



# Exelon Sustainability Report 2022

Powering a cleaner and brighter future  
for our customers and communities

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# A Message From the CEO



As Exelon's new CEO, it is my pleasure to share this report on our sustainability programs and performance during 2022. It is an honor for me to lead the next chapter at Exelon—a company I have been privileged to serve for more than

a decade. The people in our communities count on us every day to provide the energy that powers their lives. Whether in our schools, homes or workplaces, Exelon and our energy companies are there.

This is an exciting time at Exelon. As we look to the future, we are embracing the challenge to lead the energy transformation and to create sustainable value. Exelon is focused on our customers and communities. Energy, and our energy delivery systems, must remain safe, reliable, resilient and secure. They must also be affordable and equitable for all of our customers, including in historically under-resourced communities.

Customers view our utilities as partners and have strong satisfaction with Exelon's performance and programs. Customers should have options to participate in managing their own energy usage through access to information, and can benefit from programs to enable actions such as increasing energy

efficiency (EE) and integration of local renewable energy resources into the emerging smart grid. We must work closely with our communities and policy makers on solutions driving decarbonization across the economy, as we work to mitigate greenhouse gas (GHG) emissions and adapt to the physical changes to the environment driven by climate change.

Exelon is uniquely positioned to help lead the energy transformation. With the successful separation from our prior power generation and competitive energy businesses, Exelon is now focused fully on finding the best opportunities for our ever-modernizing infrastructure to optimize solutions for each of our jurisdictions. To achieve results for our customers, we invested \$7.2 billion in our systems last year, and we plan to invest \$31.3 billion between 2023–2026.

As we modernize our system for the future, we remain mindful that the energy transformation and decarbonization of the economy will take decades to fully achieve, that new technologies and innovations to help us on the journey will continue to emerge and that maintaining affordability for our customers is critically important. Over time, we will evolve our utility infrastructure leveraging new innovation in energy and energy delivery systems.

To meet the challenges before us, Exelon continues to invest in people—our employees and residents of our communities. I am pleased to report that in 2022 we invested more than \$16 million to support over 80 workforce development efforts across our six utilities, including at our infrastructure academies. These academies create pathways for members of our local communities to achieve meaningful careers, whether at Exelon or other local businesses.

I am also proud of Exelon's \$36 million Racial Equity Capital Fund supporting minority-owned businesses and promoting equity, inclusion and economic opportunity in the communities we serve. In February 2023, Exelon announced the first deployment of capital: \$1.25 million to two businesses. Our long-standing Diverse Business Empowerment program also continued its record of success in 2022, with almost \$2.9 billion spent with 914 local and diverse suppliers.

In 2022, our corporate philanthropy programs directed \$48.1 million supporting education, arts and culture, health and social services and community and economic development. Just as rewarding to me is seeing that Exelon employees volunteered almost 127,000 hours in our communities.

Exelon continues to implement its Path to Clean program, with the goal of reducing operations-driven GHG emissions by at least 50 percent by 2030 and to net-zero by 2050. As our jurisdictions seek to decarbonize the economy, Path to Clean is also focused on helping customers and communities to reduce their GHG emissions. I am proud to report that our utility EE programs in 2022 helped customers save almost 24.8 million MWh and avoid over 9.5 million tons of GHG emissions. Our Green Power Connection programs also have successfully connected almost 3,100 megawatts of renewable energy generation for over 200,000 utility customers.

Each of our utilities remains a committed partner with our jurisdictions, working together to address climate change, local environmental and air quality concerns, affordability and workforce and community economic development. We are working to ensure that no communities are left behind as we work together to create the energy system of the future.

I look forward to working with you in the coming year and ask for your support and engagement as Exelon seeks to help lead the energy transformation with, and for, our customers and communities.

Sincerely,



**Calvin Butler**

President and Chief Executive Officer

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**This is an exciting time at Exelon. As we look to the future, we are embracing the challenge to lead the energy transformation and create sustainable value. Exelon is focused on our customers and communities. Energy, and our energy delivery systems, must remain safe, reliable, resilient and secure. They must also be affordable and equitable for all of our customers, including in historically under-resourced communities.**

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# About Exelon

## → About Exelon

Delivering Sustainable Value  
as the Premier T&D Utility

Addressing Climate Change  
Through Transition and  
Adaptation Planning

Advancing Clean Energy and  
Affordable Energy Choices

Delivering a Top Tier  
Customer Experience

Safely Powering Reliability  
and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and  
Rewarding Workplace

Corporate Governance

Appendix

# By the Numbers

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**9.1 million**

electric utility customers

---

**97.0 percent**

natural gas customers with advanced meters

---

**\$5.8 million**

employee giving campaign

---

**1.3 million**

natural gas customers

---

**24.8 million**

MWh saved during 2022 through utility customer energy efficiency (EE) programs

---

**9,549 acres**

managed under Wildlife Habitat Council and/or National Wildlife Federation programs

---

**21.7 million**

population of utility service areas

---

**200,100**

customers with distributed energy connected

---

**100 percent**

Environmental Management System (EMS) certification

---

**94.8 percent**

electricity customers with smart meters

---

**\$48.1 million**

charitable giving

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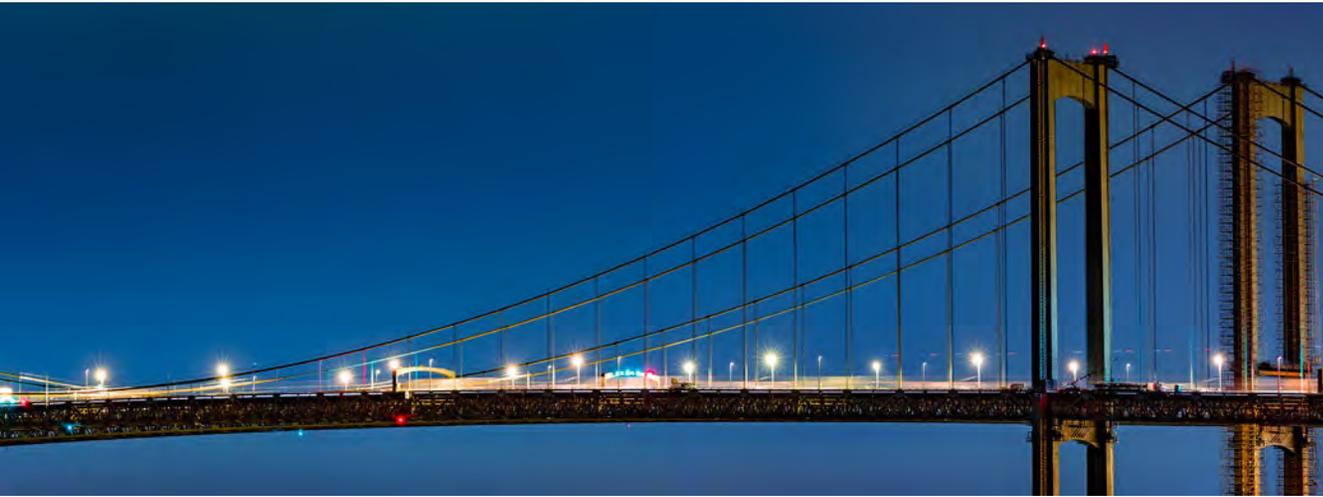
**19,063**

employees

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# Cautionary Statements Regarding Forward-Looking Information

This report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Words such as “could,” “may,” “expects,” “anticipates,” “will,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts,” “should,” and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) the Registrants’ 2022 Annual Report on Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; (2) the Registrants’ First Quarter 2023 Quarterly Report on Form 10-Q in (a) Part II, ITEM1A. Risk Factors, (b) Part I, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part I, ITEM 1. Financial Statements: Note 12, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, whether written or oral, which apply only as of the date of this presentation. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this report. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to the Registrants, please see our filings with the SEC, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.



## Our Business

Exelon Corporation (Nasdaq: EXC) is a Fortune 200 company and is the nation's largest utility company by customer count, serving more than 10 million customers through six fully regulated transmission and distribution (T&D) utilities—Atlantic City Electric Company (ACE), Baltimore Gas and Electric Company (BGE), Commonwealth Edison Company (ComEd), Delmarva Power & Light Company (DPL), PECO Energy Company (PECO) and Potomac Electric Power Company (Pepco). In addition to the electric T&D services provided by all of our utilities, three of our utilities (PECO, BGE and DPL) also provide natural gas service. In 2022, 90 percent of utility revenues were derived from electric operations and 10 percent from natural gas operations. Since its separation from Constellation Energy on February 1, 2022, Exelon does not own any electric power generation resources.

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### Powering a cleaner and brighter future for our customers and communities.

Exelon's purpose statement underscores our commitment to advancing a better, more sustainable energy future, as well as our commitment to continuously improving the lives of those we serve. We have the opportunity and responsibility to help lead the energy transformation, creating a safer, cleaner and more equitable future for all.

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### Exelon Family of Companies





## 2022 Sustainability Report Approach

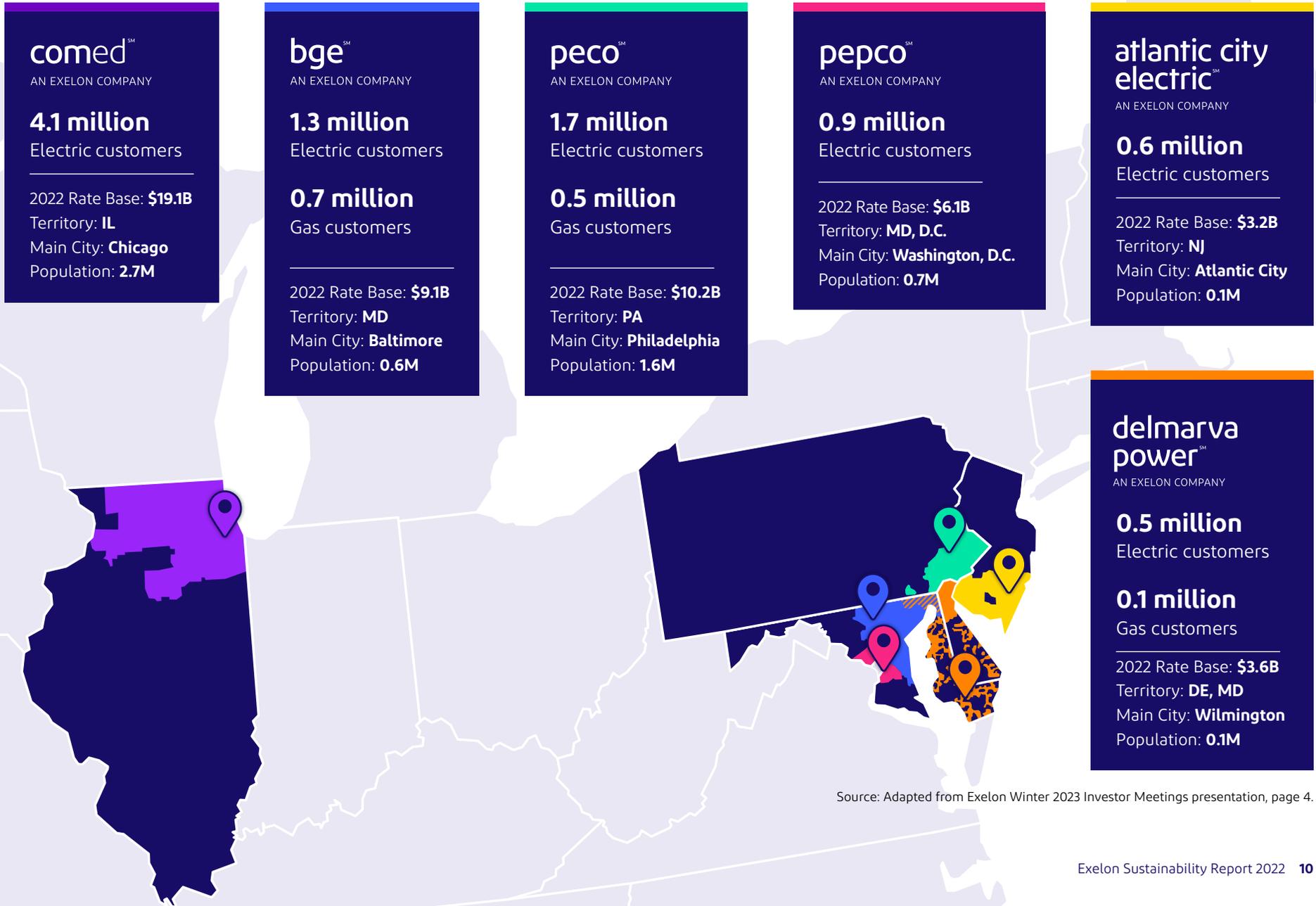
The 2022 Exelon Sustainability Report (ESR) details our company's programs and performance in the areas of economic, social, governance and environmental initiatives. Exelon is committed to reporting on our sustainability performance annually. Unless otherwise noted, this report presents information and data that reflect the post-separation footprint of the current day T&D utilities business of Exelon. On February 1, 2022, the power generation and competitive energy marketing business that had previously been part of Exelon became a separate publicly traded company (Constellation: ticker CEG). Information on Constellation is outside of the scope of this report.

Data in this report focuses on the reporting period of January 1, 2022, through December 31, 2022. We recognize that many of our stakeholders appreciate the presentation of three years of recent performance data to assist in understanding trends over time. As such, we have recast certain prior years' data, where possible, to provide comparative data for Exelon's utilities over time (prior to the spin-off of Constellation Energy). Data presented in this report includes footnotes to indicate our approach to recasting data in cases where metrics have been recast. This report does not discuss how recast data for the post-separation Exelon footprint compares to the pre-separation footprint that included Constellation's competitive power generation and customer-facing energy businesses.

In addition, in some instances, this report may refer to four, rather than six, utilities at Exelon. This occurs in instances where we track the performance or results of Pepco Holdings, LLC (PHI) as a whole, rather than its three subsidiary utilities (ACE, DPL and Pepco).

Exelon aspires to follow voluntary reporting best practices, including aligning with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Task Force on Climate Related Financial Disclosures (TCFD). We also engage with an accredited third-party GHG verifier, Lloyd's Register Quality Assurance, Inc. (LRQA), to provide verification of our 2022 GHG emission inventory to a reasonable assurance level for [Scope 1 and 2 GHG emissions](#) and to a limited assurance level for [relevant Scope 3 GHG emissions](#). Verifications are performed in accordance with The Climate Registry and International Standards Organization (ISO) 14064 standards for the performance of GHG emission verifications. These verification statements are available on our website and cover Exelon's post-separation footprint (T&D utilities) and related corporate operations. Our executive leadership ESR Editorial Board has reviewed our annual sustainability report prior to publication.

# Exelon Service Areas



Source: Adapted from Exelon Winter 2023 Investor Meetings presentation, page 4.

# Exelon Performance Data 2020–2022<sup>[1][2]</sup>

Topic	2020	2021	2022
<b>Financial and Business Results</b>			
<b>Revenue</b> (million USD)	\$16,663	\$17,938	\$19,078
<b>Operating expenses</b> (million USD)	\$14,485	\$15,256	\$15,761
<b>Net income from continuing operations</b> (million USD)	\$1,099	\$1,616	\$2,054
<b>Earnings per average common share from continuing operations</b> (diluted)	\$1.13	\$1.65	\$2.08
<b>Customers</b>			
<b>Cumulative Exelon Utility Customer Energy Efficiency (EE) Program Savings</b>			
Customer EE savings (million MWh)	22.33	22.76	24.76
GHG emissions avoided by EE programs (million metric tons CO <sub>2</sub> e)	8.07	8.75	9.52
<b>Green Power Connection</b>			
Customer renewables connected (MW)	1,995	2,660	3,089
Customers with renewables systems connected (number of customers)	150.4	173.3	200.1

Topic	2020	2021	2022
<b>Customer Satisfaction Index</b>			
BGE	8.39	8.25	8.17
ComEd	8.27	8.18	8.17
PECO	8.27	8.35	8.09
PHI	7.98	7.98	7.88
<b>Reliability—SAIFI</b> (average number of interruptions per customer)			
BGE	0.70	0.68	0.74
ComEd	0.47	0.50	0.43
PECO	0.70	0.71	0.62
PHI	0.68	0.65	0.61
<b>Reliability—CAIDI</b> (average outage duration in minutes)			
BGE	90	87	89
ComEd	68	69	67
PECO	85	95	89
PHI	88	85	86

[1] Click on the hyperlinks in the left column of this table to read the report sections on each topic. These sections provide additional context and definitions for the data metrics, including whether higher or lower numbers indicate relatively better or worse performance for each metric.

[2] Performance data reflects Exelon's current day footprint. 2020–2021 financial, community, safety and environmental data has been recast to reflect Exelon's current corporate boundary (excludes Constellation) and may differ from previous reports. See further discussion in the [2022 Corporate Sustainability Approach](#) section of this report.

Topic	2020	2021	2022
<b>Reliability—SAIDI</b> (average duration of interruptions per customer)			
BGE	63	60	66
ComEd	32	35	29
PECO	60	67	55
PHI	60	55	52
<b>Communities</b>			
<b>Corporate and foundation giving</b> (million USD)	\$33.5	\$42.0	\$48.1
<b>Volunteer hours</b> (thousands)	71.8	97.8	126.5
<b>Diverse supplier spend</b> (billion USD) <sup>[3]</sup>	\$2.2	\$2.6	\$2.9
<b>Workplace Safety</b>			
<b>OSHA recordable rate</b> (work-related injuries or illnesses per 100 employees)	0.87	0.94	0.90
<b>OSHA DART rate</b> (work-related injuries or illnesses resulting in days away, restricted work or job transfer, per 100 employees)	0.96	0.67	0.70

Topic	2020	2021	2022
<b>Climate Change and Environment</b>			
<b>Total corporate GHG emissions</b> (Scope 1 and 2, location-based, thousand metric tons CO <sub>2</sub> e)	5,052	5,335	5,307
<b>Total corporate GHG emissions</b> (Scope 1 and 2, market-based, thousand metric tons CO <sub>2</sub> e)	5,428	5,749	5,720
<b>Path to Clean Goal Breakdown</b>			
<b>2030 Operations-driven GHG reduction goal</b> (Percent Reduction from 2015 Baseline Achieved)—reflects market-based accounting	33%	33%	34%
<b>Operations-driven GHG emissions</b> (Scope 1 and 2 market-based, thousand metric tons CO <sub>2</sub> e)	538	538	527
<b>GHG emissions associated with T&amp;D system line losses</b> (Scope 2 market-based, thousand metric tons CO <sub>2</sub> e)	4,890	5,211	5,193
<b>Relevant customer energy use emissions</b> (Scope 3, thousand metric tons CO <sub>2</sub> e)	79,484	86,934	83,154
<b>Total Water Use</b> (million gallons per year)	79.2	113.8	80.0

[3] 2021 Diverse Supplier Spend total has been updated since Exelon's last Sustainability Report.

# Key Sustainability Topics

Exelon’s commitment to sustainability and addressing environmental, social and governance (ESG) topics is central to our mission of providing reliable, affordable and innovative energy products and services that enable increasingly lower carbon energy as our industry transforms. By aiming for the highest ethical standards, operational excellence and environmental stewardship, we strive to conduct business in a way that is sustainable for our customers, our employees and our communities, while delivering sustainable value for our shareholders.

The [Global Reporting Initiative \(GRI\)](#) defines material, or key, topics as those that represent the organization’s most significant impacts on the economy, environment and people, including impacts to human rights.

As we updated our Key Sustainability Topics list for the 2022 ESR, we considered the following:

- Engagements with customers, communities, policy leaders, investors and employees
- Surveys and requests for sustainability information that we receive
- Shareholder proposals in our industry and at Exelon
- Edison Electric Institute (EEI) surveys of large utility investors Electric Power Research Institute (EPRI) Priority Sustainability Issues for the Electric Power Industry

- Peer company disclosures identified through our annual benchmarking of best practices
- Media and stakeholder reviews of the company and our sector
- Our annual Ceres stakeholder engagement dialogue
- Sustainability disclosure and rating frameworks including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), CDP, the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the S&P Global Corporate Sustainability Assessment (CSA)/Dow Jones Sustainability Index (DJSI), MSCI, Sustainalytics and the Climate Action 100+ Benchmark

We continue to align our business with global sustainability initiatives, particularly the United Nations Sustainable Development Goals (SDGs). The 17 goals and 169 targets provide a framework for governments, businesses and organizations to advance sustainable development. Exelon’s business and sustainability activities indirectly address nearly all the goals; however, our focus is on four priority SDGs that most directly align with our business at the target level: SDG 7, Affordable and Clean Energy; SDG 9, Industry, Innovation and Infrastructure; SDG 11, Sustainable Cities and Communities; and SDG 13, Climate Action.

