount of rock encountered on two new development sites and helped determine the most cost-effective storm water management strategy. Compared to the storm water system used in a neighboring development, Duke Realty saved more than \$1 million and reduced the energy involved in installing the system. The limited amount of rock that was encountered was processed on-site and re-used as stone base for pavement areas.



## *Main Line Medical Office Building - Bryn Mawr, Pennsylvania*

In Bryn Mawr, Pennsylvania, Duke Realty successfully transformed an abandoned site into a modern, first-class, 106,000-square-foot healthcare facility that provides area residents with convenient access to multi-specialty medical providers, as well as an ambulatory surgery center.

To help ensure LEED-certification, Duke Realty took the following steps in redeveloping the site and constructing the new medical office building:

- Recycled 215 tons or 89 percent of construction waste to reduce landfill disposal
- Incorporated water-efficient plumbing fixtures and native, drought-tolerant plantings and trees to reduce water use by 38 percent and control soil erosion
- Used 20 percent regionally manufactured and recycled materials in new building construction
- Installed energy-efficient lighting fixtures to lower electricity use
- Ensured air quality by using environmentally friendly, low VOC-emitting paints, adhesives and sealants and implemented a dust and exhaust fumes control plan
- Created a walkable campus by constructing pedestrian walkways between adjacent buildings

## ENGAGEMENT FOR GOOD

Inside and outside of our company, Duke Realty has high standards for how we interact with people. To ensure that our associates have the resources and encouragement for self-improvement, to build meaningful, lasting relationships with others, and be good neighbors, we continue to offer personal well-being, inclusion and acceptance, and community service programs and opportunities.

### Sustainability Awareness

Among our most impactful initiatives this past year was an associate education and engagement program to raise awareness of the importance of sustainability. To ensure understanding and support for our Corporate Responsibility initiative, classes were held to explain our platform and goals.



Nearly 200 associates across all markets attended the training and were challenged afterward to come up with a creative use for the recycled bag they received during the educational sessions. Prior to and after these classes, associates were surveyed to assess their understanding of sustainability and its importance to the company. After our educational efforts, associate awareness of our sustainability initiative increased 26 percent, and those who considered sustainability an important or very important initiative for the company increased by 6 percent to 80 percent.

### Living Our Best

Our company-wide wellness program has a very high participation rate (84 percent of our associates are engaged with or participate in the program) and has resulted in improvements in our workforce's BMI (body mass index), cholesterol and glucose levels. Results have had a dollar and cents impact as well. Participants who reached the gold, silver, and platinum levels of our wellness program realized only a 3 percent increase in health costs from 2015 to 2016 compared to a 43 percent increase for participants at the bronze level. Our company has continued to be recognized with wellness-related awards, including a 12th place ranking on the 2016 list of Healthiest 100 Workplaces in America, up from 19th place in 2015, and recognition as a Fit-Friendly Worksite by the American Heart Association.



**VITALITY  
PARTICIPATION**  
**84% IN 2016**  
**77% IN 2015**

## Diversity and Inclusion

We continued our focus on diversity and inclusion within and outside of our organization. In 2016, 41 percent of our suppliers were classified as either small or minority businesses and our supplier spend with these types of diverse providers increased 34 percent from 2015.

We also expanded our efforts to ensure a diverse workforce in the future.

Last year we launched an executive mentoring program, pairing members of our leadership team with minority and female associates who have potential for and interest in advancement. In another initiative, each member of our management committee joined a minority-focused organization to network and share information about Duke Realty careers. Lastly, we partnered with several schools and organizations focused on careers in real estate.

Our proactive diversity and inclusion programs have resulted in recognition by several independent rating agencies, including 2020 Women on Boards, Brandon Hall Excellence in Workplace Management, 100 Best Adoption Friendly Workplaces, and Best Places to Work.



