



# **Compliance & Ethics Policy** **Interactions with Federal, State and** **Local Public Officials**

LE-AC-POL8-001  
Revision 0  
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## 1. **PURPOSE**

1.1. Exelon Corporation and its subsidiaries (“Exelon,” or “the Company”) are actively engaged in legislative, regulatory, and public policy issues at all levels of government, and Exelon routinely is called upon by public officials to provide substantive input on hundreds of issues including legislative and administrative policies that affect electric and gas reliability, climate change and other environmental hazards, the cyber and physical security of the nation’s energy systems, operational reliability, public safety, affordability, energy sector employment and support for economically vulnerable customers. In all interactions with public officials, Exelon is committed to conducting public affairs with integrity and in conformance with the values expressed in Exelon Corporation’s Code of Business Conduct and all applicable laws because how we interact and communicate with public officials, whether directly or indirectly, has a significant impact on our credibility, reputation, and our ability to advocate on behalf of our customers, communities, employees and other key stakeholders.

1.2. In conformity with Exelon’s Code of Business Conduct, this Policy sets forth the overarching standards and requirements that govern our interactions with public officials. It applies to all employees, officers, and directors of the Company. This Policy includes:

- The prohibition of all forms of corrupt activity involving public officials;
- The restrictions on providing anything of value to public officials, as defined in Section 2.3, whether directly or indirectly, in order to ensure compliance with our policies and the law, and avoid the appearance of impropriety;
- The rules for handling requests, referrals or solicitations from public officials or their agents or intermediaries, on behalf of their constituents or others;



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- The registration and reporting requirements for internal lobbyists;
- The general requirements for engaging and monitoring the work of external lobbyists and political consultants who act on the Company's behalf with public officials;

1.3. It is important to remember that federal, state and local governments each have certain unique restrictions that govern lobbying activities and reporting requirements in their respective jurisdictions. To the extent a jurisdiction has more stringent standards than this Policy, employees in the jurisdiction should follow the more stringent standards. To the extent a jurisdiction has less stringent standards compared to this Policy, the employees in the jurisdiction should follow the more stringent standards set forth in this Policy. All federal lobbying activities are governed by this Policy and the specific procedures set forth in the *Federal Government Affairs Process (GR-DO-30)*.

1.4. This Policy does not apply to campaign and corporate political contributions and related activities that are governed by our policy on *Corporate Political Contributions Guidelines (LE-AC-23)*.

## 2. **TERMS AND DEFINITIONS**

2.1. The following are definitions for terms used in this Policy. Certain of the terms below may have different meanings in different states. Therefore, it is critical that you also consult the local requirements applicable to the jurisdiction in which you do business, and seek advice from the General Counsel's office and/or the Chief Compliance & Ethics Officer if you have questions.

2.2. "Public official" or "government official": Any official, officer, or employee of or candidate for a federal, state, local or municipal government department or agency, whether elected, appointed, retained or otherwise employed. An "employee" of a government department or agency, for purposes of this definition, is an individual with a role or position that involves oversight of or influence over the Company's interests.

2.3. Anything of value: Anything of value is broadly defined and includes, but is not limited to:



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- Cash, cash equivalents or other monetary payments
- Travel, gifts, meals and entertainment
- Loans
- Discounts not offered to the general public
- An offer of employment
- Benefits for a family member or other person connected to a public official, such as employment, appointments, promotions, or internships
- Premium utility service
- Payments to a charity or charities
- Payment and benefits to entities controlled or beneficially owned by a public official
- Payment and benefits, such as contracts, with suppliers or vendors (including professional service firms)

2.4. Requests from public officials to assist with routine items, such as to assist constituents with customer service issues or to engage in routine public affairs communications and advocacy, are not within the definition of “anything of value.” If you have questions about whether your interactions with a public official are prohibited or otherwise restricted under this Policy, you have an obligation to seek advice in advance from the General Counsel’s office and/or the Chief Compliance & Ethics Officer.