We discuss this alignment in more detail in the report section on [Delivering Sustainable Value as the Premier T&D Utility](#). In the table below, we map the SDGs aligned with our business alongside our key sustainability topics and their importance. We list our sustainability topics alphabetically by report section.

## SUSTAINABLE DEVELOPMENT GOALS



## Exelon’s Four Priority SDGs



Key Sustainability Topics	Relevant SDGs	Why It Is Important
<b>Addressing Climate Change Through Transition and Adaptation Planning</b>		
<b>Greenhouse Gas (GHG) Emissions</b>	<b>7, 9, 13</b>	GHG emissions drive climate change and must be dramatically and expeditiously reduced to move the U.S. economy toward net-zero GHG emissions. Through Exelon's Path to Clean goal, our utilities are collectively acting to reduce operations-driven emissions 50 percent from a 2015 baseline by 2030 and focused on achieving net-zero operations by 2050.
<b>Leading the Clean Energy Transition</b>	<b>11, 13</b>	Climate change exacerbates many of the system challenges that Exelon has managed for decades, such as storm restoration and energy system resilience. Through evaluation of climate change and integrated gas and electric utility response scenarios, Exelon is planning for the energy transition. This includes adapting our systems to address climate change impacts, seeking to identify least-cost pathways for Exelon- and economy-wide GHG emission reductions, and working to support customers and communities in achieving their emission reduction objectives.
<b>Advancing Clean Energy and Affordable Energy Choices</b>		
<b>Energy Affordability</b>	<b>7</b>	Reasonably priced electric and natural gas service, with updated regulatory frameworks and investment prioritization to support the grid of the future, supports all sectors of the economy and allows customers to better manage their energy usage and expenses while simultaneously benefitting from smart grid investments and lower carbon energy solutions.
<b>Value of Clean Energy</b>	<b>7, 13</b>	Investments in technology and the T&D system help to create a smarter power grid to better enable our customers, communities and jurisdictions to achieve their interests in equitable, cleaner energy outcomes.
<b>Beneficial Electrification</b>	<b>9, 13</b>	Beneficial electrification supports grid management and provides growth opportunities while reducing GHG emissions, aligning with our strategic objectives. These opportunities exist in the transportation, industrial, residential and commercial building sectors.
<b>Delivering World-Class Customer Experiences</b>		
<b>Innovative Products and Services</b>	<b>7, 9, 13</b>	By delivering equitable access to innovative products and services, we give customers more choices and control over their energy usage. We also are evolving our business to support increased electrification of the economy.
<b>Service to Customers</b>	<b>7</b>	Providing reliable service, achieving high customer satisfaction and empowering customers to buy, manage and use energy efficiently and cost-effectively are critical to our goal to be the premier T&D utility company.
<b>Safely Powering Reliability and Resilience</b>		
<b>Cybersecurity/Physical Security</b>	<b>9</b>	Protection of customer information and Exelon's electronic and physical assets is of paramount importance, as our systems are nationally important critical infrastructure.
<b>Energy System Resilience</b>	<b>7, 9, 11</b>	The delivery of reliable, cleaner and affordable energy supplies can be affected by many factors, including climate change. Resilience is achieved by delivering energy through modernized and well-maintained transmission and distribution systems in conjunction with investments in new customer-facing technologies that enable adaptability and flexibility.
<b>Investments in Energy Systems Infrastructure</b>	<b>7, 9, 11</b>	Continued investment in our systems ensures more reliable and efficient transmission and distribution of electricity and gas, providing customers with access to increasingly cleaner and affordable energy choices and a world-class customer experience. This includes enabling investments to prepare the grid for increased beneficial electrification and distributed energy resources (DER).

Key Sustainability Topics	Relevant SDGs	Why It Is Important
<b>Supporting Communities</b>		
<b>Air Quality</b>	<b>3, 11</b>	Exelon recognizes the importance of air quality for our communities and customers, especially those disproportionately affected by localized pollution. Programs that promote EE, facilitate transportation electrification and enable local distributed renewable energy generation helps support healthier environments by reducing use of fossil fuels in the communities we serve.
<b>Community Vitality</b>	<b>4, 8</b>	Exelon's business value and success are inextricably linked with the success of the communities that we serve. Exelon supports local communities through jobs, taxes paid, corporate philanthropy, community engagement, investments, use of local and diverse suppliers and stakeholder partnerships that grow opportunities for people and city and regional economies, including local workforce development.
<b>Environmental Justice</b>	<b>3, 10, 11</b>	Exelon considers community needs, including environmental justice, in its business decisions to enable customers, business partners and members of the community to fully and equitably participate in, and benefit from, social, environmental and economic progress.
<b>Public Health and Safety</b>	<b>3</b>	With operations in multiple states and the District of Columbia, Exelon takes seriously its responsibilities to protect the public health and safety of those in the communities we serve during our daily operations and in the case of an emergency event.
<b>Environmental Responsibility</b>		
<b>Habitat and Biodiversity</b>	<b>6, 14, 15</b>	Exelon utility service areas encompass 25,600 square miles in Delaware, the District of Columbia, northern Illinois, Maryland, New Jersey and southeastern Pennsylvania, which include unique habitats that sustain rich biodiversity, which can be enhanced by our efforts. Our commitment to environmental protection and stewardship is demonstrated through a variety of projects across our service territories, including those certified by the Wildlife Habitat Council and National Wildlife Federation.
<b>Water Management</b>	<b>6</b>	Recognizing the effects of climate change and increasing demand for shared water resources, Exelon seeks to conserve and protect such resources through proactive management of stormwater, efforts to mitigate potential environmental impacts of our operations and restoration and enhancement of natural habitats and biodiversity to contribute to healthy watersheds.
<b>A Safe, Innovative and Rewarding Workplace</b>		
<b>Diversity, Equity and Inclusion (DEI)</b>	<b>5, 8, 10</b>	Diversity, Equity and Inclusion (DEI) is a core value at Exelon. Our commitment to DEI strengthens our ability to attract, retain and advance employees who will best serve and represent our customers, business partners and communities. To achieve our greatest potential, we must engage with and reflect the communities that we serve.
<b>Employee Engagement</b>	<b>8</b>	Our employees are our greatest asset. Employees who are invested in developing their careers at Exelon, and in engaging with the communities that we serve, help us to develop programs and actions that support clean, affordable and reliable energy delivery systems and promote positive social and economic outcomes.
<b>Health, Safety and Wellness</b>	<b>3</b>	We continually strive to minimize worker exposure to potential health and safety hazards. We also support employee wellness (mental and physical) through programs designed to provide assistance when needed. Our health and safety focus builds a desirable and productive work environment, reduces health care costs and improves business performance.
<b>Workforce Development</b>	<b>4, 8</b>	Exelon works to develop a reliable workforce pipeline by creating jobs and bringing economic empowerment to the communities where we work and live. We invest in our employees and potential future employees through focused trainings and partnerships, which helps us build and maintain the workforce we need to best serve our customers. We seek talented employees, particularly in the science, technology, engineering and math (STEM) areas, who enable our continued growth.

Key Sustainability Topics	Relevant SDGs	Why It Is Important
<b>Corporate Governance</b>		
<b>Corporate Governance and Ethics</b>	<b>16</b>	An ethical culture with strong corporate governance and risk management processes, in concert with the Exelon Board Corporate Governance Committee's oversight of Exelon's sustainability performance, is critical to maximizing Exelon's operational results, reducing risks and ensuring compliance with applicable laws and regulations.
<b>Policy Engagement</b>	<b>13</b>	Exelon's businesses are subject to a wide range of laws and regulations. Exelon engages with policy makers to advance solutions that support our business interests, provide value to customers and create desirable outcomes for stakeholders. This includes encouraging our industry associations to support robust, forward-looking responses to combat climate change and social equity challenges.
<b>Sustainable Supply Chain</b>	<b>12</b>	We work with our suppliers and industry peers to build a sustainable supply chain that delivers quality products and services for Exelon, supports local and diverse businesses in the communities in which we operate, incentivizes environmental performance, upholds human rights and ensures supply chain continuity.



# Stakeholder Engagement

Through regular engagement with our stakeholders and partners, we improve our understanding of emerging trends affecting our business. We use stakeholder feedback to inform our sustainability strategy and business plans. Our operating companies also participate in dozens of stakeholder engagement activities related to specific local issues.

Each year, we facilitate specialized forums with individual stakeholder groups to discuss their sustainability interests and concerns to inform

our business and sustainability planning. For example, since 2008 we have engaged with Ceres, a nonprofit organization advocating for sustainability leadership. Ceres provides an external perspective on key issues to help Exelon advance our sustainability performance. As a recent example of how this engagement informs our ESG strategy, Ceres convened a group of external stakeholders and Exelon participants in May 2022 to discuss [Exelon's Path to Clean](#) climate change goals, as well as our plan and approach to sustainability

reporting. Exelon appreciates the feedback received as we continue to look for opportunities to advance GHG emissions reductions both in our company operations as well as at our customers and communities through support in reducing their GHG emissions. In addition, we have appreciated direct engagement with Ceres staff over the last several years as Exelon developed our new [Human Rights](#) and [Environmental Justice Policies](#) and as we continue to consider other opportunities to enhance Exelon's sustainability performance and programs.



To explore avenues for improving sustainability performance as measured by the Dow Jones Sustainability Index (DJSI) scorecard, we held discussions with S&P Global, an international investment company with a specific focus on sustainability investments, whose Corporate Sustainability Assessment (CSA) analysis forms the basis for DJSI scores. We also met with CDP to share our views on Exelon's climate change and supplier disclosures and CDP scoring considerations, given Exelon's post-separation T&D utility business model. Other engagement included our response to the Climate Action 100+ Benchmark initiative, the Transition Pathway Initiative (TPI), discussions with our lead Climate Action 100+ investors, California Public Employees' Retirement System (CalPERS) and Nuveen.

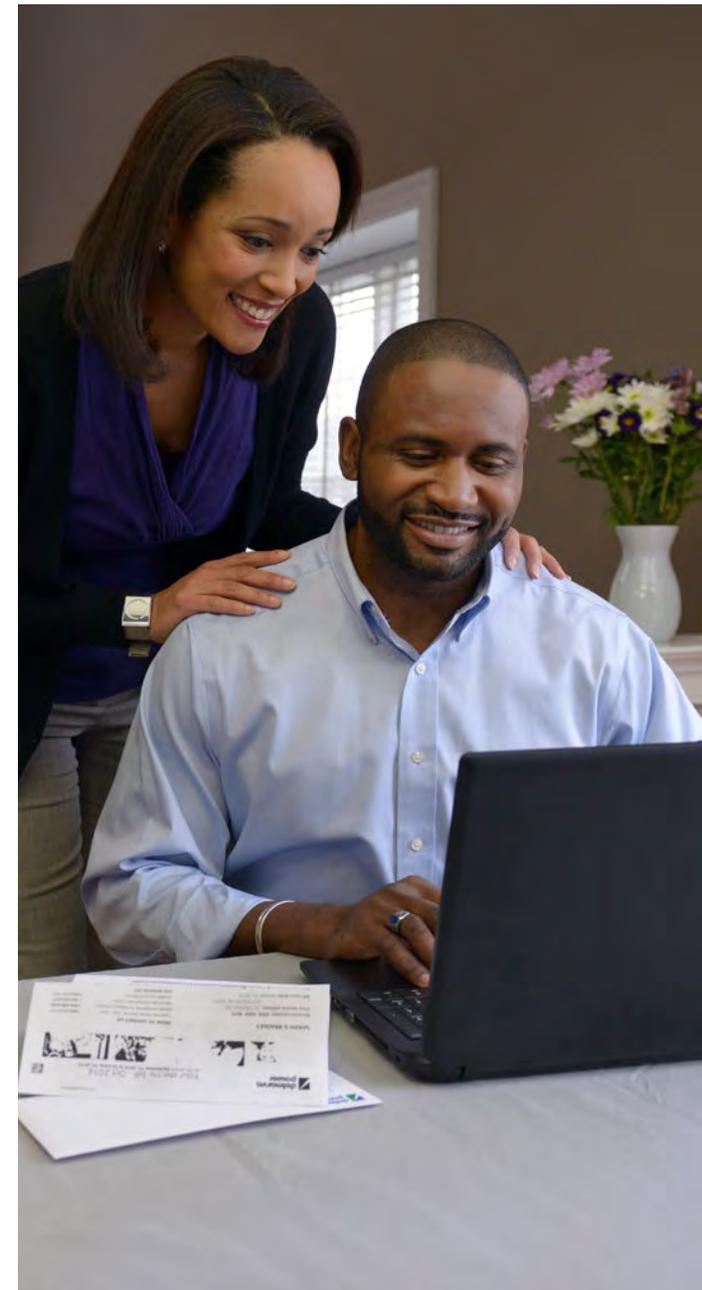
In recent years, investors and non-governmental organizations (NGOs) have sought more information about ESG topics including:

- Climate transition and adaptation planning and management
- Company climate change goals and consideration of science-based targets
- Policies aligned with national and international climate targets and goals

- Utilization of voluntary ESG reporting standards such as SASB and TCFD
- Human capital and social equity issues
- Support for communities and employees through the COVID-19 pandemic
- Compensation linkages to ESG performance

In 2022, Exelon engaged on these topics with [shareholders](#) representing 36 percent of all outstanding shares. We will continue engaging with customers, communities, NGOs and investors in the coming years to ensure that our sustainability strategies and disclosures align with stakeholder needs.

In addition to engagement meetings and events with stakeholder groups, Exelon regularly surveys our customers to better understand their interests and priorities with regard to our operations, services and performance. We regularly survey customers in each of our service areas to gauge [customer satisfaction](#), which is of paramount importance to our utilities. [Exelon's Supply Chain organization](#) has also begun to engage with its key suppliers on GHG emissions and potential opportunities for driving Scope 3 emissions reductions.





# Delivering Sustainable Value as the Premier T&D Utility

At Exelon, we are working to safely power a cleaner and brighter future for our customers and communities. As the nation's largest transmission and distribution (T&D) company, we have the people, size, scale and resources to continue to help lead the energy transformation that is underway and power the economic well-being of the large and diverse metropolitan and surrounding areas that we serve.

About Exelon

→ **Delivering Sustainable Value as the Premier T&D Utility**

Addressing Climate Change Through Transition and Adaptation Planning

Advancing Clean Energy and Affordable Energy Choices

Delivering a Top Tier Customer Experience

Safely Powering Reliability and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and Rewarding Workplace

Corporate Governance

Appendix

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## We remain committed to supporting equitable and affordable economy-wide decarbonization and resilience in the face of climate change as we execute our business strategy.

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Within our jurisdictions and across much of the U.S., customer, technology and policy trends signal an accelerating transformation to a cleaner, more dynamic and more distributed energy system. A diverse group of stakeholders—customers, policymakers, regulators and investors—are focused on mitigating the effects of climate change through rapid decarbonization. These stakeholders are influencing customer preferences, driving policy action and increasing deployment of clean energy technologies. As a result, we are seeing a move towards cleaner generation, lower-carbon fuels, electrification, distributed energy resources (DER) and new opportunities to enhance the customer experience. Increasing electrification of the economy requires significant new investment in our physical T&D systems, as well as continued focus on maintaining stringent reliability and resilience measures in our operations, including our information technology and cyber security systems.

We plan to invest almost \$31.3 billion over four years in our infrastructure systems in support of our customers and communities. Much of this investment aims to modernize the T&D system, including to enable increased levels of electrification and integrate

renewable energy into the grid system. Additionally, to strengthen the T&D system through enhanced reliability and resilience measures to continue to address issues such as the potential effects of climate change on our systems and cybersecurity. As we deploy capital, we remain focused on financial discipline through maintaining a strong balance sheet and investment grade ratings to manage borrowing costs while maintaining affordable T&D electric and gas utility rates. As a pure T&D company we have the opportunity to focus on building, operating and optimizing delivery systems that integrate and leverage a variety of energy resources that can contribute to the clean and affordable energy goals of our customers and communities.

Foundational to our value proposition is a commitment to, and history of, operational excellence, customer focus, a talented workforce and safe, secure and reliable energy delivery systems.

As the nation's largest T&D company, we can leverage our size and scale to anticipate energy transformation risks and trends and to prepare for energy supply and use shifts in a way that supports economic health and social equity in the large and diverse areas that we serve. To do that, we must focus on the following:

- Helping our customers to understand the shared energy systems that power our daily lives and local economies, including education and awareness around utility programs and information tools that can allow customers to understand their energy usage and opportunities for customers to participate in how they use energy—whether through energy efficiency (EE) programs, integration of customer-owned local renewable generation into our distribution systems, or other opportunities.
- Helping our communities to thrive as our energy system is transformed, including through investments that support local economic growth and workforce development that enables participation by vulnerable, diverse or underserved populations.
- Continuing to grow our company and earn attractive returns on responsible investments that enable the energy transformation, backed by regulatory support.





## How Exelon Delivers Sustainable Value

### Industry-Leading Platform

- ✓ **Size and Scale** Largest T&D utility company in the country serving 10+ million customers
- ✓ **Diversified Rate Base** Operate across 7 different regulatory jurisdictions (includes Federal Energy Regulatory Commission (FERC))
- ✓ **Large Urban Footprint** Geographically positioned to support the buildout of clean energy resources in our densely populated territories

### Operational Excellence

- ✓ **Safely Powering Reliability and Resilience** Track record of top quartile reliability performance
- ✓ **Delivering a Top Tier Customer Experience** Helping customers take control of energy usage while delivering top quartile customer satisfaction results

### Leading ESG Profile

- ✓ **No Owned Power Generation Supply** Pure-play T&D utility
- ✓ **Advancing Clean and Affordable Energy Choices** Building a smarter, stronger and cleaner energy grid with options that meet customer needs at affordable rates
- ✓ **Supporting Communities** Powering the economic health of the diverse communities we serve, while advancing social equity

### Financial Discipline

- ✓ **Strong Balance Sheet** Maintaining balance sheet capacity to firmly support investment grade credit ratings

# Trends Shaping Our Industry

While Exelon's utilities operate in unique jurisdictional contexts, they all face several common and important trends that are part of the ongoing energy transformation. Three key trends are described below:

- **Evolving Customer Expectations.** Customers seek greater control over their energy usage, improved convenience and increased customization along with heightened expectations of energy reliability and resilience. These requirements include strong cyber and physical security for energy system operations and infrastructure. Customers also expect energy that is clean, reliable and affordable, with limits on customer willingness and ability to pay more for clean energy. Customer preferences are varied just as customer needs are diverse. Expectations continue evolving toward more equitable and reliable energy service.
- **Rapid Advances in Technology.** The advancement and proliferation of new technologies creates new opportunities for customers and is shifting the patterns of energy supply and demand for utilities to manage.
  - Renewables contributed 22 percent of total U.S. electricity generation in 2022, up from 13 percent in 2015, and the Energy Information Agency projects that renewables will overtake coal as the second most prevalent source of generation by 2023.
- Interest in lower-carbon fuels, such as biomethane and hydrogen, has grown markedly in recent years for their potential to help decarbonize hard-to-electrify end uses in industry, heavy transport and older buildings. Biomethane, often referred to as renewable natural gas (RNG), is the most market-ready of these fuels, but interest in hydrogen has expanded significantly with new momentum in the U.S. following a \$3-per-kilogram subsidy as part of the Inflation Reduction Act.
- Electric vehicle (EV) incentives as part of the Inflation Reduction Act are designed to accelerate EV adoption in the U.S. towards meeting a target of 50 percent EV sales by 2030. Experts are projecting growth from 2.4 million passenger EVs on the road in the U.S. in 2021 to 12 million by 2025 and 47 million (19 percent of cars on the road) by 2030 according to BloombergNEF.
- DER—including distributed solar, storage and flexible loads—are projected by Wood MacKenzie to comprise up to 40 percent of total U.S. capacity additions from 2022–2026, with solar representing 60 percent of DER capital expenditures and EVs capturing 20 percent. Meanwhile, third-party companies are introducing tools to aggregate DER in a manner that can benefit the grid, customers and operations.
- **Increased Focus on Clean Energy and Climate Change Policy.** Energy and climate change are key public policy issues at every level of government. The United States has committed to a target of 50–52 percent reduction in greenhouse gas emissions by 2030. All of the states where Exelon operates have set state-level greenhouse gas reduction goals and emissions targets, and most have established or are establishing [specific policies](#) and programs to help achieve them. Climate policy action takes into consideration renewable portfolio or clean energy standards (RPS/CES), technology adoption goals or mandates, such as Zero Emission Vehicle (ZEV) sales targets, and measures such as building and appliance codes and performance standards that advance efficiency, electrification, low on-site emissions and decarbonized gases over fossil fuels. Policymakers view the electric generation sector as one of the easier sectors to decarbonize and a foundation to decarbonizing other sectors (such as transportation). Clean energy and climate policy requires utilities to both invest in traditional reliability and resilience and also support emerging investments in new technologies and customer needs to support and ease the energy transformation.