## Community Service and Support

Duke Realty continues to encourage associates' involvement in their communities. Our company provides each associate with two paid volunteer days each year. In 2016, our associates used 73 percent of the paid time offered to them. In many cases, our associates' volunteer time surpassed the provided community service time, translating into an average of 26 hours of volunteer time per associate.

Our generosity is evident in monetary donations from our associates, as well as the company. In 2016, associates pledged nearly \$272,000 to the United Way. In addition to our commitment to United Way, the company donated over \$605,000 to nearly 200 non-profit organizations across the country.



## OPENING MINDS TO NEW OPPORTUNITIES

Commercial real estate is largely under-represented when it comes to minorities and women. Through our involvement in programs focused on educating diverse youth, college students, and young professionals on careers in commercial real estate, Duke Realty is helping to increase diversity in the industry.

In Indianapolis, Duke Realty partnered with DirectEmployers Foundation to provide students the opportunity to explore STEM (science, technology, engineering and math) careers. Throughout the 2015–2016 school year, Duke Realty conducted weekly classes at Arsenal Technical High School to give students the opportunity to learn firsthand about careers in construction. In total, 27 Duke Realty associates volunteered for the program and donated more than 1,000 hours of their time.

At Roosevelt University in Chicago, Duke Realty created the DREAM Fund (Duke Realty Fund for Education and Advancement of Minorities and Women in Real Estate), where we are funding up to \$20,000 in scholarships each school year and mentoring scholars. So far, we have raised \$140,000 for the fund. We also are providing internship opportunities and sharing open positions that align with students enrolled in the programs.

In four of our markets, we are involved in Project REAP, the industry's leading effort to bring minorities to commercial real estate companies. We support REAP through career mentoring and teaching real estate fundamentals.



ROOSEVELT UNIVERSITY DREAM FUND



DIRECT EMPLOYERS FOUNDATION PARTNERSHIP



PROJECT REAP

# BUSINESS BUILT ON INTEGRITY

Acting responsibly, respecting others, and being resourceful are all integral to our culture and our mission of providing reliable answers to our stakeholders. To that end, we remain committed to strong principles, a nonpartisan governance structure and compliance with applicable laws, rules, regulations, and policies.

## *Code of Conduct*

Our comprehensive Code of Conduct provides guidance to all directors, officers, and associates on recognizing and addressing legal or ethical questions or issues. The Code of Conduct also governs business decisions and actions and is an expression of Duke Realty's fundamental values. Adherence to the policies outlined in the Code of Conduct help ensure a culture of honesty, transparency, integrity, and accountability.

Each year, we require our directors, officers, and associates to review and affirm their knowledge of the Code of Conduct to ensure that they are familiar with the guidelines. Mandatory compliance training focused on workplace harassment, safety, and ethics is conducted annually. An independently managed Ethics Hotline provides stakeholders with an anonymous method to report concerns related to our Code of Conduct.



## *Board of Directors*

Our Board of Directors is comprised of 10 highly respected, knowledgeable, and independent business professionals. Three of our 10 outside directors are female, earning our company recognition by 2020 Women on Boards for six consecutive years and the Pax Ellevate Fund for 2 years. All board members stand for re-election every year.

The four standing committees of the Board that provide high-level guidance on matters affecting our business are:

- Corporate Governance Committee
- Executive Compensation Committee
- Audit Committee
- Finance Committee



## *Governance Ranking*

ISS, the leading proxy advisory firm, has ranked Duke Realty in the top 10 percent of firms in the Russell 3000 (excluding S&P 500 firms), for our responsible approach to corporate governance. The ranking is based on four criteria:

- Board structure
- Shareholder rights
- Compensation
- Audit/risk management

Our ISS Governance QualityScore of 1 is the best rating and reflects low governance risk to our existing and potential investors.





600 East 96th Street, Suite 100 | Indianapolis, IN 46240 | 317.808.6000 | [dukerealty.com/corporate-responsibility](http://dukerealty.com/corporate-responsibility)

For questions about this report, please contact: [sustainability@dukerealty.com](mailto:sustainability@dukerealty.com)