2.5. “Lobbying Activities”: For purposes of this Policy, Lobbying Activities are those activities that are defined by law in various jurisdictions as lobbying. The following activities *may* constitute Lobbying Activities under the lobbying laws of any given jurisdiction:

- Any oral or written communication with a public official for the purpose of influencing their decision-making regarding (i) federal, state, or local legislation (for example, contacting a state legislator or staff member in an attempt to influence the passing or introducing of new or revised legislation); (ii) a formal rulemaking or ratemaking by a federal, state, or local executive branch agency (for example, contacting the state utilities commission to influence ratemaking); or (iii) the award or terms of a federal, state, or local government contract; or any other official decision of a governmental body.



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- 2.6. Internal Lobbyists: Internal lobbyists are employees of the Company who engage in Lobbying Activities on behalf of the Company to accomplish specified policy objectives.
- 2.7. External Lobbyists: External Lobbyists are individuals or entities that are under contract with the Company, and that engage in Lobbying Activities on the Company's behalf.
- 2.8. Political Consultants: Political Consultant means any person or entity that does not engage in Lobbying Activities, and that holds itself out as a person or entity that performs political consulting services.

## 3. POLICY

### 3.1. *Prohibited Conduct*

- 3.1.1. Exelon's Code of Business Conduct and our *Corporate Anti-Bribery and Anti-Corruption Program (LE-AC-6)* condemn and prohibit bribery and all other forms of corruption. As further described in this Policy, Exelon prohibits offering, promising, giving or authorizing others, such as lobbyists and political consultants, to give *anything of value*, tangible or intangible, either directly or indirectly, to any individual – including public officials – to gain an unfair business advantage or to influence improperly an official's decision-making with respect to the Company.
- 3.1.2. The term "anything of value" is intentionally broad to ensure that careful consideration and scrutiny is given to interactions with public officials. It includes things you may not recognize as valuable, such as benefits conferred on others at the request of a public official or their agent or intermediary, and benefits conferred to lobbyists, consultants, public officials' family members or friends, or public officials' current or former employees. The following are some examples of interactions that require careful scrutiny:
- Inviting public officials and their family members to a concert, sporting event, or other entertainment;
  - A public official's request to consider an individual for employment, promotion or other employment decisions;



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- A public official's request for honoraria for a speaking engagement;
- A public official's request or recommendation for the engagement of a particular lobbyist, political consultant, or vendor;
- A public official's request that a donation or contribution, whether monetary or in kind, be made to a particular charitable organization, trade association, or other organization; and
- A request by an agent or intermediary of a public official to provide anything of value to any person or entity, including to the public official.

A request for a campaign and corporate political contributions is addressed separately under our policy on *Corporate Political Contributions Guidelines (LE-AC-23)*.

### **3.2. *Procedures to Comply with Section 3.1***

3.2.1. To comply with the prohibition above and avoid the appearance of impropriety, it is imperative that all personnel, whether an employee or director, observe the requirements below on when they may provide anything of value to public officials. Many jurisdictions also have specific regulations and ethical rules that include gift limits on what public officials may accept from third parties and impose reporting requirements for anything of value provided to public officials.

3.2.2. In general, you may only provide anything of value to a public official if all of the following requirements are met:

- It is permitted by applicable federal, state, or local regulations and ethical rules that specify what public officials may accept;
- It does not exceed the gift ban limits in the jurisdiction;
- It is done infrequently; and
- It is not done for or because of any official act performed, or to be performed, by the public official for the Company.



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Charitable contributions made at the request of a public official (including the purchase of tickets to charitable events) are not considered things of value given to a public official but should be treated as requests made by a public official that are subject to the review required by Section 3.3.1.4 below.