# Energy Transformation Risks

These policy, technology and customer trends point to potential shifts in the energy supply mix, amount of energy used and the manner in which energy is consumed. We see several key categories of risks that we are monitoring and preparing for:

- **Energy Decarbonization Transition Risk.** Changes to the energy systems as a result of local, state or federal regulatory requirements, new technologies, changing customer expectations and emerging voluntary GHG mitigation could increase the needed pace of change for infrastructure or business model design. Utilities must work with stakeholders to inform policy development and provide perspectives about the manner, speed and cost of evolving energy systems in the face of these accelerating transition goals.
- **Grid Reliance Risk.** As intermittent renewables and DERs proliferate and as electrification and decarbonized fuels advance, we are preparing for increasing demand for electricity and a greater reliance on that electricity to serve broader use cases (including transportation, more buildings and more industrial applications). Utilities will be asked to use their gas and electric assets in new and dynamic ways to enable a deeply decarbonized future. Increased reliance on the grid may also be accompanied with new or increased expectations for reliability and resilience.

- **Physical Climate Change Risk.** Meanwhile, weather patterns are shifting, and storm events are already becoming more frequent and extreme, stressing utility operations and assets. While supporting energy supply and demand transition, utilities must simultaneously harden their assets and explore redundancies to support increased resilience in the face of changes in the climate and weather-related events. For additional detail on this topic, visit the [Addressing Climate Change](#) section.
- **Affordability Implications.** We must assess these risks within the context of customer affordability and equity. Equitable and affordable energy access must be maintained while investments are made, and costs incurred, to support the energy transformation. We identify those factors we can influence in customer bills and the actions we are taking to promote customer affordability and equity. However, addressing this issue for all customers will require cooperation across multiple stakeholders, as it depends on many factors well beyond our direct control. For additional detail on this topic, visit the [Energy Affordability](#) section.

Climate change plays a key role in shaping these risks and the options to respond to them. The [Addressing Climate Change Through Transition and Adaptation Planning](#) section of this report presents a discussion of our integrated business strategy and climate change strategy, using the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework.



# Exelon's Business Model and Regulatory Framework

Exelon owns and operates infrastructure that delivers energy from suppliers to customers. Our assets primarily consist of conduits for this energy, and the substations and gate stations that energy passes through on its journey to the customer. We are an infrastructure business that connects customers and communities to the energy that powers their lives.

Exelon operates in deregulated energy markets that allow competition among energy producers. We do not own or operate power generation assets or natural gas supply sources. Instead, we procure electricity from market auctions that are focused on least cost procurement of energy for consumers, and we contract for natural gas supplies on the market and deliver these fuels to customers. Exelon procures the vast majority of the energy it delivers through competitive suppliers.

We operate primarily in retail choice markets that give customers options for their electric and natural gas suppliers. For those who have not selected a third-party retail provider, we are the default supplier. However, the transmission and distribution business assets we operate are the sole assets approved in each territory to transmit and distribute electricity and natural gas. As such, we are regulated by state level public utility commissions that evaluate our investments through rate case proceedings to determine the just and prudent nature of those costs and the rates our customers pay for electric and natural gas consumption.

We have worked in recent years with our public service commissions to develop cost recovery mechanisms that are beneficial both to our customers and to our utilities. These mechanisms reduce administrative costs caused by the frequent filing of traditional rate cases, provide increased rate and cost recovery predictability and offer an opportunity to proactively agree upon future investment strategies with our public service commissions. In addition to these cost recovery mechanisms, approximately 73 percent of Exelon's electric and gas distribution revenues are decoupled from the volume of energy we deliver, which can shift as a result of changing weather and customer usage patterns. This allows our utilities to focus on making the investments required to support the energy system of the future including measures, such as EE, that reduce sales volume. Revenue decoupling currently exists at ComEd, BGE, Pepco, DPL (in Maryland only) and ACE.

Exelon also engages with its federal regulator, the Federal Energy Regulatory Commission (FERC), on issues pertaining to electric transmission and wholesale electricity markets. This engagement focuses on efficient and fair cost recovery for transmission assets, as well as supporting rules that facilitate effective planning and market signals to ensure cost effective and reliable service during the energy transition.

## Climate Change Response

Exelon's response to climate change is focused on working with the levers available to T&D utilities that do not own power generation. The [Transition Planning](#) section of this report identifies key decarbonization levers available to Exelon under its current business model, including those where Exelon has direct control over actions (e.g., reducing our operations-driven Scope 1 and 2 GHG emissions) and levers where Exelon does not have direct control, but can support upstream suppliers and downstream energy users in taking action to reduce supply chain (Scope 3) GHG emissions. The [GHG Inventory and Accounting](#) discussion in the Appendix of this report contains a detailed review and explanation of GHG emission accounting across the several electric utility business models that exist in the United States. Understanding how business models interact with GHG emissions accounting and GHG goal setting frameworks is critical to understanding the levers available to companies, as well as for evaluating company responses to climate change adaptation and transition. As discussed in the [Addressing Climate Change](#) section of this report, Exelon's Path to Clean Strategy has been designed to work with the levers available to our T&D only business model, which is different in jurisdictions where the utility also owns the power generation plants that supply all end use customers (vertically-integrated utility model).

# Exelon's Business Strategy

The trends discussed previously point to a complex and accelerating mandate from our customers and other stakeholders to help lead the clean energy transformation. Our job now is to work together with our regulators and other stakeholders to effectively confront climate change, implement rapidly changing technology, influence and align with evolving energy policies and meet heightened expectations for economic and social equity.

To do all this, we must simultaneously address the following strategic focus areas:

- **Deliver customer value** through energy delivery, EE and beneficial electrification programs, technologies, rebates and incentives that help manage and optimize energy use;
- **Strengthen our infrastructure** to meet heightened resilience and reliability challenges from climate change, and to prepare for new technology, changing fuel supply, cyber and physical security threats and aging equipment and systems;
- **Modernize energy delivery systems** with new technologies, by preparing the electric delivery system for increased loads and operational complexity related to more electrification and DERs, and by updating our gas delivery systems to reduce emissions and accept lower-carbon fuels; and
- **Invest in communities** in a way that supports equity, affordability and environmental and sustainability goals.

At Exelon, we are taking a portfolio approach to decarbonization that recognizes the differences among our utility territories and among our communities—from energy resources to infrastructure to customer needs to policy environments. A portfolio of energy and technology solutions is best able to deliver decarbonization as cost-effectively as possible while meeting diverse customer and community needs, with the aim of lowering risk, lowering total cost and increasing reliability and resilience. Our objective is to be the integrator of multiple solutions that benefit stakeholders.

**Exelon's electric and gas systems are, and increasingly will be, essential to a decarbonized future.** These transmission and delivery systems can integrate a diverse portfolio of evolving energy technologies on both the supply and demand side, including lower-carbon electricity, lower-carbon fuels, DER, EE and beneficial electrification technologies. Our focus is on net-zero emissions outcomes while balancing affordability and reliability priorities.

As we work to help lead the energy transformation, we will remain focused on world-class energy delivery—the core of Exelon's business—through:

- Electric distribution that connects customers to lower carbon, reliable, affordable electricity sources both at the market and distribution level to seamlessly meet their evolving needs and preferences;



- Gas distribution that provides affordable, reliable energy and added resilience to the overall energy system, particularly during extreme weather periods and for hard-to-abate sectors; and
- Transmission expansion to support increasing reliance on renewable energy and growing electrification in addition to traditional needs, including congestion relief, operational performance needs, infrastructure resilience, equipment condition and customer service.

# Exelon's Energy Transformation Strategy



## Clean Energy Supply Shift

- Safe, reliable, secure
- Decarbonized

We will advance and enable cleaner energy supply shifts through:

 **Lower-carbon electricity** at the market level, through purchased energy agreements and integration of renewable generation as well as the state and regional mandates and programs that drive them. Customers will need access to a range of renewable and other low- and no-carbon generation technologies.

 **Lower-carbon fuels** supply through opportunities to procure, blend and deliver non-fossil fuels, such as renewable natural gas, hydrogen and synthetic natural gas into our transmission and delivery networks.

We will continue to offer programs, incentives and pilots to advance customer energy demand and use shifts through:

 **End-use innovation** such as (i) advanced DERs that manage, shift or reduce demand; (ii) EE and demand-side management resources and programs that help customers save energy and money and help the grid operate more reliably and efficiently; and (iii) beneficial electrification that can help save customers money in the long run and reduce negative environmental impacts. All of these resources, if managed, can help enable better grid management.

 **Customer experience** enhanced by providing energy options, solutions, technology and digital information and carbon-reduction opportunities that help customers exercise greater control over their energy use and bills.

## Energy Demand and Use Shift

- Affordable and equitable
- Customer options and satisfaction

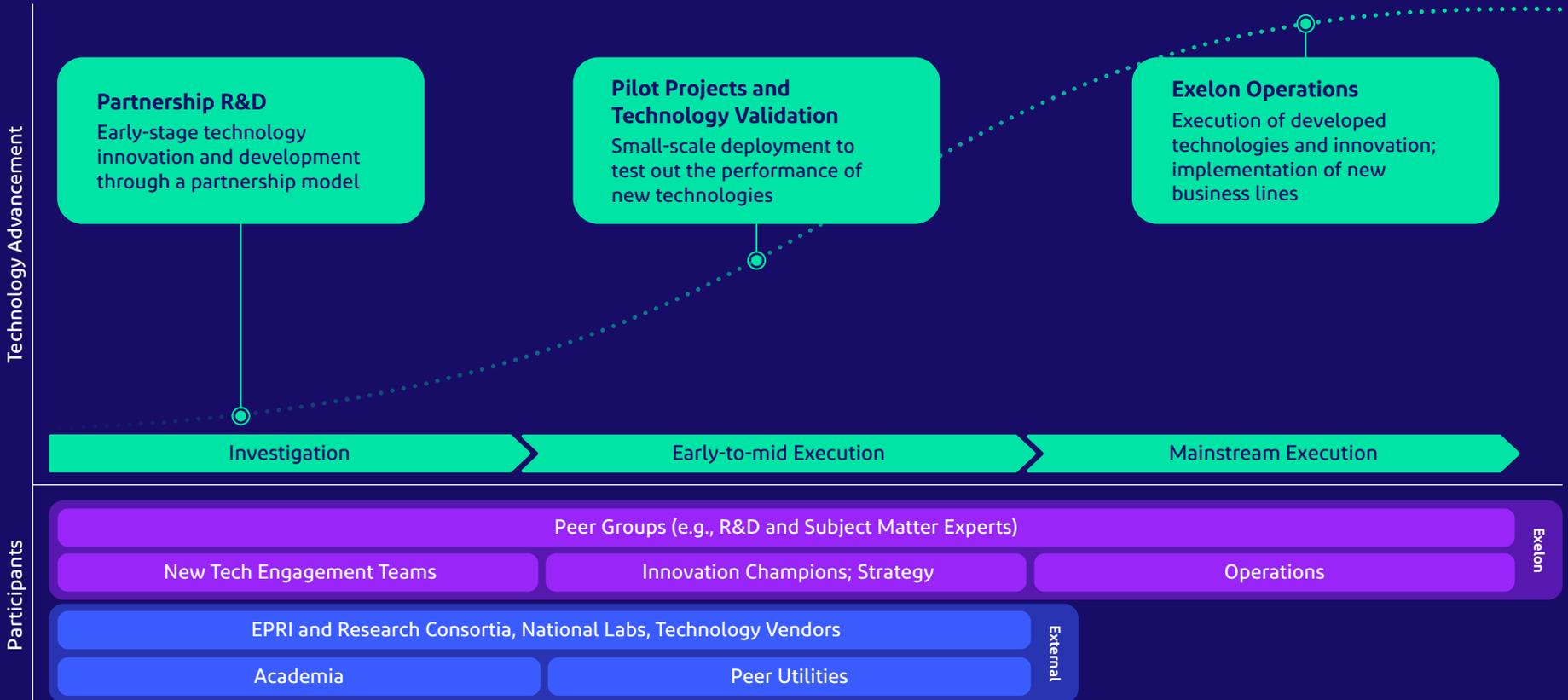
Exelon is well positioned to support and integrate solutions to lead a balanced energy transformation, and our utilities bring their unique assets and expertise to the challenge. Where we deliver electricity, our utilities are advancing electrification, infrastructure and controls to manage increased loads, DER and power flow effectively and reliably. Where Exelon delivers natural gas, we are generally also the local electric distributor and, thus, have a unique opportunity to provide integrated energy solutions. A single utility providing both gas and electric services enables coordinated planning and operations to reduce total system costs and emissions, increase reliability and guide a more equitable distribution of costs as we move towards a lower-carbon economy.

# Building Value Through Technology

Exelon's culture of embracing and empowering innovation and new technologies enables us to shape new solutions and deliver sustainable value while building the energy delivery system of the future. We gather passionate employees and engage external experts by forming partnerships and developing innovative solutions addressing our key business challenges. Emerging technologies and business practices also drive operational excellence and accelerate the deployment of novel products and services for our customers.

## Emerging Technology Engagement at Exelon

The graphic below depicts our key programs for managing technology engagement across all maturity levels, ranging from early investigation of an emerging concept to full deployment across our operations.



## Technology Collaboration and Partnerships

Exelon cultivates strategic partnerships with the external research and development (R&D) and technology ecosystem, facilitating collaborative knowledge sharing and technology co-development opportunities that leverage the unique skills and capabilities of technology leaders including Exelon.



## Partnership Research and Development Program

Exelon directly engages with early-stage technology innovation by funding and collaborating on projects with leading research institutions, including Argonne National Laboratory (ANL), Massachusetts Institute of Technology (MIT), Northwestern University, and the University of Illinois. The Partnership R&D Program screens dozens of innovative technology projects each year. Over the last six years, the program has invested in 35 projects, supporting the co-creation of novel technologies in strategic areas such as electrification, DERs integration, grid flexibility, storage and hydrogen.

This program runs in parallel with a broadly scoped Technology engagement program to proactively shape future business solutions in partnership with vendors and with research consortia like EPRI.

Proactive ecosystem relationships also benefit Exelon through fresh insights in key science, technology and industry trends, workforce enrichment by challenging existing patterns of thinking within the company, and the creation of impactful solutions for technical and market challenges.

Through our dedicated R&D Programs and Technology engagement, Exelon works with external partners that are developing technologies that have the potential to revolutionize the industry. This two-way collaboration benefits researchers who desire industry feedback and input to ensure that their work is relevant. As researchers draw on data, expertise and leadership from our subject matter experts, they ensure that emerging transformative technology will benefit Exelon's customers and operations.

## Technology Trend Monitoring and Evaluation

The Corporate Strategy team at Exelon uses a Business and Technology Signals process, or BizTech Signals, to identify trends and signals that could impact our business and industry—positively or negatively. BizTech Signals topics are identified by monitoring leading and lagging indicators in the industry. Once a high priority topic has been identified and researched, key findings are shared with stakeholders across Exelon in various formats. Recent BizTech topics include renewable energy credits (RECs) and carbon offsets, hydrogen delivery and storage, networked geothermal, methane leak monitoring and home energy management.

At Exelon, cross-enterprise teams further evaluate emerging technologies and trends to build business cases on how best to leverage them for the benefit of our customers, communities and business. Representatives from across Exelon collaborate with industry associations, national labs, top universities and emerging business leaders with subject matter expertise in the trend or technology being evaluated by each team. Through such efforts, we have evaluated opportunities regarding electrification, fuels and battery storage among others.

## Building Our Climate Change Adaptation Toolkit

Building on our initial involvement with the DOE's Partnership for Electric Sector Climate Resilience, Exelon is working to better understand the potential impacts of climate change to our assets and operations over time. In 2022, we engaged in local deep dives and industry-wide initiatives to advance this goal.

In early 2022, ComEd entered into an agreement with Argonne National Laboratory's Center for Climate Resilience and Decision Science (CCRDC) to begin forecasting future climate conditions for northern Illinois, and to consider the future climate risk exposure that ComEd's infrastructure and operations may face in the coming decades. Later that year, ComEd and CCRDC released a report entitled, "[ComEd Climate Risk and Adaptation Outlook, Phase 1: Temperature, Heat Index, and Average Wind](#)", which shows that northern Illinois at mid-century will be warmer and more humid overall, with longer shoulder and growing seasons. It presents the most up-to-date understanding of how climate change may affect ComEd's distribution grid and highlights the need for strategies that adapt to future climate conditions.

Exelon is an active participant in the Electric Power Research Institute (EPRI) strategic initiative called Climate Resilience and Adaptation Initiative, or [Climate READi](#), to continue building electric industry standardization around climate resilience. This initiative aims to develop a framework to identify optimal resilience and adaptation investments in the power system in the context of climate and extreme weather risk. Through Climate READi, Exelon is supporting industry-led efforts to convene global thought leaders and researchers to develop a comprehensive, integrated approach to managing physical climate risk. The two-year program is divided into three focus areas: Physical Climate Data and Guidance; Energy System and Asset Vulnerability Assessment; and Resilience/Adaptation Planning and Prioritization.

Exelon is continuing to coordinate its [Adaptation Planning efforts](#) across the company to ensure that lessons learned and successful adaptation strategies can be applied as needed to best support our communities.

## EV-Grid Integration

With tens of millions of EVs expected on the road in the U.S. by 2030, EVs will represent the most significant new electric load since the rise of air conditioning in the 1950s. Utilities need to effectively plan for these loads and manage the associated power requirements as more EVs are adopted and charging infrastructure is installed. To prepare for these topics, Exelon has been exploring the potential EV-grid impacts with research and pilots on many topics including EV managed charging, updated models and new modeling tools, and new charger technologies.

In an innovative multi-year project supported by the U.S. Department of Energy (DOE), BGE and PHI are leading a Smart Charge Management pilot in Maryland. Managed charging allows a utility or third-party to remotely control EV charging by increasing, decreasing or curtailing charging to better correspond to electric grid needs, much like a demand response program. The Smart Charge Management pilot is a model for coordination between utilities, electric vehicle supply equipment (EVSE) partner, telematics providers and EV owners. Exelon seeks to identify managed charging techniques that can be shared industry-wide, reduce the impact of EV charging on T&D systems, lessen Exelon customers' required capital investments and proactively address cybersecurity risks.

Technology-enabled solutions such as this smart managed charging pilot can help maintain high levels of reliability and affordability for our customers throughout the transportation electrification transition.



## Expansion of Fiber Optic Cable for Utility Networks

Addressing future needs—integrating new technologies, decarbonization, DER, and a rise in EV adoption—while meeting expectations for system reliability and resilience will require adoption of communications technologies that enable the grid of the future.

The communications platform needed for the grid of the future starts with a network backbone that leverages fiber optic cable. Fiber optic cable can last for decades, provides secure communications, and offers the highest bandwidth and lowest latency of any communications medium. A fiber backbone is necessary to support applications that demand at or near real-time communications, improving response times for outage alerts and enable new monitoring and control systems for electric and gas service delivery.

Exelon's utilities have been deploying fiber optic cable for many years. However, the increased network demands of the modern grid provide reason to accelerate our deployment and extend fiber to

every substation. This expansion also allows Exelon to integrate improvements in physical network security, network redundancy, service resilience, expanded use of grid applications and extended life of existing equipment in service.

As Exelon expands our fiber infrastructure, we continue to look for opportunities to provide a positive impact in the communities we serve. This includes investigating ways to use excess fiber capacity to support long-distance “middle mile” dark fiber services that allow “last mile” Internet Service Providers to reach more unserved and underserved communities as well as communities with limited choice of broadband providers.

Exelon continues to monitor state and federal legislation supportive of leveraging utility assets to enable expansion of broadband service. Exelon has also applied for federal grants specifically focused on reaching unserved and underserved residents and community anchor institutions, available through the IIJA. If awarded, these grants would both substantially increase the level of fiber optic cable investment each utility can make and address communities in need.

## Lower Carbon Fuels

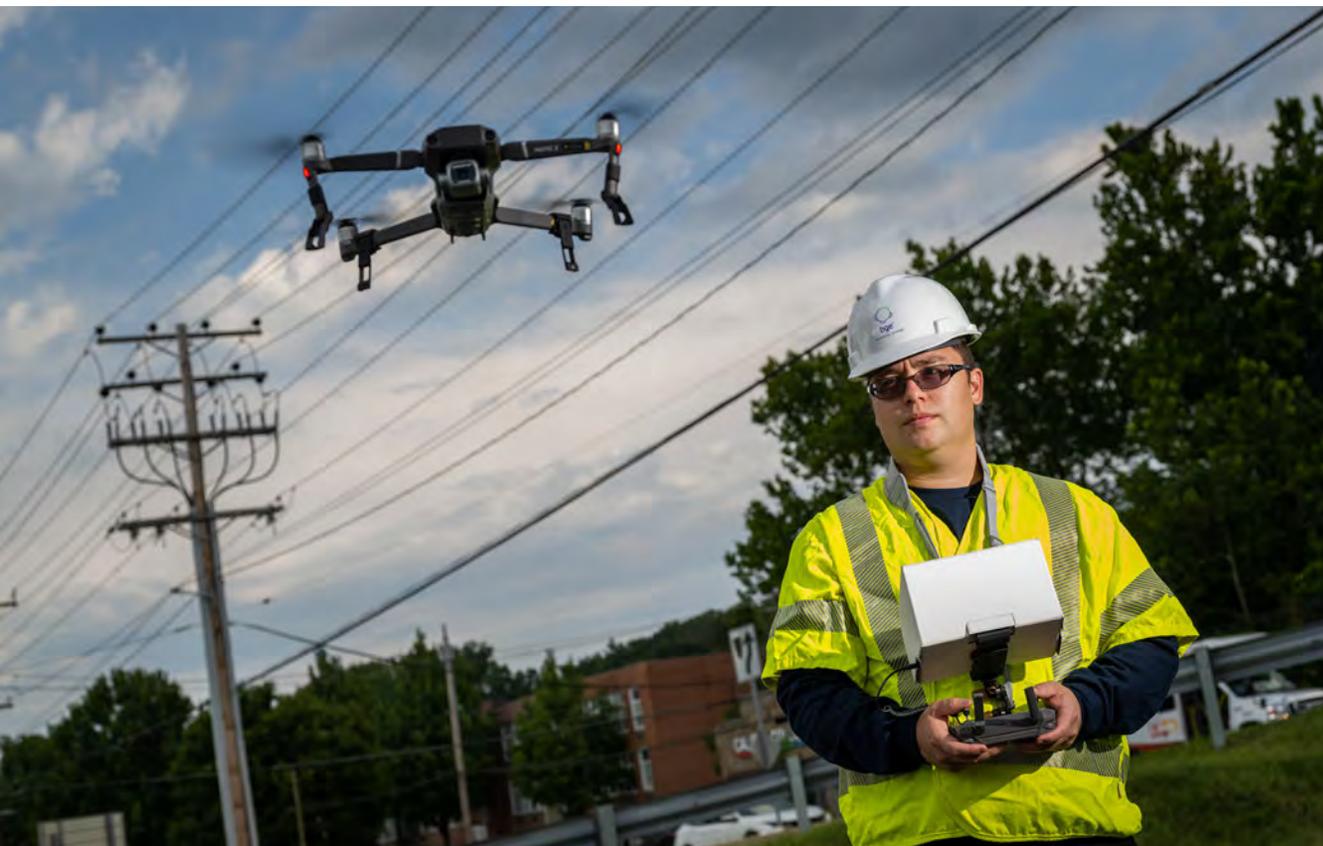
As an energy T&D company, Exelon is preparing to deliver a range of lower carbon energy options to our customers and communities. To support these efforts, we liaise with national labs, industry associations, developers and marketers to understand the emerging technological and economic landscape for lower carbon fuels such as hydrogen and Renewable Natural Gas (RNG) from biomethane. These fuels have the potential to reduce the overall methane or carbon dioxide equivalent (CO<sub>2</sub>e) lifecycle emissions associated with the gas we deliver to customers over time.

RNG is the most market-ready of these options today, and we have already taken steps in our utility jurisdictions to establish interconnection standards to use this gas. RNG is produced from the capture, cleaning and reuse of methane where it would otherwise have been released through decomposition of organic materials from sources such as dairies, food waste facilities or wastewater treatment plants. A major milestone was reached this past year after BGE completed the interconnection of RNG through its gas distribution system. This RNG came from a newly constructed RNG plant, owned and operated by Bioenergy Devco. Located in Howard County, the plant is Maryland's flagship anaerobic digestion facility that produces RNG from food waste.

Exelon is also exploring emerging hydrogen technology options via R&D partnerships and industry collaborations. Blending natural gas with hydrogen can provide a lower-carbon fuel blend that can be delivered through the existing gas infrastructure, helping customers decarbonize their energy usage. Exelon's gas utilities are exploring hydrogen blending pilots and developing procedures for blending hydrogen into our natural gas system.

Exelon is also engaged in multiple other initiatives related to hydrogen such as engaging in the National Lab HyBlend Consortium; sponsoring the EPRI/ GTI Energy Low Carbon Resources Initiative (LCRI); partnering with researchers at MIT, the Sandia National Laboratories and others on development of advanced pipeline coatings to facilitate hydrogen delivery in legacy pipelines; and collaborating with three Hydrogen Hub coalition bids in our regions. The three hydrogen hubs, Mid-Atlantic Hydrogen Hub (MAHH), Mid-Atlantic Clean Hydrogen Hub

(MACH2) and the Midwest Alliance for Clean Hydrogen (MachH2), are part of the Regional Clean Hydrogen Hubs program (H2Hubs) funded through the recent Infrastructure Investment and Jobs Act (IIJA) to establish six to ten regional clean hydrogen hubs across America that DOE will select through an application process. The selected H2Hubs will demonstrate production, processing, delivery, storage and end-use of hydrogen and establish a foundation for a national network of hydrogen infrastructure to support U.S. decarbonization goals.



## Exelon Innovation Engagement and Virtual Showcase

At Exelon, innovation is a core competency for our employees and plays an important role in meeting our mission to provide a cleaner and brighter future for our customers and communities.

In 2022, Exelon hosted a virtual Innovation Showcase which allowed our employees to spotlight their innovative projects and to share knowledge across the Exelon enterprise. The theme was “Leading the Energy Transformation.” Over 90 exhibits included project descriptions, photos, videos and materials for employees to view. Thousands of Exelon attendees heard from their colleagues who are already making an impact on our Path to Clean goals for 2030, providing inspiration to continue innovating towards meeting these targets. Exelon employees demonstrated their enthusiasm for the event by attending the Showcase online, at watch parties, and via their mobile devices. Exelon senior executives championed Innovation via keynote speeches, strategic discussions and recognizing award-winning innovators from across the organization.



[View highlights from the 2022 Innovation Showcase](#)

# Investments to Benefit Customers and Communities

Exelon invested almost \$7.2 billion across our regulated utilities in 2022 and plans to invest \$31.3 billion from 2023 through 2026. As seen in the adjacent chart, most of Exelon’s utility investments over the next four years will be in the electric distribution system, followed by the electric transmission and gas distribution systems. We discuss the details and results of past investments in some of these areas in more detail in the [Creating a Smart Power Grid](#) section of this report. For example, we have upgraded over 10.4 million smart electric and gas meters over the last 10 years across Exelon’s utilities, enabling a wide range of system and customer

benefits. These meters allow the utilities to remotely connect or disconnect service, provide enhanced information to help respond to power outages and better monitor circuit voltage, saving customers money and avoiding excess GHG emissions. At the same time, these technologies give customers real-time insights into their energy usage and opportunities to save energy. As we invest for the future, we remain focused on maintaining a strong balance sheet and investment grade ratings at our utilities in order favorable interest rate and debt financing terms as we build the energy system of the future.

## Maintaining Investment Grade Debt Ratings

Credit Ratings <sup>[1]</sup>	Moody's	S&P	Fitch
<b>Exelon</b>	Baa2	BBB	BBB
<b>ComEd</b>	A1	A	A
<b>PECO</b>	Aa3	A	A+
<b>BGE</b>	A3	A	A
<b>ACE</b>	A2	A	A
<b>DPL</b>	A2	A	A
<b>Pepco</b>	A2	A	A

[1] Senior unsecured ratings as of May 3, 2023 for Exelon Corp and BGE and senior secured ratings for ComEd, PECO, ACE, DPL and Pepco.

## Exelon Capital Expenditures<sup>[1][2]</sup>

■ Electric Distribution
 ■ Electric Transmission
 ■ Gas Delivery



[1] Source: Adapted from Exelon Earnings Conference Call Fourth Quarter 2022 Earnings Conference Call presentation, page 21.

[2] Rounded to nearest \$25M and may not sum due to rounding.

# Operational Excellence

Operational excellence is foundational for our company. Our more than 10 million customers depend on us to provide safe, reliable, affordable and increasingly cleaner energy. To drive improvement, Exelon's operating companies engage in frequent industry benchmarking and use a variety of management tools to identify and share best practices across and within our operating companies. Given Exelon's size, scale and scope, even small opportunities for improvement can yield big results for our customers.

Exelon focuses on the continuous pursuit of operational excellence in areas such as system reliability, customer service and safety. Over the years, as Exelon has incorporated new utilities into our portfolio, we have identified, developed and shared best practices to drive continually higher levels of operational performance across all Exelon utilities. As depicted in the adjacent table, our utilities achieved significant results in 2022. Reliability performance remained strong, with ComEd, PECO and PHI achieving best on record and top decile performance on our key electric system interruption reliability metric (SAIFI) and BGE, ComEd, PECO and PHI maintaining first quartile, or better, performance on average minutes of customer interruptions (CAIDI). On customer satisfaction, BGE, ComEd and PECO sustained first quartile performance. Safety performance across our utilities was mixed, with ComEd maintaining top quartile performance for OSHA recordable rates, but with performance improvement needed at BGE, PECO and PHI. Please see the [Promoting a Culture of Safety and Health](#) section of this report to learn more about how Exelon is enhancing safety performance.

## Exelon Operational Metrics vs. Industry Peer Group (results compared to 2020 benchmark)<sup>[1]</sup>

Operations	Metric	2022			
		BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate <sup>[2]</sup>	Q3	Q1	Q2	Q2
	2.5 Beta SAIFI (Outage Frequency) <sup>[3]</sup>	Q1	Q1	Q1	Q1
	2.5 Beta CAIDI (Outage Duration) <sup>[4]</sup>	Q1	Q1	Q1	Q1
Customer Operations	Customer Satisfaction <sup>[5]</sup>	Q1	Q1	Q1	Q2
Gas Operations	Gas Odor Response <sup>[6]</sup>	Q1	No Gas Operations	Q1	Q1



- [1] Note: quartiles are calculated using results reported in 2020 by a panel of peer companies that are deemed most comparable to Exelon's utilities.
- [2] Reflects the number of work-related injuries or illnesses requiring more than first-aid treatment, per 100 employees (source: EEI Safety Survey, T&D Peer Panel only).
- [3] Reflects the average number of interruptions per customer as YE actuals (sources: First Quartile (1QC) T&D, PSE&G Electric Peer Panel Survey, or EIA).
- [4] Reflects the average time to restore service to customer interruptions (sources: First Quartile (1QC) T&D, PSE&G Electric Peer Panel Survey, or EIA).
- [5] Reflects the measurements of perceptions of reliability, customer service, price and management reputation by residential and small business customers reported to Escalent.
- [6] Reflects the percentage of calls responded to in 1 hour or less (sources: PSE&G Peer Panel Gas Survey and AGA Best Practices Survey).

# Supporting a Clean Energy Policy Transformation

Exelon continues to work at multiple levels of government and in all our jurisdictions to advocate for policies that advance a decarbonized, resilient and equitable energy future. We support a comprehensive, meaningful national climate program as the best pathway to effectively address economy-wide GHG emissions. We have also supported action at the state level, and the policy direction across the various levels of government in which we operate is aligned with Exelon's business strategy and investment plans.

At the national level, the Biden Administration's aggressive climate goals and implementation of the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) will help transform the U.S. economy in driving decarbonization, expanding access to clean and affordable energy and modernizing energy infrastructure while creating new opportunities for underserved and under-resourced communities. As further discussed below, Exelon is committed to supporting the historic investments in the clean energy transformation that Congress and the Biden Administration have enabled.

At the state level, the jurisdictions in which we operate continue to advance policies and programs to reduce GHG emissions, increase efficiency and electrification and build resilience. Several of Exelon's jurisdictions have already passed ambitious climate legislation, including Maryland's Climate Solutions Now Act, New Jersey's Energy Master Plan, Illinois' Climate and Equitable Jobs Act and the District of Columbia's

Clean Energy DC Omnibus Amendment Act, that push to cut emissions, increase clean energy generation and achieve net-zero targets. As explained in greater detail below, Exelon will continue to support new innovations and strategies to meet these targets and support a safe, reliable and affordable clean energy transformation, in concert with our Path to Clean goal.

Exelon participates in a number of coalitions to help support the needs of our customers and communities while advancing our corporate environmental goals and commitments. Through coalitions, like the Clean Energy Group, and associations, like the Edison Electric Institute, Gridwise Alliance and American Gas Association, we seek to join with other stakeholders to advocate for positive outcomes, not just in our communities but across the Nation. In addition, through robust trade association participation, we can continue to share our progressive ideals, commitments and effective implementation approaches and to positively influence the actions of other stakeholders and the sector as a whole. Internally, our [Corporate Policy: Climate Change](#) affirms our position to take meaningful action to address climate change by mitigating GHG emissions in our operations and encouraging others in our industry to do the same.

## National Level Policies

Exelon is committed to making our distribution and transmission systems smarter, stronger and cleaner. The 2022 passage of the IRA was an important step forward addressing climate change, with the potential to drive faster and more accessible deployment of clean energy technologies. The IRA offers a diverse portfolio of tax credits and incentives to support the growth of renewable generation and the adoption of innovative decarbonization technology. This includes lower-carbon fuels such as hydrogen and renewable natural gas to further the transition away from fossil fuels as well as enabling infrastructure such as storage and charging equipment.

While the IRA offers limited opportunities for Exelon direct participation, supporting increased customer interest in and access to EE, electric transportation and solar energy will require our utilities to expand and modernize our infrastructure and invest in our telecom and IT systems to integrate and optimize these resources. Exelon is also fully supportive of the IRA's provisions that focus on enabling low- and moderate-income communities to achieve an equitable energy transformation. Exelon's electric utilities are already engaged in understanding how IRA resources can support existing decarbonization and affordability strategies. The grid will play an essential role in integrating and optimizing clean resources and reliably delivering power to an increasingly electrified economy and society.

Rapid grid modernization and expansion are foundational to the rapid advancement of the clean energy transformation. Exelon looks forward to a collaborative relationship with the federal agencies to ensure that this work is done expediently and efficiently while exercising stewardship for the communities and environments in which our infrastructure operates.

Exelon also endorsed the bipartisan IIJA. The IIJA includes key provisions focusing on accelerating the buildout and connection of renewable and other clean energy resources, transportation electrification, increasing EE, resilience and workforce readiness. Of the approximately \$550 billion in new spending included in the IIJA, about \$90 billion is tied to power infrastructure and clean or electric transportation. Exelon has actively engaged with federal DOE, DOT and other organizations on implementation planning, while partnering with various trade associations listed above regarding funded grant programs.



## Federal Administration and Agency Engagement

Exelon submitted comments in response to dozens of requests issued by the Department of Energy, Department of Transportation, National Telecommunications Information Agency and Environmental Protection Agency to inform the structuring of IIJA programs that will be directly available for Exelon's participation and programs targeted to our communities and key customers. Our comments have addressed programs supporting transmission system build out and modernization, the creation of hydrogen hubs, increasing distribution system resilience and automation, the expansion of transportation electric charging and deployment of middle-mile and rural broadband. As the diversity of these topics illustrates, Exelon's interest in IIJA goes far beyond the programs that could advance the modernization and expansion of our own systems. Through continued engagement, we seek to support our communities and customers to advance their interest and roles in the clean energy transformation.

Exelon is particularly focused on promoting opportunities for underserved communities to benefit from these programs. To this end, we have begun to leverage the tools created by the Biden Administration intended to support Environmental Justice. We have applied the Administration's Environmental Justice 40 (EJ40) tool to inform the strategic concepts that underpin our IIJA applications and also in the design of customer programs, which are subject to consideration by our affected state commissions. As we work to support public policy outcomes responsive to Environmental Justice issues, Exelon has adopted an [Environmental Justice Policy](#) that outlines Exelon's focus and commitment in this space.

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Exelon has also been a strong partner in leveraging Federal funding to support state-level transportation electrification goals. A key example is the Department of Transportation (DOT) National Electric Vehicle Infrastructure (NEVI) program, in which states, including Exelon's states and the District of Columbia, have access to year-one funding of \$77 million to help strategic deployment of direct-current fast charger (DCFC) stations along alternative fuel corridors (AFCs). Additionally, nine school districts within Exelon jurisdictions received a total of \$41 million, enabling 115 clean school buses, from the U.S. Environmental Protection Agency's (EPA) Clean School Bus Program.

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Exelon views the U.S. Environmental Protection Agency's (EPA's) authority to limit power plant GHG pollution as an important tool to address climate change. Exelon supports EPA's use of this authority, and in February 2022, an Exelon-led coalition of power companies argued before the U.S. Supreme Court in favor of preserving it in *West Virginia v. EPA*.

Grid resilience and reliability, as well as the need to evolve planning methodologies to better prepare for future system needs, continue to be high priorities for Exelon. We are engaged in several ongoing state, regional and federal regulatory efforts related to transmission planning. These proceedings affect modernization and expansion of our transmission infrastructure to integrate offshore wind and other new renewable generation and to prepare for changing demand patterns. We are actively engaging at the Federal Regulatory Energy Commission (FERC) in response to an array of rulemaking dockets centered around transmission planning, cost allocation and generator interconnection reforms.

Exelon engages in these policymaking efforts through submission of Exelon-specific comments as well as through industry associations such as WIRES, a non-profit group which promotes investment in the North American electric transmissions system, and EEI, and in collaboration with peer Transmission Owners. Exelon expects FERC to continue advancing its proposed reforms in 2023, potentially through additional proposed rules as well as one or more final rules. In its filings at FERC, Exelon has worked with others in our industry to support modification to the transmission planning process that takes a holistic scenario-based approach to planning to better achieve state and federal policy objectives and facilitate consumer preferences. Exelon is

supportive of modifying existing elements of FERC regulation to enable the rapid buildout of needed transmission upgrades serving reliability, economic and public policy needs and facilitating timely interconnection of new generators.