- 3.2.3. If you are unsure whether you may provide anything of value to a public official consistent with the rules above, you must seek advice and advance written approval from the Compliance & Ethics Office. If a public official receives anything of value from or on behalf of the Company or any of its employees, officers, or directors that does not comply with the requirements above, you must immediately notify the Company's Chief Compliance & Ethics Officer.
- 3.2.4. Anything of value provided to a public official under this section must be reported to business unit level Government Affairs and accurately recorded in the Company's books and records. This requirement does not require reporting of refreshments of minimal value provided during meetings hosted by Exelon.
- 3.2.5. Each quarter, business unit level Government Affairs shall provide a written report to the Compliance & Ethics Office, with a copy to the Business Unit CEO and General Counsel, of reported gifts or anything else of value provided to public officials under Section 3.2.2.

### **3.3. *Rules for Handling Requests from Public Officials***

- 3.3.1. Public officials, or others acting on their behalf, may at times request or solicit things of value from the Company. Exelon is committed to acting with integrity and transparency in its interactions with public officials. If you receive a request for anything of value from a public official, either directly or from someone acting on the public official's behalf, you must treat it with heightened attention. The following rules are designed to help ensure the Company does not agree to a request from a public official that would violate this Policy or the law:
  - 3.3.1.1. A request, referral, or recommendation from a public official to consider an individual for employment or promotion at the Company must comply with *Referrals, Recommendations, or Requests from Public Officials Regarding Employment Decisions (LE-AC-POL8-002)*.



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- 3.3.1.2. A request, referral, or recommendation from a public official to consider or hire a particular lobbyist or political consultant must comply with Section 3.4 of this Policy, set forth below, and the procedure on *Due Diligence and Monitoring Procedure for Third Parties Engaged in Political Consulting and Lobbying Activities (LE-AC-PCD-001)*.
- 3.3.1.3. A request, referral, or recommendation from a public official to consider or contract with a vendor or supplier must comply with *Vendors and Suppliers Affiliated with or Referred, Recommended, or Requested by Public Officials (LE-AC-POL8-003)*.
- 3.3.1.4. Any other request or solicitation for anything of value from a public official, or someone acting at the request of a public official, must be immediately reported in writing to Government Affairs for the relevant business unit, and the Compliance & Ethics Office. For all requests in the scope of Section 3.3.1.4:
  - 3.3.1.4.1. The Chief Compliance & Ethics Officer is responsible for the system that documents and tracks requests and how the Company responded to them consistent with the Prohibited Conduct and Restrictions set forth in this Policy.
  - 3.3.1.4.2. The business unit SVP responsible for Government Affairs shall promptly review the request and determine the appropriate response, consulting with the business unit General Counsel's office and other stakeholders as necessary to comply with the Prohibited Conduct and Restrictions set forth in this Policy. The business unit SVP responsible for Government Affairs shall communicate the proposed response to the request to the Chief Compliance & Ethics Officer, who is responsible for making the final determination that the proposed response is consistent with this Policy.
  - 3.3.1.4.3. The Chief Compliance & Ethics Officer shall provide quarterly reports to the Audit Committee of the Board of Exelon Corporation and to the Board of Directors of each business unit of all requests from public officials reported under this section and how the Company responded.
- 3.4. ***Internal Lobbyists, External Lobbyists, and Political Consultants***
  - 3.4.1. Exelon employs public affairs professionals to manage legislative, regulatory, and public policy issues at the federal, state, and local levels,



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and also utilizes external lobbyists and political consultants to support their work. The laws of the federal government, all 50 states, and many local jurisdictions require certain of these public affairs professionals and third parties acting on our behalf to register as lobbyists and to file periodic reports of their lobbying activities. To comply with these laws, Exelon adheres to the following requirements. This Policy supplements the procedures described in *Federal Government Affairs Process (GR-DO-30)*.

## **3.4.2. Internal Lobbyists:**

3.4.2.1. The Company has designated Internal Lobbyists who must comply with all state and local lobbying laws. If you have a question about whether your activities are considered Lobbying Activities, or whether you must register as an Internal Lobbyist, you must seek advice from the subsidiary General Counsel.