## Regional Transmission Organization (RTO) Engagement

In PJM, the RTO that coordinates the movement of wholesale electricity in the states and the District of Columbia, in which Exelon operates, Exelon has been focused on improving the interconnection process to allow renewables and other resources the ability to interconnect more quickly. In 2022, FERC approved PJM's comprehensive interconnection queue proposal which moves from a "first in, first out" approach to a "first ready, first served" paradigm. Generation projects will be studied within a given cycle based on clusters where network upgrades will be assigned for the clusters within a cycle instead of on a serial basis. The reforms include a three-phase process where customers will have increasing readiness deposits throughout each phase, decision points at the end of each phase, enhanced requirements for site control and other changes to ultimately allow for queue projects to enter and exit the queue within two years. Exelon supported the proposal and is now working on implementation along with PJM.

Exelon is also working with stakeholders in PJM on FERC Order 2222 implementation. This order enables the participation of DER aggregations in the wholesale electricity market. It provides unique opportunities and challenges for the distribution system and its operators in its goal to enable customers to access the wholesale market



for their smaller, distributed resources. As such, Exelon is working across its operating companies to understand the business process changes that will be needed to support compliance with Order 2222's objectives. Some of these changes may include the establishment of new processes and tools to evaluate the reliability of the new registration applications from DER aggregators and the implementation of new monitoring and control schemes to better manage the reliability of the grid as levels of DER adoption increase over time. In the future, states and utilities will need to ensure that DER interconnection processes, rates and distribution system technology requirements anticipate the new wholesale market opportunities available to DER aggregations.



## State Level Policies and Exelon Regulatory Actions

At the state level, our six utilities operate in jurisdictions with leading policies to accelerate the deployment of clean energy technologies and combat climate change. Many of our jurisdictions have adopted strong, forward-leaning goals and policies related to decarbonization, advancing renewables and clean energy, transportation electrification, deploying DER and EE. They also each provide opportunities for Exelon's utilities to make investments and recover costs through various forms of alternative ratemaking, including the use of multi-year plans and capital trackers. In addition, each jurisdiction is focused on making the transition to a lower carbon, more resilient future equitably, inclusively and with an intention to provide opportunities to local business and historically marginalized and under-resourced communities.

As states and companies make commitments to cleaner, renewable generation sources, the electrification of end uses provides an increasingly important pathway to decarbonization. Examples of our actions to promote electrification policies include recent activity in Delaware, Illinois, Maryland, New Jersey, Pennsylvania, and Washington D.C.

**Delaware.** Delaware's Climate Action Plan has continued to inform DPL Delaware's efforts to help the state minimize emissions and maximize resilience to climate change impacts. DPL Delaware continues to offer an EV-only rate to allow EV owners to utilize a time of use rate tailored to the load profile of EVs, incentivizing greater transportation electrification by allowing savings for off peak charging. On the clean energy side, DPL Delaware supports and administers a Community Solar program which is set to grow at scale in 2023–2024, to allow its customers more equitable access to solar generation while maintaining affordability. In these ways, DPL Delaware is promoting the sustainable and equitable transformation of the power grid.

**Illinois.** Following the groundbreaking legislation of the Climate and Equitable Jobs Act (CEJA) in 2021, ComEd has been working to implement key strategies and processes to support the achievement of Illinois' decarbonization goals, including having 100 percent decarbonized electric generation in Illinois by 2045, advancing transportation and building electrification and creating economic and workforce development opportunities to bring the benefits of the clean energy transformation to as many consumers as possible. ComEd customers have benefited from the implementation of CEJA's carbon mitigation credits (CMCs) since June 2022 and, in conjunction with

the purchase and retirement of other clean energy environmental attributes available in Illinois, can expect to have their energy consumption in 2023 financially matched 90 percent with Illinois carbon-free resources and physically matched approximately 95 percent. ComEd also recently launched Give-a-Ray, a shareholder funded program that provides bill credits to low-income customers through a free subscription to Community Solar projects.

Last year, ComEd filed its first beneficial electrification plan, on which the Illinois Commerce Commission issued a final order in March of 2023. The beneficial electrification plan advances transportation electrification and building electrification with programs that lower emissions and improve cost savings for customers. As required by CEJA, ComEd has filed its first multi-year grid investment plan for Commission approval in January 2023; this plan looks at current conditions and challenges, explores future capabilities and provides an overview of the investments needed to prepare the grid for a decarbonized economy. At the same time, ComEd also filed a multi-year rate plan: together, these plans include innovative performance mechanisms. Finally, to better understand how the state might reach net-zero carbon emissions by 2050, ComEd retained a consulting firm, Energy+Environmental Economics (E3), to analyze different [decarbonization pathways](#) to meet these aggressive state goals. Together, these actions reflect priorities of Illinois and ComEd, its customers and its communities, including support for the equitable expansion of renewable energy, EE and electric vehicles.

**Maryland.** Following the passage of the landmark Climate Solutions Now Act of 2022 (CSNA), BGE, Pepco MD, and DPL MD (collectively MD Exelon utilities) continue to advocate for the role utilities can play in advancing the State's climate goals, which now target a 60 percent reduction of GHG emissions by 2031 (relative to a 2006 baseline). Pepco MD included in its MYP rate filing a climate solutions plan, which articulates an initial suite of programs in response to Maryland and counties goals. If adopted, these programs would help customers and businesses make investments in a variety of beneficial electrification technologies, such as electric vehicles and electric heat pump, and contribute to the achieving the CSNA's goals. Pursuant to the CSNA, the MD Exelon utilities will be contributing to studies on grid readiness and electrification. CSNA also allows each MD utility to seek permission to implement EV school bus pilots with up to \$50 million in incentives for public schools.

BGE filed its comprehensive plan with the MD Public Service Commission (PSC) in February 2023, including those rebates, plus incentives for related charging infrastructure and training. Pepco MD filed its comprehensive plan in May 2022, which includes customer incentives and rebates to guide customer journey to electrify transportation and buildings. DPL MD energized the first "virtual power plant" in the PJM region in 2022, partnering with PJM and Sunnova to leverage the capabilities of behind-the-meter batteries to supply energy to the grid. Regarding transportation electrification, the Utilities' EVsmart initiatives have expanded their network of utility-owned and -operated public EV chargers, provided EV smart charger incentives to consumers and businesses and implemented innovative EV-only time of use rates.

The MD Exelon utilities have supplemented these State programs with federal funding for additional programs, including to support advanced smart charge management and deploying EV rideshare fleets and infrastructure. In light of ambitious State climate goals and Exelon's Path to Clean commitments, BGE partnered with E3 to publish a decarbonization pathways analysis in 2022, to evaluate and identify the most affordable pathways to decarbonization specifically for its central Maryland customers.

**New Jersey.** ACE supports New Jersey's efforts to decarbonize and electrify the state economy, as laid out in the New Jersey Energy Master Plan and Clean Energy Act, as well as other climate goals such as exploring energy storage and solar incentive programs. To these ends, ACE is working to support transportation electrification through the EVsmart program through innovative rate design and providing incentives towards the costs for electrical upgrades for new EV chargers for residential and commercial customers and incentives for public chargers in NJ communities. ACE is also a key partner in building out transmission infrastructure to support development of offshore wind generation to help meet clean energy goals. In 2022, ACE filed its Powering the Future application, supporting expanding solar development through system investments. If approved, these investments would enable an additional 50,000 residential solar customers. Responding to the increased frequency of climate-change related extreme weather events, ACE is hardening infrastructure to mitigate damage from more damaging winds and extreme flooding, including battery storage projects and reliability upgrades throughout the state.



**Pennsylvania.** PECO has been a leader in supporting transportation electrification initiatives in Pennsylvania with an emphasis on the deployment of charging infrastructure on essential public access corridors and in underserved communities. In 2019, PECO implemented the EV Fast Charging pilot to support customer installation of publicly available, public transit or workplace fleet Direct Current Fast Chargers (DCFC) through reduced customer demand charges. In 2021, PECO implemented electric Time Of Use (TOU) rates to provide the opportunity for customers, including EV owners, to reduce their costs by switching their electricity consumption, including for charging, to off-peak times. The TOU rates also enable customers with rooftop solar to enjoy a higher net metering credit for electricity that they inject to the grid during on-peak times.

Subsequently, in 2022, PECO launched a \$1.5 million incentive program as part of the Company's EV Charging Pilot to support commercial, industrial and public transit customers interested in clean transportation options. PECO has been a leading proponent of legislation such as SB 1435 in 2021, which would explicitly authorize electric utilities in the Commonwealth to include EV infrastructure incentives and cost-sharing as part of electric rate cases. PECO also actively assisted in the transition of Pennsylvania's newly elected governor and his administration as they seek to implement clean energy initiatives. PECO actively supports the Pennsylvania Public Utility Commission's EV Rate Design Working Group and has been a leader in the PA DEP-led Drive Electric PA forum since its beginning. PECO supports a broad range of customer education activities, including serving as the Title Sponsor of the 2023 Philadelphia Auto Show's e-Track and hosting numerous school-based programs on EV education and workforce opportunities.

PECO is also playing a leading role to encourage Pennsylvania's policy makers to increase Pennsylvania's commitment to solar energy substantially while making solar programs more accessible, affordable and equitable for all. PECO is implementing a first-of-its-kind local solar procurement program under the State's Alternative Portfolio Standard, supporting the solar workforce of tomorrow and actively working with our customers to expand solar adoption in the region. PECO has played an active role at both the state and regional level to promote policies that expand solar energy deployment by hosting numerous collaborative programs with local solar developers and advocates. PECO was also an active participant in the Pennsylvania Solar Future project led by the PA Department of Environmental Protection. This broad stakeholder group, comprised of government officials, consumer representatives, solar advocates and installers and utilities from across Pennsylvania, examined strategies to expand the deployment of solar energy in Pennsylvania by 2030.

On natural gas, PECO incorporated gas quality standards in its tariff in 2021 to support the further development of Renewable Natural Gas (RNG). PECO continues to provide safe and reliable natural gas service to its customers.

**Washington D.C.** Pepco's proposed and existing programs strongly support D.C.'s climate and clean energy goals for an equitable decarbonization. In December 2022, Pepco filed its Climate Solutions Plan Phase 1 application, which proposed 11 programs designed to increase the number and availability of electric vehicle charging stations throughout the District, including incentivizing more than 2,100 new charging ports, and to upgrade electric systems to

enable electrification, among other specific benefits, including support for the installation of behind the meter batteries. Pepco aims to provide 40 percent of the customer incentives in the application to low-to moderate-income (LMI) customers and under-resourced communities, drawing inspiration from the federal Justice40 initiative, which directs certain federal investments to provide 40 percent of benefits to disadvantaged communities that are marginalized, underserved and overburdened by pollution. Pepco also engaged with the Brattle Group in 2021 to conduct a study to assess the impacts of electrification based on the goals set by the District and better understand the path towards a smarter, more reliable and cleaner energy system. Finally, to support more equitable access to solar, Pepco actively supports D.C.'s Solar for All program with over 300 community solar projects providing better access to renewable energy generation. Pepco also filed an innovative make ready program to remove barriers to residential small solar, enabling more customers to take advantage of local clean energy.



## Natural Gas Delivery Systems

As part of our Path to Clean plan, Exelon is committed to supporting the climate and clean energy goals of our jurisdictions. Each jurisdiction has different priorities, timelines and energy needs, so there is no “one size fits all” solution for decarbonization. In service of finding a pathway to decarbonization and in the best use of our energy delivery assets in achieving that transformation, Exelon has partnered with consultancy (E3) in multiple jurisdictions to map out the costs and benefits of different approaches. The findings of this effort align with our view that an integrated energy system approach, which includes roles for both electric and gas delivery systems, allows states to meet their decarbonization goals at lower total system cost. As part of this strategy, lower-carbon fuels such as renewable natural gas and hydrogen will also play a role in reducing emissions and displacing some delivered fossil gas.

Exelon is also working to advance policies that support investment in our natural gas delivery system to prevent and reduce methane leakage and reduce emissions from upstream sources. Exelon has long supported efforts by the EPA to ensure meaningful regulation of methane emissions from new and existing upstream oil and gas sources. Strong federal methane regulations are an essential component of U.S. efforts to address climate change and would complement ongoing industry efforts to measure and mitigate methane emissions. With effective regulation, natural gas infrastructure can significantly reduce methane emissions while still safely, reliably and affordably delivering natural gas.

# Our Ongoing Strategy Commitment

Exelon’s strategy is focused on serving our customers, through investing in and modernizing our energy infrastructure for safe, reliable and resilient service; helping to provide increasingly cleaner and affordable energy choices; and supporting more just and equitable outcomes. As we seek to help lead the energy transformation, we will work with our community partners and regulators to address our shared challenges and opportunities related to climate change mitigation and adaptation, local economic development and improved quality of life.

We will harness the strength and capabilities of our six utilities to deliver increasingly cleaner energy services and technology solutions that enhance our customers’ lives and help our communities thrive. We must remain open to new technologies, policies and strategies that are nascent or may not even exist today but that may emerge, offering lower cost and more effective approaches to achieving shared priorities. Exelon is committed to continued engagement with industry, academia, government agencies and non-governmental organizations around new approaches to solving energy challenges.





# Addressing Climate Change Through Transition and Adaptation Planning

Given Exelon's position as the nation's premier group of transmission and distribution (T&D) utilities, and our clear commitment to support the transformation to lower carbon, affordable and reliable energy supply, it is difficult to separate our climate change strategy from our business strategy. They are inextricably linked.

About Exelon

Delivering Sustainable Value as the Premier T&D Utility

→ **Addressing Climate Change Through Transition and Adaptation Planning**

Advancing Clean Energy and Affordable Energy Choices

Delivering a Top Tier Customer Experience

Safely Powering Reliability and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and Rewarding Workplace

Corporate Governance

Appendix

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Many actions we are taking are not just for the sake of climate change mitigation or adaptation but because they are good business practices that promote success as we transition to a low-carbon economy.

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The discussions that follow are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, focusing on how our business strategy relates to climate change issues that may impact our business and communities. We use the TCFD guidance to help explain our response to these challenges meaningfully and comparably, in context with our peers and with stakeholder expectations for climate change action transparency.

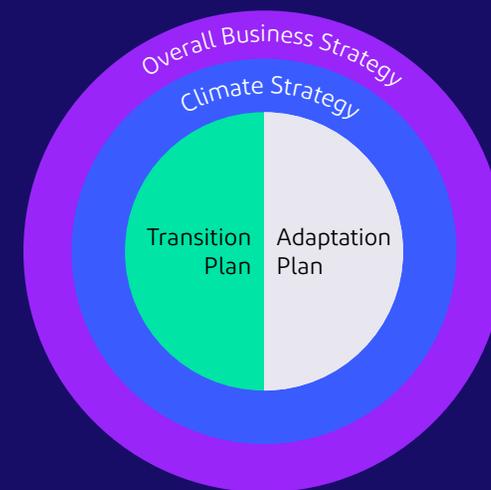
While we are focused on actions that Exelon can take and how we can enable customers and communities, the broader backdrop is that all sectors of the economy and all nations must work to transform their energy use toward carbon neutrality to reduce the impacts of climate change for future generations. The physical changes to the climate and environment occurring because of past greenhouse gas (GHG) emissions will continue for decades to come due to the long life of GHG emissions in the atmosphere.

Therefore, we are focusing on both eliminating future GHG emissions (transition planning) and preparing for the unavoidable physical impacts of climate change already occurring (adaptation planning).

We also recognize that, since climate change will have a disproportionate impact on under-resourced communities, solutions for adapting to physical climate change impacts and transitioning the country's energy systems to support a net-zero economy must address and overcome equity barriers. Economy-wide transition will require unprecedented levels of action by all stakeholders, from suppliers to customers who ultimately decide what products and services they will buy. It will also require timely and effective policy measures to ensure that GHG emissions goals can be achieved equitably and as quickly as possible. While this is a daunting challenge, it is also a tremendous opportunity.

As we seek to meet this challenge and opportunity, we are working to align our transition and adaptation planning with our newly issued [Environmental Justice Principles](#), to help ensure that our work includes all of our customers, employees, business partners and communities in social, environmental and economic progress. Further, our [workforce development](#) and science, technology, engineering and mathematics [\(STEM\) Academy](#) programs are some of the ways we are helping members of our local communities to develop the technical and leadership skills that are necessary to support a just transition to a more resilient, net-zero energy system.

## Relationship Between Business Strategy, Climate Strategy and Transition Plan<sup>[1]</sup>



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Evolving energy systems to enable decarbonization and build resilience while maintaining a focus on energy access and affordability

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[1] Adapted from TCFD Guidance on Metrics, Targets, and Transition Plans, October 2021.

# Exelon Climate Change Program Structure

## Governance

### Oversight of climate-related risks and opportunities

Exelon maintains a Climate Change Policy and has established its Path to Clean Program, ensuring employees understand our position on these issues, and providing support for actions at the highest level of the company. Our Board of Directors and its Corporate Governance Committee have key roles in overseeing Exelon's management of climate change issues, and our Sustainability Council provides executive-level oversight and advice to management.

## Strategy

### Advancing business strategy through climate change scenario analysis

Exelon is in the energy delivery business, and our vision is to deliver safe, reliable, affordable and increasingly cleaner energy to our customers and communities. Our wires and pipes infrastructure will be essential to a decarbonized future—connecting ~10 million customers with the energy sources of the future.

## Risk Management

### Identifying, assessing and managing climate-related risks

Exelon continues to study possible transition pathways and climate change projections, in an effort to support the decarbonization and resilience goals of its communities. We seek to address transition and adaptation risks by finding the most cost-effective and equitable pathways for each of our six utility territories.

## Metrics and Targets

### Metrics used to assess our efforts

Exelon will continue to measure and report our corporate GHG emissions and also establish new metrics to demonstrate how we are advancing new technologies and pursuing policy and market structure changes to facilitate decarbonization for the communities we serve.

## Governance

### Oversight of Climate-Related Risks and Opportunities

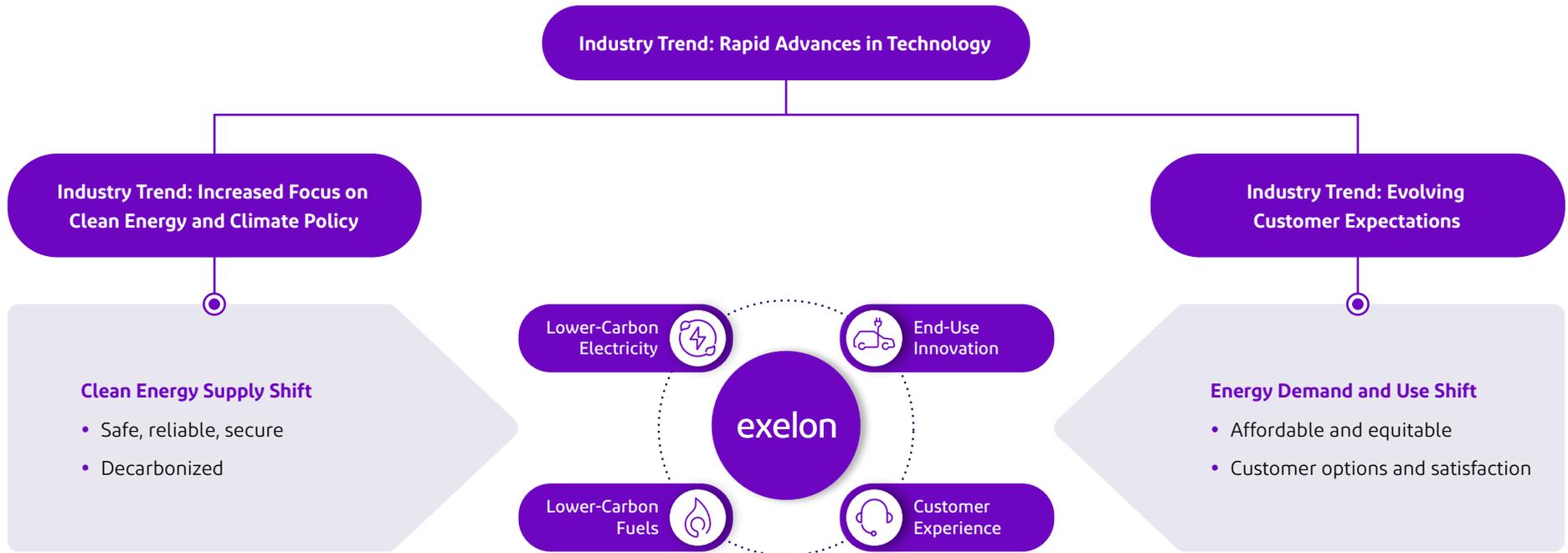
Exelon maintains a [Climate Change Policy](#) that establishes our corporate position, and we have developed a [Path to Clean](#) program that outlines our GHG mitigation goals and how we will drive to achieve them. The Exelon Board's Corporate Governance Committee oversees the company's strategy and performance for addressing sustainability and environmental issues, including climate change. Our executive management team is supported by our corporate Sustainability Council, an advisory body to provide oversight of Exelon's integrated ESG program and ESG disclosures, including Exelon's climate change programs. Our Senior Vice President and Chief Strategy and Sustainability Officer is responsible for coordinating the Sustainability Council and overseeing the establishment and maintenance of our climate change efforts in coordination with our broader business strategy, reporting to the Board's Corporate Governance Committee at least annually on climate change related programs. We report progress on our GHG mitigation goal to executives quarterly and have added our annual GHG milestone target to our Path to Clean 2030 goal as a Key Performance Indicator tied to compensation. Our GHG inventory is third-party verified annually under ISO 14064, and the Path to Clean program and process is reviewed annually as part of our ISO 14001 certified Environmental Management System (EMS).

## Integrating Climate Change Considerations Into Business Strategy

As discussed in the [Exelon's Business Strategy](#) section, our business faces a complex and accelerating mandate from our customers and stakeholders to help lead the clean energy transformation. Industry trends such as increased focus on clean energy and climate policy, rapid advances in technology and evolving customer expectations are pushing towards an energy transformation, and the issue of climate change plays into each of those trends by accelerating the needed changes and associated consequences for not transforming quickly enough.

These policy, technology and customer trends point to potential shifts in the energy supply mix, how much energy is used and the way it is consumed, and through our business strategy, we focus on delivering customer value, strengthening our infrastructure, modernizing energy delivery systems and investing in our communities. [Enabling decarbonization is central to Exelon's business strategy](#), and managing climate change-related risks is integral to these efforts. We are [advancing public policy](#) and [technological innovations](#) that shape the energy system of the future in a decarbonized economy to ensure we are positioned to absorb these challenges as opportunities.

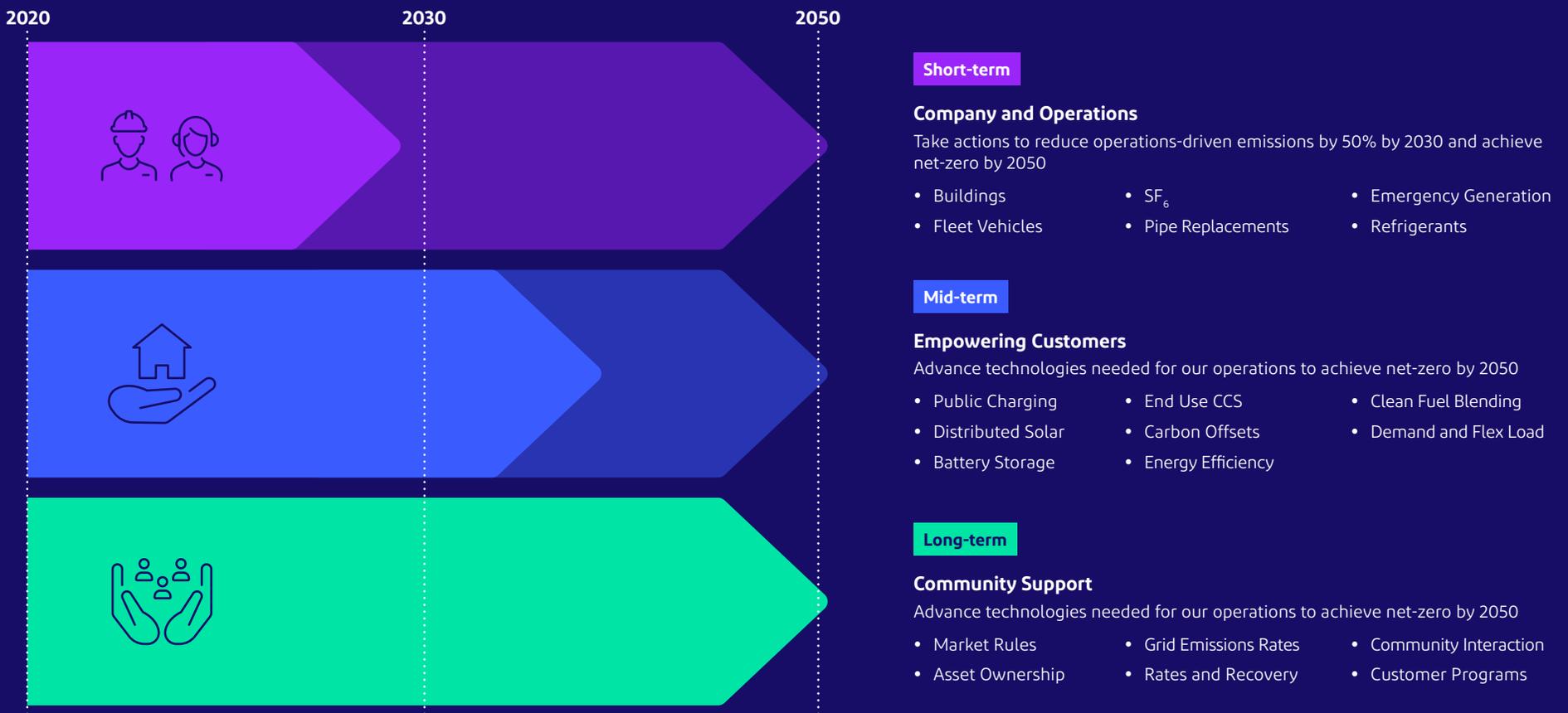
### Exelon's Energy Transformation Strategy



Monitoring and preparing for Energy Transformation Risks: increased grid reliance, changing weather events, energy decarbonization transition and affordability implications

With the close of 2022, Exelon is well underway in our Path to Clean goal to reduce our operations-driven Scope 1 and 2 GHG emissions 50 percent by 2030 from a 2015 baseline and to achieve net-zero for such emissions by 2050. This goal directionally aligns our operating companies around decarbonization and integrates short-, mid- and long-term climate change imperatives into our business strategy. Our goal is also aligned with the level of economy wide, global effort needed to limit global temperature rise to 1.5°C above pre-industrial levels, which the United Nations Intergovernmental Panel on Climate Change (IPCC) identified as necessary to avert the worst impacts of climate change. In addition, Exelon’s goals for operations-driven emissions are in alignment with the Science Based Targets Initiative (“SBTi”) Validation Protocol, which states that the ambition needed for absolute emissions reduction targets with base years between 2015 and 2019 must meet a minimum reduction of 4.2 percent per year times the target year minus 2020. In the case of Exelon with a 2030 target year and 2015 baseline, at least a 42 percent (ten years times 4.2 percent) reduction is required.

## Exelon’s Path to Clean Strategy<sup>[1]</sup>



[1] Initiating actions across all areas now, so emerging technologies will be broadly ready for implementation as they are needed.

While our operations-driven goal is important, our overall [business strategy](#) is informed by the long-term elements of the program that support our customers and communities in meeting their clean energy and climate goals. Exelon has conducted, and continues to explore, climate change scenario modeling to help the enterprise better understand the implications of decarbonization on the energy economy, customers and the communities where we operate. Our scenarios have aligned with the IPCC 2°C and 1.5°C ambitions to explore the difference in the level of effort needed between an 80 percent reduction by 2050 and Net-Zero by 2050 targets. The scenarios also provide a sense of how different actions drive different societal costs as well as insights into when new technologies need to be commercially available.

Thoughtfully designed scenarios can teach us a lot about how to prepare for climate change, drive towards lower cost, lower risk pathways and identify when shifting to a different pathway might be appropriate. For example, we participated in two decarbonization transition studies in 2022 exploring potential pathways and implications of broad state-level goals and actions associated with our service territories.

- The [BGE Integrated Decarbonization Study](#) sought to expand upon recent Maryland statewide analyses, and to assess decarbonization options within BGE's service territory, focusing on impacts for BGE's customers. With the subsequent introduction and April 2022 passage of the Climate Solutions Now Act of 2022 (CSNA), this latest E3 analysis represents the first decarbonization study developed since CSNA's enactment, showing the value of coordinated

electric and gas infrastructure planning in meeting Maryland's new goals of 60 percent reductions by 2031 and net zero GHG emissions by 2045.

- The [Illinois Decarbonization Study](#) sought to build on the State of Illinois's decarbonization efforts led by its passing of the Climate and Equitable Jobs Act (CEJA), which sets the state's electric power sector on a path towards decarbonization. E3 worked with ComEd and a technical advisory committee (TAC) to develop three transition scenarios to highlight impacts of various approaches to decarbonize sectors of the economy that were not targeted under CEJA. The goals of this study were to 1) determine the impact that CEJA and the national Inflation Reduction Act (IRA) could potentially have on GHG emissions in Illinois and 2) identify what additional measures are needed to achieve net-zero.

All scenarios suggest potential implications for how consumers will access and consume energy, and at what cost, and each presents opportunities and risks for Exelon. Common across all potential pathways leading to future decarbonization is large-scale and rapid deployment of zero-carbon energy solutions to avert the most severe impacts of climate change. Climate change adaptation across the areas we serve is also needed since atmospheric GHG concentrations will remain well above historic levels, regardless of the effects of mitigation on the rate of GHG emission reductions. Incorporating climate change scenario analysis into our business strategy informs our transition planning—with the goal of supporting jurisdictional priorities and ensuring that our actions taken now optimize rate payer investments while minimizing climate change impacts later in the century.





## Risk Management

# Identifying, Assessing and Managing Climate-Related Risks

As discussed more fully in the [Energy Transformation Risks](#) segment of our business strategy, Exelon sees four key business risks associated with the Energy Transformation.

- **Energy Decarbonization Transition Risks:** Energy systems are changing as a result of new technologies, changing customer expectations and emerging voluntary GHG mitigation goals and local, state or federal regulatory requirements.
- **Grid Reliance Risk:** As the grid transitions and reliance on information technologies continues to grow, our customers and communities will depend on electric supply to support their use of digital technologies, creating an even more critical need for reliability and resilience.
- **Physical Climate Change Risks:** Physical changes to the climate, which may result in changes to current weather patterns, could pose increased challenges to our facilities and operations.
- **Affordability Implications:** Underpinning these transformation risks are the impacts on customer affordability and equity. Equitable and affordable energy access must be maintained while investments are made, and costs incurred, to support the energy transformation.

These risks are not solely driven by the issue of climate change, and all are of a type that we have been successfully managing for decades—involving adaptation to evolving demands and ensuring reliability, despite the effects of weather on our

systems, while maintaining manageable costs for the customer. However, climate change has the potential to accelerate the pace of change to which our system will need to adjust for both energy use and weather impacts. Therefore, we are working to integrate climate change considerations into our business strategy by assessing the following:

- **Transition Planning:** Understanding the increasing pace of change needed in the future to adequately decarbonize and the costs of change from our scenario analysis with respect to the level of action and investment that is needed to meet a 1.5°C ambition of GHG mitigation.
- **Climate Change and New Technology Key Risk Indicators:** Tracking the actual pace of change for equipment adoption parameters to ensure we are nimble and able to adjust our actions based on how the actual changes are emerging.
- **Adaptation Planning:** Integrating the type and timing of physical climate change projections into our long-standing operational planning to ensure we are prepared to manage changing weather-related risks as they emerge.

Exelon is giving careful consideration to how we address these future risks in the face of great uncertainty. Some investments in new technology and resilience have obvious benefits, such as [smart meters](#) to provide insights and control on energy use for end-users, or automatic reclosers that help to re-direct power flows should part of our system be disrupted to minimize customer outages.

However, other longer-term investments are more complicated, requiring consideration of future operating factors, the type of energy and volume they must serve and the weather conditions they must withstand. The historical guidelines from our past operations may no longer be reflective of future conditions—and this is why we are adding Transition Planning and Adaptation Planning to our strategy toolkit. As a regulated essential service provider, understanding the potential impacts of these emerging risks ensures that we can best inform and appropriately coordinate with our local communities and public service authorities to approach mitigation efforts to drive progress within the bounds of the regulatory structures under which we must operate.

Each of our jurisdictions has a public service commission whose mission is to balance the needs of consumers and utilities to ensure safe, reliable and economic public utility and transportation services to the citizens of its state. Similar to other essential service providers, Exelon’s utilities operate within the regulatory structures established by these state entities. The decisions that we make with respect to the source of the energy supply and the types of upgrades and expansions we implement on our systems must satisfy applicable regulatory standards. Through this process, the costs of the energy commodity and the investments made to expand, modernize and adapt the distribution system are ultimately passed on to customers in their rates. Transition and adaptation planning, including consideration of the economic impacts to all energy users, can help inform how we can best respond to the needs and ambitions of each of the communities we operate.

## Climate Change Action in Our Jurisdictions

**ACE**  
(New Jersey)

After establishing a GHG reduction target of 50 percent below 2006 levels by 2030 in 2021, Governor Murphy continued to address the environment, including by increasing New Jersey’s offshore wind goal to 11 GW. The State also kicked off a review of the New Jersey Energy Master Plan (EMP), a process that will progress through the next year to develop an updated Plan for release in 2024. The proceedings will benchmark the state’s progress towards achieving the current energy goals and collect information to inform recommendations and update existing targets, with additional attention on how changes to the EMP will impact customer energy bills. The NJ BPU is exploring further avenues to support climate action, including policies for New Jersey’s storage incentive program and the launch of the Competitive Solar Incentive Program.

**BGE,  
Pepco-MD,  
DPL-MD**  
(Maryland)

In 2022, Maryland passed its landmark climate policy with the Climate Solutions Now Act. The law requires the state to reduce statewide greenhouse gas emissions by establishing emissions reductions goals, developing energy efficiency (EE) and emissions reductions requirements for certain buildings, and accelerating transportation decarbonization with zero-emission vehicle requirements for certain vehicles and an electric school bus pilot program. The landmark emissions reductions goals include reducing greenhouse gases by 60 percent compared to 2006 levels by 2031 and helping the state economy reach net zero emissions by 2045.

**ComEd**  
(Illinois)

In 2022, ComEd took important steps forward in the implementation of Illinois’ landmark CEJA legislation, including submitting beneficial electrification filings and initiating a multi-year integrated rate and grid plan. In addition, ComEd began powering its entire real estate portfolio with 100 percent carbon-free energy beginning in January 2023. ComEd purchases the carbon-free energy clean energy sourced entirely from generation within the ComEd service territory to match its total energy usage on an hourly basis, as well as the environmental attributes associated with that energy. ComEd also recently launched Give-a-Ray, a shareholder funded program that provides bill credits to low-income customers through a free subscription to Community Solar projects.

**DPL**  
(Delaware)

Since the release of Delaware’s Climate Action Plan in 2021, policy makers have worked to implement steps to minimize GHG emissions and maximize resilience to climate change impacts. This includes environmental management, such as assessing forest change and loss and planting 1 million trees, transportation electrification, including implementation of a competitive grant program for DC-fast EV chargers and the Clean Cars Plan, and equitable renewable energy access, such as launching a Low- to Moderate-Income Solar Pilot Program.

**PECO**  
(Pennsylvania)

Pennsylvania announced its Climate Action Plan in 2021, a non-binding goal to pursue pathways to reduce greenhouse gas emissions (GHG) by 26 percent by 2025 and 80 percent by 2050 compared to 2005 levels. The City of Philadelphia and roughly 40 suburban municipalities have adopted “Net Zero by 2050” GHG reduction goals, and PECO offers energy efficiency and clean energy incentive and technical assistance programs to support their efforts. The political environment in Pennsylvania maintains significant support for natural gas. In 2022, the state enacted a generous package of tax incentives to support hydrogen production and consumption, and legislation to prohibit municipal gas restrictions passed the House and Senate in 2022 (vetoed by then Governor Wolf) and the PA Senate in 2023.

**Pepco**  
(Washington  
D.C.)

Washington D.C. codified its climate commitment in 2022 by passing legislation that commits the District to reduce greenhouse gas emission by 60 percent compared to 2006 levels by 2030, achieve carbon neutrality for emissions associated with District government operations by 2040, and reach carbon neutrality by 2045. Other actions focused on supporting the community to encourage local decarbonization through pilot programs and innovative technology, including a community heat pump pilot and a pilot DOE community solar digital platform program.

## Transition Planning

As an energy delivery utility operating under regulation by public utility commissions in different states with different climate action plans and priorities, we are positioning ourselves as a key partner in supporting the achievement of their local goals, while also seeking innovative solutions as they emerge and can be shared between our utilities. We maintain alignment in our approach through the following priorities:

- **Electrification coupled with simultaneous decarbonization of electricity generation** is one key lever for emissions reductions. Exelon is playing a role in both the necessary growth and evolution of electric distribution and expansion of zero-carbon generation at a local level through enablement of distributed energy resources (DER) on our distribution system, each creating various opportunities for our businesses from [vehicle electrification](#) to [enhanced grid management](#). Exelon is also expanding its transmission business to comply with federal mandates and support the needed connection of new utility scale renewable generation to areas of high demand. Exelon can also be a key voice in advocating for policies that drive decarbonization of the electric grid supply at lowest cost.
- **Lower-carbon fuels** are another key lever for future emissions reductions. Exelon is supporting the emergence and commercialization of [lower-carbon fuel technologies](#) via local partnerships for renewable natural gas and our involvement in the Low-Carbon Resources Initiative, which is coordinated by EPRI and the Gas Technology Institute and focused on accelerating development and demonstration of low- and zero-carbon energy technologies. Exelon's gas delivery utilities are also continuing to focus on



their long-term capital improvement plans as part of their ongoing effort to minimize methane emissions from the gas distribution system today, while preparing to deliver lower-carbon fuels in the future.