3.4.2.2. Any employee who engages in Lobbying Activities on behalf of the Company may have to register and report as a lobbyist, depending on the applicable state and local lobbying law. Accordingly, we have established the following pre-approval and reporting requirements:

3.4.2.2.1. Employees must obtain prior approval from the subsidiary SVP responsible for Government Affairs prior to registering as a lobbyist on behalf of the Company and prior to engaging in any Lobbying Activities.

3.4.2.2.2. SVP responsible for Government Affairs may provide personnel with blanket approval for certain types of Lobbying Activities in specific jurisdictions or may provide approval for a limited scope of Lobbying Activities.

3.4.2.2.3. All persons acting as Internal Lobbyists shall report to Government Affairs in connection with all Lobbying Activities in which they engage.

## **3.4.3. External Lobbyists and Political Consultants:**

3.4.3.1.1. The Company engages External Lobbyists and Political Consultants and has established detailed pre-approval, contractual, due diligence and monitoring requirements that govern the Company's relationship with all External Lobbyists and Political Consultants. Those requirements are set





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forth in a separate procedure: *Due Diligence and Monitoring Procedure for Third Parties Engaged in Political Consulting and Lobbying Activities (LE-AC-PCD8-001)*. Among other things, the procedure requires the following:

- 3.4.3.1.2. Pre-Approvals: Before any External Lobbyist or Political Consultant can be engaged, approvals must be obtained from each of the following: (1) SVP responsible for Government Affairs, business unit; (2) General Counsel, business unit; (3) CEO, business unit; and (4) Chief Compliance & Ethics Officer.
- 3.4.3.1.3. Contractual Requirements: Any External Lobbyist or Political Consultant acting on the behalf of the Company must have a written contract with Exelon or the subsidiary for which it is providing services. It is prohibited for an External Lobbyist or Political Consultant to subcontract any portion of their work for the Company to another party. Business unit level Government Affairs will be responsible for ensuring that each External Lobbyist or Political Consultant has a written agreement consistent with the requirements in this Policy.
- 3.4.3.1.4. Due Diligence and Monitoring: Exelon is committed to working with partners who share its commitment to integrity. Accordingly, Exelon performs due diligence on all third parties that engage in Lobbying Activities on its behalf, and monitors the services provided by those third parties during the course of their relationship with the Company. The procedures are administered by business unit level Government Affairs with oversight over and semi-annual reporting to Exelon's Chief Compliance and Ethics Officer.

## **3.4.4. External Disclosure Regarding Activities of Lobbyists and Political Consultants**

- 3.4.4.1. Exelon is committed to transparency in its Lobbying Activities and political consulting activities and publicly discloses on the Company's websites the identity and other legally required disclosures about external lobbyists and political consultants acting on its behalf with public officials.

## **4. REPORTING POTENTIAL POLICY VIOLATIONS; NON-RETALIATION**

- 4.1. Compliance with this Policy is critical to sustaining Exelon's integrity in its interactions with public officials. Exelon is committed to a culture that



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encourages employees to speak up when we see something that violates – or could possibly violate – the law or our policies, and seek help when we are unsure about the proper course of action. If you suspect a violation, or possible violation, of this Policy, you have an obligation to report your concerns. There are a number of ways to report possible violations, including to:

- The Compliance & Ethics Office at [EthicsOffice2@exeloncorp.com](mailto:EthicsOffice2@exeloncorp.com)
- The Ethics Help Line and Web Portal, both of which have anonymous reporting options and are available 24 hours a day, every day of the year.

For additional information on how to report concerns, you can consult Exelon's policy, *Reporting Potential Violations of the Code of Business Conduct* (LE-AC-204).

- 4.2. All reports will be treated confidentially to the fullest extent possible under the circumstances. Exelon will not tolerate retaliation against anyone who, in good faith, raises a question or concern about a potential violation of this Policy, our Code of Business Conduct, or potential non-compliance with any laws or regulations. Retaliation in any form – threats, harassment, intimidation, violence, reassignment, demotion, or firing – impedes our progress, has no place in our organization, and is subject to discipline, up to and including termination.