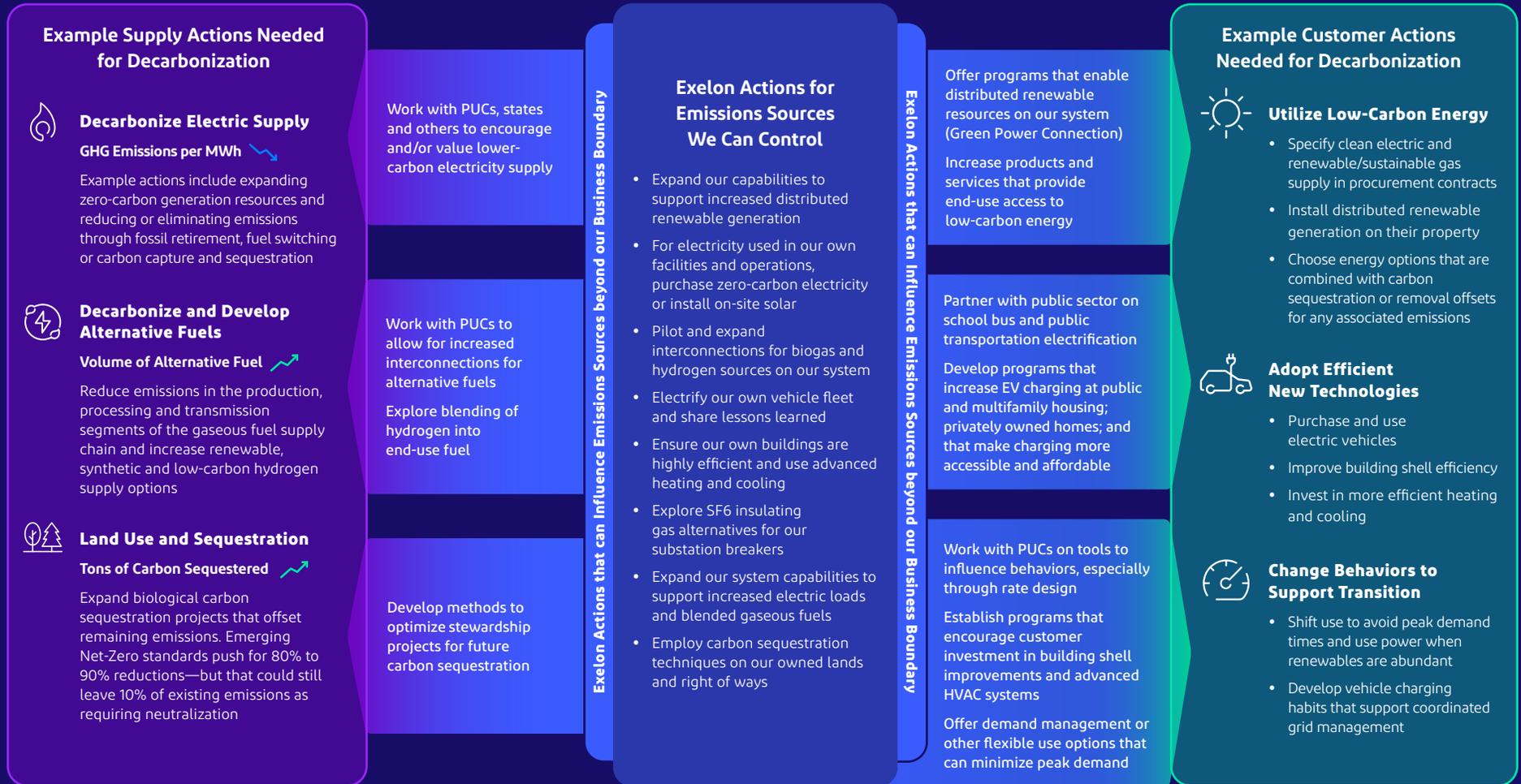
- **New technologies** will also be a key lever for longer-term emissions reductions and potentially for removing carbon dioxide from the atmosphere. Exelon is playing a role in the [research, development and deployment](#) of these technologies, in strategic areas such as electrification, DERs integration, grid flexibility, storage and other technologies that support EE, demand and flexible load management and electrification. Exelon has also partnered with the Exelon Foundation in the Climate Change Investment Initiative ([2c2i](#)), which invests in startups in our utility service territories focused on climate change solutions.

Community goals and aspirations, regulatory and market structures, as well as the industries and natural resources most readily available, are all considerations affecting how far and how fast the lower carbon transition may occur and to what extent the above elements may prove to be an opportunity or risk to each of our utility businesses. The economic health of the community is also a factor in ensuring that all parts of the community can have access to new technologies and increasingly cleaner energy and that local workforces are developed to support a just and equitable transition. Each of our utilities is working with their communities and state regulators to maximize their positive impact in helping to attain community goals, while stimulating local economies. As an essential energy provider, our voice is key to ensuring that our customers are well represented in the transition conversation both from the perspective of ensuring reliable supply for all end uses and maintaining affordability of that supply.

# Transition Planning for Economy-Wide Energy Transformation

Actions are required across every sector, economy-wide. Exelon is helping to drive this transition through direct and indirect actions:

## Exelon's Role in the Energy Transition



### Our Utilities in Action:

• [ComEd 2030 Roadmap](#)

• [PEPCO Climate Commitment](#)

• [PEPCO Climate Solutions Plan](#)

• [ACE Climate Action Website](#)

• [Delmarva Climate Action Website](#)

• [PECO Climate Action Website](#)

• [BGE Climate Action Website](#)



## Adaptation Planning

Maintaining energy system reliability is of paramount importance to Exelon, and weather-related risk is always a key focus area for the company. We have many processes and programs in place to help prepare for the types of events that we have historically experienced (see sections on [Disaster Preparedness and Awareness](#) and [Exelon Utilities Storm Response](#)). Each utility is investing in its systems to install new and advanced equipment and technology designed to support higher levels of reliability and resilience, making our systems more weather-resistant and less vulnerable to the effects of extreme weather events that are expected to increase in the face of climate change. This includes inspecting and replacing poles and trimming vegetation and trees, as well as testing and drills to keep storm response skills sharp and ensure crews are ready to respond to emergencies. In addition, each Exelon utility can call on resources from its [sister utilities](#) to restore power more quickly after major storms.

Because of climate change, we must increasingly focus on system resilience, which refers to how our systems can avoid interruptions or the speed to which they can recover from power outages in the face of severe weather events. Exelon is expanding our adaptation planning efforts to better incorporate resilience considerations including changes to the types of weather conditions that may challenge our systems now or in the future. Exelon is incorporating physical climate change data available from the National Oceanic and Atmospheric Administration (NOAA) and the IPCC emissions scenarios and the associated climate impacts described in the U.S. National Climate Assessment into our business planning. Considering both acute physical risks, which are event-driven, and chronic physical risks, which include longer-term shifts in climate patterns, we are working to ensure that our established processes for system planning, operation, maintenance and recovery are considering a potential future different from what we've known in the past. Some of the ways we are expanding our efforts to adapt to impacts from climate change include:

- Incorporating projections of changing climatic conditions into our engineering standards and existing system material condition assessments to allow for improved infrastructure planning.
- Working with our communities to understand their climate change response plans so that we can adapt and evolve in coordination with those efforts.
- Supporting development of a common methodology for applying potential impacts to utility infrastructure planning, as well as improvements in the tools used to evaluate the benefits of alternative resilience investments.

Exelon is working to build its [adaptation planning toolkit](#) through our current involvement in the [EPRI ClimateReady](#) program that builds on the strong foundational work through our founding member participation with the DOE Partnership for Energy Sector Climate Resilience. The toolkit will also incorporate work conducted through our ongoing partnership with Argonne National Lab and the recent collaboration with ComEd on a [Climate Risk and Adaptation Outlook report](#) which specifically evaluates future climate risks to ComEd's infrastructure and operations.



## Adaptation Planning

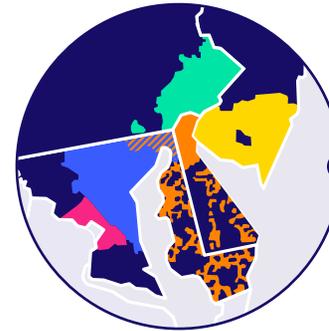
Exelon is continually working to improve its climate change vulnerability assessment and adaptation planning. Considering both acute physical risks, which are event driven, and chronic physical risks, which include longer-term shifts in climate patterns, we are striving to established processes for system planning, operation, maintenance, and recovery that consider a potential future different from what we've known in the past.



### Midwest

Characterized by:

- Increasing temperatures
- Increasing precipitation and humidity
- Increasing intensity and frequency of storms



### Mid-Atlantic Coast

Characterized by:

- Increasing temperatures
- Increasing precipitation and humidity
- Sea level rise
- Increasing intensity and frequency of storms

#### Midwest Utility

- **Acute Risks:** These physical risks include severe thunderstorms, tornados, derecho windstorms and ice storm
- **Chronic Risks:** Increased heat and humidity, less frequent but more intense precipitation, inland storm flooding

#### East Coast Utility

- **Acute Risks:** These physical risks include severe thunderstorms, tropical storms and hurricanes, but in recent years have also included derecho windstorms and tornados
- **Chronic Risks:** Increased heat and humidity, less frequent but more intense precipitation, inland storm flooding, sea level rise and increased nuisance tidal flooding in coastal areas

#### Engineering Planning and Operations

- Considering how climate change projections might affect needed engineering standards for equipment performance and thresholds for failure
- Considering lifespan and location of equipment with respect to projected climate changes

#### Emergency Planning and Preparedness

- Increasing our understanding of what damage occurs as a result of various weather events and how to best prepare for recovery
- Improving understanding of inland overland flooding
- Coordination with other state agencies optimized personnel deployment for recovery efforts

#### Local Forecasting

- Considering variances between current load forecasting using historical weather actuals versus those using projected chronic temperature shifts
- Insights into potential shifts in load peaks due to temperature extremes
- Relationships of projected cooling and heating degree days (CDD and HDD) to load implications

#### Supply Chain

- Correlation of increasing physical climate risks to types of damages incurred
- Consideration of critical equipment supply availability
- Staging and readiness of replacement equipment needed for recovery



## Metrics and Targets

### Metrics Used to Assess Our Efforts

Exelon uses a series of key climate change indicators to help us assess our business risks associated with both physical climate change and from the energy transition. Climate change indicators include total U.S. GHG emissions, global CO<sub>2</sub> concentration and parameters such as current and projected temperatures, precipitation and sea level rise in our operational footprint. Regarding business model and infrastructure transition, we capture indicators such as sales of electric vehicles, deployment of distributed solar, overall load trends by sector, evolution of renewable requirements and emergence of climate-related policy. We regularly review trends for these indicators internally to determine how best to position our business to turn potential challenges into business opportunities.

While our key climate change indicators help us assess risk to our business, our performance metrics measure the effectiveness of our efforts to respond to transition challenges. Our key performance metrics are what we use to monitor progress toward our goal of advancing a clean energy economy.

These currently include the following:

- **Metrics for short-term effectiveness:**
  - Exelon's GHG Emissions Profile
  - Reducing Emissions From Natural Gas Systems
  - Customer-Driven Emissions (Scope 3)
  - Progress on Our Path to Clean Goal
- **Metrics for mid- and long-term effectiveness:**
  - Grid Decarbonization
  - Investment in Resilience
  - Advancing Emerging Technologies

# GHG Emissions Profile

Exelon measures its GHG emissions related directly to its own operations. These include direct (Scope 1) emissions and indirect (Scope 2) emissions associated with the electricity that we consume in our buildings and electric distribution systems in accordance with the World Resources Institute Corporate Standard for GHG Accounting.

- **Scope 1:** Direct emissions from company operations
- **Scope 2:** Indirect emissions associated with the purchased electricity that we consume in our

operations and electric distribution systems and energy lost across transmission and distribution (T&D) systems

- **Supplemental Biogenic Emissions:** CO<sub>2</sub> emissions associated with renewable biofuels that are considered carbon neutral for direct corporate accounting

Please see our [Full GHG Inventory and Accounting Protocol](#) section in the Appendix for more information on Exelon GHG emissions accounting.

## Corporate GHG Emissions Over Time<sup>[1]</sup>

Thousand metric tons CO <sub>2</sub> e	2020	2021	2022
<b>Scope 1</b>	479	467	452
<b>Scope 2 (Operations-Driven)<sup>[2]</sup></b>	59	71	75
<b>Scope 2 (Delivery System Losses)<sup>[2]</sup></b>	4,890	5,211	5,193
<b>Total</b>	5,428	5,749	5,720
<b>Relevant Customer Energy Use Scope 3</b>	79,484	86,934	83,154

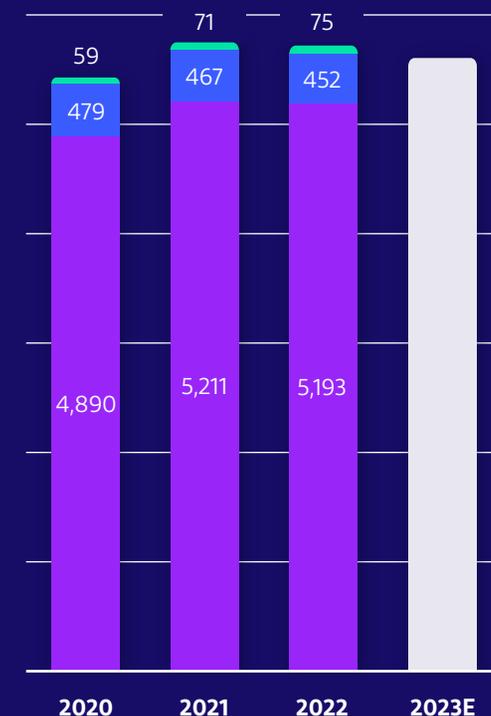
[1] Historic data recast to reflect the current Exelon operational footprint.

[2] Market-based accounting.

## Corporate GHG Emissions Over Time

Thousand metric tons CO<sub>2</sub>e

- Scope 1
- Scope 2 (Operations-Driven)
- Scope 2 (Delivery System Losses)



# Reducing Emissions From Natural Gas Systems

Three of Exelon’s utilities—PECO, BGE and DPL—provide natural gas distribution service to customers through almost 17,000 miles of gas mains. As Exelon recognizes the importance of gas delivery systems in a reliable and resilient integrated energy system of the future, we are working to modernize these systems to increase safety, reduce methane leakage and ready these systems to carry increasing amounts of lower-carbon fuels like renewable natural gas and hydrogen.

- Exelon’s capital plans call for about \$3.9 billion of capital investment in our utilities’ natural gas systems over the next four years. [Main and service by company details](#)
- DPL has already replaced most of its cast iron and unprotected steel mains. BGE and PECO both maintain long-term pipe replacement programs aimed at eliminating all cast iron and unprotected steel pipes and services by no later than 2037. [Replacement program details](#)
- From a safety perspective, Exelon uses optical methane detectors, remote methane leak detectors and combustible gas indicators to conduct periodic leak surveys. Identified leaks are prioritized for repair based on risk and in conformance with, or faster than, industry standards and regulatory requirements. Additionally, the Exelon gas companies are advancing their leak detection methods utilizing satellite imagery for enhanced accuracy and swifter repair. [Leak detection and repair details](#)

- Since 2015, our pipe replacement programs have reduced methane emission by over 100,000 metric tons of carbon dioxide equivalents (CO<sub>2</sub>e) based on a 100-yr global warming potential, and our emissions per million standard cubic feet (mscf) throughput has declined from 0.44 percent to 0.38 percent. When considering a twenty-year global warming potential for methane, GHG benefits are

over 360,000 MTCO<sub>2</sub>e due to the high impact of methane in the atmosphere immediately after release. [GHG emission and intensity details](#)

- In 2022, BGE launched biogas injection onto its pipeline network for the first blending renewable natural gas into its system; all three Exelon gas operating companies have modified their gas tariffs for RNG interconnection.

## 2022 Exelon Natural Gas Main Mileage<sup>[1][2][3]</sup>

	BGE	DPL	PECO
<b>Protected Coated</b>	2,777	483	2,794
<b>Protected Bare</b>	0	5.6	11.7
<b>Unprotected Coated</b>	0	23.2	145
<b>Unprotected Bare</b>	12.6	0	219
<b>Plastic</b>	3,838	1,655	3,548
<b>Cast/Wrought Iron</b>	932	42	473
<b>Ductile Iron</b>	0	0	38
<b>Reconditioned Cast Iron</b>	2	0	0

[1] Rounded to the nearest mile.

[2] Additional data available at this link: [Main and service by company details](#).

[3] Gas Distribution system pipe and service information as reported to the U.S. Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) for calendar year 2022 pursuant to 49 CFR Part 191.

## 2022 Exelon Natural Gas Number of Services<sup>[2][3]</sup>

	BGE	DPL	PECO
<b>Protected Coated</b>	37,914	11,267	7,680
<b>Unprotected Coated</b>	0	7,812	6,460
<b>Unprotected Bare</b>	49,107	382	149
<b>Plastic</b>	451,954	109,267	449,675
<b>Copper</b>	14,307	2,764	1,418
<b>Cast Iron</b>	20	0	0
<b>Other</b>	0	1,548	1,562

# Scope 3 Customer and Supply Chain Emissions

Scope 3 emissions comprise emissions from upstream and downstream elements of a business. In line with WRI guidance, Scope 3 emissions can be broken down into 15 discrete categories for purposes of understanding 1) the most GHG-intensive elements of a business, and 2) where supply chain engagement may have the biggest impact with respect to GHG emissions reductions. The breakdown of Exelon's Scope 3 shows that emissions associated with the upstream production of the energy we deliver (emissions from generation of grid supplied electricity and from the production of natural gas) is the most significant category for us. The second highest category is the downstream end-use combustion of the natural gas after delivery to our customers. Please see our [Supply Chain](#) section for additional actions we are taking on engagement relating to our Purchased Goods and Services and Capital Goods categories, which make up the third largest area of impact for upstream GHG emissions.



## Exelon Scope 3 Emissions by Category<sup>[1]</sup>

Category (1,000 mtCO <sub>2</sub> e)	2020	2021	2022
<b>Purchased Goods and Services</b>	726	634	684
<b>Capital Goods</b>	1,044	1,001	933
<b>Fuel/Energy Related Activities</b>	69,286	76,654	71,928
<b>Upstream Transportation and Distribution</b>	39	27	23
<b>Operational Waste</b>	26	26	25
<b>Business Travel</b>	6	2	5
<b>Employee Commute</b>	Not yet measured	Not yet measured	Not yet measured
<b>Upstream Leased Assets</b>	1.8	1.2	1.8
<b>Downstream Transportation and Distribution</b>	0	0	0
<b>Processing of Sold Products</b>	0	0	0
<b>Use of Sold Products</b>	10,198	10,280	11,226
<b>Downstream Leased Assets</b>	0	0	0
<b>Franchises</b>	0	0	0
<b>Investments</b>	Not yet measured	Not yet measured	Not yet measured
<b>End-of-Life Treatment of Sold Products</b>	0	0	0

[1] Data was revised to incorporate an inflation adjustment and break out upstream shipping.



# Progress on Our Path to Clean: Our Company and Operations

Exelon's Path to Clean Strategy is a commitment to reduce our Scope 1 and 2 operations-driven GHG emissions by 50 percent by 2030 and to achieve Net-Zero operations-driven GHG emissions by 2050, while simultaneously helping our customers and communities in achieving their clean energy goals. For example, while we work to reduce our own emissions, Exelon is also working to support customers' efforts to reduce energy usage through our EE programs and to connect customer distributed energy to our distribution system. We also work with communities to support public policy outcomes that promote the transition to cleaner energy.

In establishing our operations-driven goal, we focused on areas where we have the ability to directly control GHG emissions in our operations, through evolved work practices, building and fleet vehicle investments and deployment of new and expected future technologies. Emissions that we directly control include those associated with our buildings, fleet vehicles, and our gas distribution system equipment and infrastructure. Operations-driven emissions include 100 percent of our Scope 1 GHG emissions and the portion of Scope 2 GHG emissions associated with building energy use.

We currently exclude Scope 2 emissions associated with T&D system line losses, because system uses and losses are a function of how much load we are delivering for customers and the grid emissions rate of the electricity supply, neither of which we can directly take action to reduce. Because they are

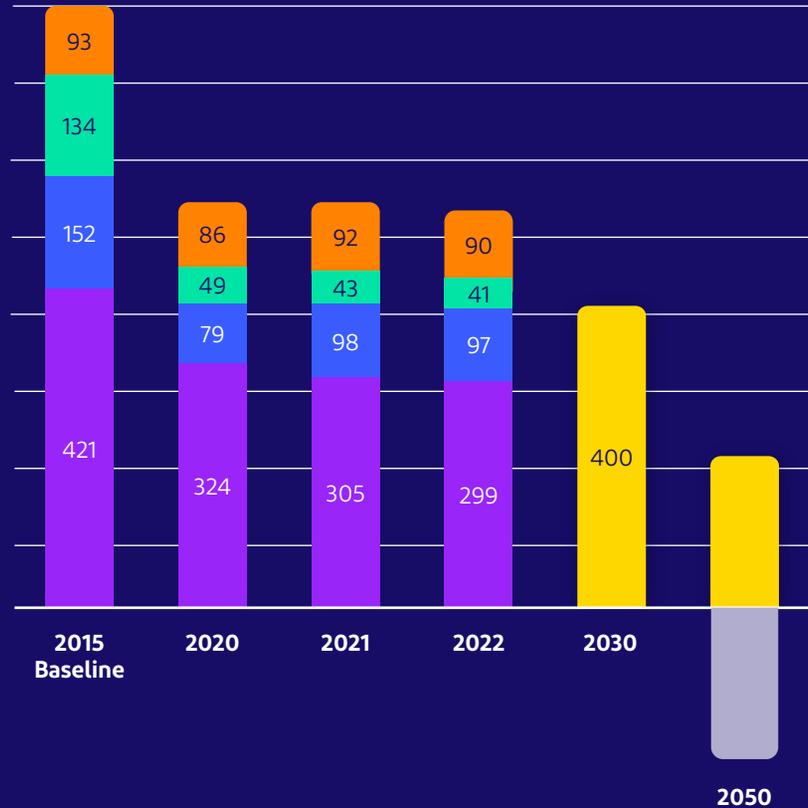
customer-driven, they are instead managed similarly to emissions associated with customer electric use through our customer programs and regulatory advocacy for grid decarbonization. For additional detail see [Driving a Decarbonized Grid](#) section below. For a full discussion of the different utility business models and how they relate to GHG emission accounting, please see the [Comparing Emissions Between Utility and Power Generation Companies](#) discussion in the Appendix of this report.

With respect to the operations-driven Scope 2 emissions that are included in our goal, Exelon is continuing to drive EE efforts, increasing its procurement of zero-carbon electricity where it is able to do so and we are continuing to support the dual accounting for Scope 2 through comments for the WRI methodology review. We recognize the importance of continuing to evolve GHG accounting to support decarbonization of the grid.

Exelon's other actions towards our Path to Clean 50 percent by 2030 reduction goal include vehicle electrification, natural gas system pipe modernization to reduce fugitive emissions, building EE and ongoing SF6 leak identification and management. These actions are focusing on absolute emissions reductions through 2030, without use of carbon offsets for goal achievement. We are in the process of developing our corporate standard for when, how and what type of carbon offsets will be applied to our 2050 Net-Zero operations-driven emissions commitment.

# Scopes 1 and 2 Operations-Driven Emission Reduction Goal Progress<sup>[1]</sup>

Thousand metric tons CO<sub>2</sub>e



[1] GHG emissions data for 2022 and future projections reflect Exelon utility operations. Data for previous years, including the 2015 baseline, has been recast to reflect the same corporate boundary and may differ from previous reports which included the Constellation generation company that has been divested. Chart data is available in the Full GHG Inventory and Accounting Protocol Appendix Table 1.

[2] Market-based accounting.

[3] Includes Gas Plant Combustion.



## Focus Areas and In-Flight Actions To Cut Operations Emissions in Half by 2030

### Company and Operations

#### Buildings

Continuing focus on EE and clean electricity for our operations

**Examples:** audits, efficiency upgrades, clean energy/REC purchases, space optimization

#### SF<sub>6</sub>

Invest in equipment and processes to reduce SF<sub>6</sub> leakage from our systems

**Examples:** aging breaker replacement, diligence on leak management and maintenance

#### Vehicle Fleet

Advance our own vehicle fleet electrification to electrify 30 percent of our fleet by 2025 and 50 percent by 2030

**Examples:** light duty vehicle electrification and focus on fuel/operational efficiency

#### Gas System

Modernize our natural gas infrastructure to minimize methane leaks and increase safety and reliability

**Examples:** aging pipe replacement, leak detection, third-party damage protection

# Grid Decarbonization

Exelon's efforts to support grid decarbonization are focused on influencing the actions of our customers and on public policy advocacy.

As detailed in the [Appendix](#) to this report, different utility business models provide different levels of control over emissions associated with their customers' energy use. Utilities that are "vertically integrated" and own the electric generation for the supply they deliver have greater ability to directly reduce emissions associated with that electric supply. Under governing state laws, Exelon's regulated T&D utilities cannot own electricity generation for customer supply and thus do not have direct control over how the electricity we deliver is generated. For our utility business model, where we receive grid supply for our deliveries, we can best drive toward reduction of these emissions via advocacy for policies and market-rules that drive cost effective emissions reductions of electric generation more broadly. For that reason, these emissions are addressed through our commitment to support our customers and communities in achieving their clean energy goals but are not the subject of a quantitative reduction goal.

Efforts to reduce our customer-driven emissions include our award-winning customer EE programs, our efforts to enable distributed resources on our distribution system through Green Power Connection, and enhanced grid management capabilities to better manage demand and energy flows. Exelon is currently using the following metrics to track progress relating to Scope 3 emissions management and clean energy use transition:

## Demand Side Efforts

- Customer EE: Almost 24.8 million MWh saved (over 9.5 million metric tons CO<sub>2</sub>e avoided).
- Customer Distributed Energy: 3,089 MW connected, which equates to approximately 5.4 million MWhs of zero-carbon supply being produced locally—equivalent to nearly 2,000 MT CO<sub>2</sub>e if produced by traditional grid generation resources.
- Electric Smart Meter Deployment: 94.8 percent of customers; this enhances energy management capabilities so customers can avoid usage during peak periods when the highest emitting fossil generation needs to run.

## Supply Side Efforts

- Utility Specific Emissions Rates provide the generation emissions intensity rate and generation technology breakdown for the power they deliver based on how electricity is procured, including any clean power attribute purchases required by state regulations, in support of market-based accounting GHG accounting.
- Percent line losses is an indicator of our electric system efficiency for delivering electricity to our customers.
- Working with grid operators to improve accessibility to grid emissions intensity measurements and clean energy attribute accounting systems to ensure no double counting.

Emissions associated with our system line losses and Scope 3 customer emissions are primarily determined by the GHG emissions intensity of the energy that we deliver, and the amount of energy demanded. While we do not have direct control of the generation of electricity or the production of the natural gas we deliver, we seek to reduce these emissions through advocacy for a meaningful cost on GHG emissions or other federal or state legislation or regulation to help drive the energy supply transition.

As discussed in the [Supporting Clean Energy Policy](#) section of this report, Exelon promotes public policies at both the national and state levels in support of a clean energy transformation that achieves affordable and reliable energy solutions for our customers and communities, while simultaneously achieving levels of climate change mitigation and adaptation sufficient to meet a 1.5°C pathway ambition. Also, as discussed in the [Investments to Benefit Customers and Communities](#) section, Exelon is working to promote this transformation in consideration of costs to the customers.

## Supporting our Customer's GHG Accounting

As part of our participation with the Edison Electric Institute (EEI), Exelon utilities have begun to publish Utility Specific Residual Emissions Rates for the electricity that they sell and deliver. These factors are created from the PJM residual emissions rate, adjusting for the benefit of the Renewable Energy Credits that they retire on behalf of their full-service customers to meet state specific Renewable Portfolio Standard (RPS) obligations. These factors allow their customers to complete market-based GHG accounting by combining the RPS benefits they pay for in their rates with any additional clean power purchases they may be specifying, and help to engage consumers in the efforts to drive decarbonization of the grid. Exelon similarly uses these factors in our Scope 2 market-based accounting where the electricity consumed for our own building use is included in the RPS eligible load.

### 2022 EEI Supplier Residual Rates

	ACE	BGE	ComEd	DPL-MD	DPL-DE	PECO	PEPCO-DC	PEPCO-MD	PJM Average <sup>[1]</sup>	PJM Residual
<b>Default Load Delivered</b> (MWh)	5,430,172	13,440,230	25,913,101	2,467,924	6,923,139	13,728,419	3,774,800	6,438,995		
<b>% Line Loss</b>	6%	6%	7%	6%	6%	5%	4%	4%		
<b>State Clean Energy Standard</b>	24% renewables	33% renewables	19% renewable; 18% nuclear	33% renewables	22% renewables	8% alternative resources	33% renewables	33% renewables		
<b>Utility Residual Rate</b> (lbs/MWh)	765	737	736	681	791	868	686	735	811	927
<b>Technology Supply Breakdown (with RECs as purchased for RPS for Default Load)</b>										
<b>Coal</b>	18%	16%	18%	16%	19%	22%	15%	16%	20%	23%
<b>Oil</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Natural Gas</b>	37%	34%	38%	33%	41%	39%	32%	34%	40%	48%
<b>Other Fossil</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Nuclear</b>	21%	20%	39%	19%	23%	22%	19%	20%	33%	27%
<b>Hydro</b>	0%	4%	0%	4%	0%	7%	0%	2%	1%	0%
<b>Biomass</b>	1%	5%	0%	3%	0%	2%	6%	5%	0%	0%
<b>Wind</b>	14%	15%	3%	17%	12%	3%	16%	18%	4%	0%
<b>Solar</b>	5%	2%	1%	5%	2%	3%	11%	3%	1%	0%
<b>Geothermal</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Other</b>	4%	2%	2%	3%	2%	2%	1%	2%	1%	2%

[1] The PJM average emissions rate represents the emissions associated with all of the power that flows on the PJM grid. The PJM residual emissions rate results with the removal of clean energy attributes that have been retired for regulatory and voluntary purposes. In 2022, the PJM residual rate was 926.9 lbs. CO<sub>2</sub>/MWh. For more information see the [PJM GATS website](#).

# Investment in Resilience

Exelon invested almost \$7.2 billion across our regulated utilities in 2022 and plans to invest about \$31.3 billion from 2023 through 2026 which includes investments improve reliability and resilience of our physical energy delivery systems and cyber-security. Each of our utilities is proactively preparing our employees and assets for a changing future. This includes training key personnel on potential climate change impacts and working to incorporate climatic projections into our engineering standards and existing system material condition assessments to improve infrastructure planning.

Our utilities are also demonstrating the potential for connected communities within each of our service territories to identify how microgrids, distributed resources and energy management tools can work together to support a clean energy future.

Projects include applications like smart streetlights, resilience hubs at public housing sites, smart kiosks, EV smart chargers, smart sensors and access to community solar and EE programs. Exelon is developing the following new metrics to track progress relating to climate adaptation and resilience:

- **Asset Classes Reviewed** (categories of equipment for which asset management plans are being developed): 30 percent.
- **Climate Change Awareness Training:** Currently developing a capacity building plan for directors and key managers in engineering organizations.
- **Community Pilots:** Microgrid/Smartgrid and Resilience Hubs for low-income communities being developed within our jurisdictions.

# Advancing New Technology

In support of our own Net-Zero goal operational emissions and as a key component of supporting our communities in achieving their clean energy goals, Exelon is working to advance new and emerging technologies that will be needed to achieve these deep decarbonization ambitions. There currently are not affordable or commercially available solutions to totally eliminate emissions from certain parts of our GHG inventory. Therefore, we are actively supporting development of new and emerging solutions that promise deeper emissions cuts, while helping us adapt to changing conditions and prepare our business to thrive in a low-carbon future. Exelon is using the following new metrics to track progress relating our efforts to advance new technologies around the transition to cleaner energy:

- **2c2i Startups Focused on Climate Solutions:** 28
- **Partnership Research & Development Projects:** 35
- **Supplier Engagements on Climate Solutions:** Targeting 10 Tier 1 Suppliers across primary drivers of Scope 3 Purchased Goods and Services emissions in 2022.





# Advancing Clean Energy and Affordable Energy Choices

One of Exelon's top priorities is promoting a just and equitable energy transformation. Exelon continues evaluating and investing in technologies and infrastructure enabling a smarter power grid where customers play an increasingly active role in taking action to deploy, utilize and benefit from cleaner sources of energy. Whether beneficial electrification of homes and businesses through customer-sited solar or adoption of electric vehicles, our utilities are actively engaged in supporting our communities and jurisdictions through our focus on smart grid infrastructure and programs enabling customers to seamlessly participate in the energy system transformation.

About Exelon

Delivering Sustainable Value as the Premier T&D Utility

Addressing Climate Change Through Transition and Adaptation Planning

→ **Advancing Clean Energy and Affordable Energy Choices**

Delivering a Top Tier Customer Experience

Safely Powering Reliability and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and Rewarding Workplace

Corporate Governance

Appendix

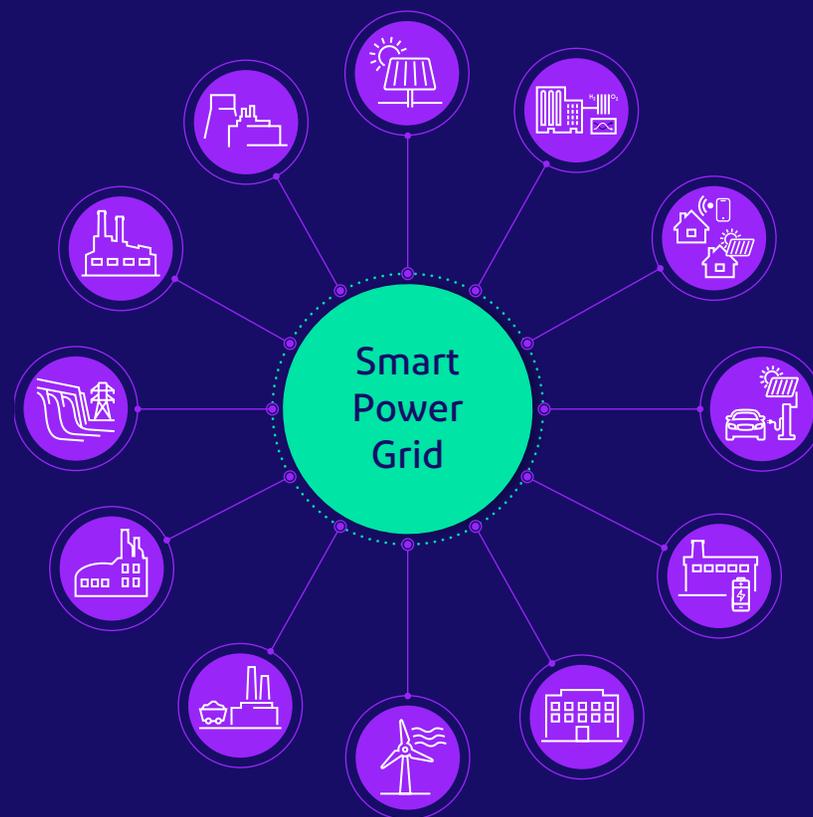
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The promise of an affordable and clean energy economy is important for all communities, especially those disproportionately impacted by underinvestment in economic opportunities, education and training and by environmental factors such as degraded local air quality and climate change impacts.

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## Creating a Smart Power Grid

A smart grid is a modern electrical system that uses automated data collection, two-way communications and technology to deliver energy more reliably and efficiently. It provides data on hourly energy usage for customers and allows utilities to control and monitor the power system at a much more granular level than was previously possible. By investing in a smarter grid, we enable an electric system that is reliable, resilient, responsive, efficient and secure. Our customers benefit through instant access to energy information, faster outage detection and response, enhanced reliability, greater energy efficiency (EE) and increased involvement in the energy system.



# Smart Meters

Smart meters are foundational to a smarter power grid as they enable customers to better understand real time energy usage in homes and businesses, in addition to providing Exelon's utilities with enhanced information to make our systems more efficient and resilient. Exelon has an installed base of more than 9.02 million electric smart meters and 1.38 million advanced gas meters. Smart meter technology provides many benefits for customer convenience and operational efficiency:

- Through continued use of smart meter disconnect switches and remote sensing capabilities, almost 1.3 million truck rolls were avoided in 2022.
- Peak Time Savings, an innovative demand response program, is made possible by smart meter technology across the Exelon operating companies.
- Smart meter data enables the Exelon operating companies to allow customers to make informed decisions concerning their energy usage. For example, customers can sign up to receive high usage alerts, notifying them when their usage is trending higher than normal for that period and weekly usage reports that summarize their past week's usage.
- Customers with smart meters can also view their daily and hourly usage data online and learn about ways to reduce energy consumption.
- An enhanced high temperature monitoring program to ensure the safety of meter entrance equipment for our customers and employees is made possible by smart electric meter data.
- Customers continue to experience significant annual and recurring benefits to outage restoration, interruption frequency and interruption duration metrics resulting from smart metering.
- Exelon continues to explore new uses for its communication systems which are also utilized for automated meter reading.

## Smart Electric and Natural Gas Meter Deployment Across Exelon Utilities as of Dec. 31, 2022<sup>[1][2][3]</sup>

Meter Deployment	BGE	ComEd	PECO	PHI	Total
<b>Electric</b>					
<b>Smart Meters Installed</b> (in thousands)	1,324	4,268	1,805	1,632	9,029
<b>Percent of Total Meters</b>	97.4%	99.9%	100.0%	78.1%	94.8%
<b>Total Electric Meters Installed</b> (in thousands)	1,360	4,273	1,805	2,089	9,527
<b>Avoided Truck Trips Related to Service Connect/Disconnect Transactions</b> (in thousands, for 2022 only)	318	575	364	30	1,287
<b>Natural Gas</b>					
<b>Smart Meters Installed</b> (in thousands)	676	N/A	565	142	1,383
<b>Percent of Total Meters</b>	94.3%	N/A	100.0%	98.6%	97.0%
<b>Total Gas Meters Installed</b> (in thousands)	717	N/A	565	144	1,426

[1] Exelon utility companies, with the exception of ACE, have completed their planned major smart meter program deployments. ACE began deployment in September 2022 and will complete work in 2024.

[2] While each utility is close to 100 percent penetration for smart meters, with the exception of ACE, a variety of factors, such as hard to access meters or customer preference, may result in the utility not getting to 100 percent.

[3] Exelon utilities that provide both electric and gas service include BGE, PECO and DPL. ACE, ComEd and Pepco provide only electric service.

# Green Power Connection

Exelon's utilities have worked over the last several years to develop similar approaches and platforms to assist and enable customers and contractors to deploy residential and commercial renewable energy, primarily solar photovoltaics, in our utility service areas. Each utility's Green Power Connection website has resources to assist customers from start to finish on their renewable energy projects. Digital Solar Toolkits are a flagship resource from our Green Power Connection programs, offering solar calculators to help customers evaluate their options and other tools and tips to assist in decision-making. For customers deciding to install solar, the toolkits help them select qualified solar contractors, monitor project progress, track energy usage and calculate savings. For more information on each utility's Green Power Connection program, please visit ACE, BGE, ComEd, DPL, PECO and Pepco.

Through net metering, utilities purchase excess electricity produced from residential and commercial customers' renewable energy equipment. At year-end 2022, Exelon utilities had a total of 200.1 thousand customers with 3,089 megawatts (MW) of renewable energy generation resources installed, primarily solar photovoltaic systems, with a limited amount of wind and other resources.

[1] Number of customers participating in Green Power Connection programs at each utility excluding community solar subscribers.

[2] Number of unique subscribers participating in Community Solar programs managed by Exelon, BGE, ComEd, PECO and PHI.

[3] Amount of renewable energy generating capacity represented by this customer demand, in MW of installed capacity.

## Customers Connected to Renewable Resources at Exelon Utilities

Utility	Participating Customers (thousands) <sup>[1]</sup>	Subscribing Community Solar Customers (thousands) <sup>[2]</sup>	Renewable Generation Capacity (in MW) <sup>[3]</sup>
<b>2020</b>			
BGE	35.0	—	373
ComEd	20.1	2.7	462
PECO	11.8	—	127
PHI	83.5	6.8	1,032
<b>Total</b>	<b>150.4</b>	<b>9.5</b>	<b>1,994</b>
<b>2021</b>			
BGE	37.6	—	400
ComEd	29.1	18.3	636
PECO	13.0	—	138
PHI	93.6	10.3	1,486
<b>Total</b>	<b>173.3</b>	<b>28.6</b>	<b>2,660</b>
<b>2022</b>			
BGE	40.8	9.5	465
ComEd	39.6	21.1	769
PECO	15.4	—	160
PHI	104.3	11.6	1,695
<b>Total</b>	<b>200.1</b>	<b>42.2</b>	<b>3,089</b>

# Meeting State Renewable and Alternative Energy Requirements

Exelon utilities use renewable and alternative energy credits to meet state legislative requirements. All of our 9.1 million electric utility customers are located within jurisdictions that have some form of renewable or alternative energy portfolio requirements.

**BGE.** Approximately 4.4 million renewable energy credits (RECs) were needed to satisfy Maryland's Renewable Portfolio Standard (RPS) requirements at BGE for 2022, for default Standard Offer Service (SOS) and large Hourly Priced Service (HPS) customers. BGE purchased RECs for HPS customers and incremental SOS load, while REC requirements for residential and small and medium commercial SOS customers were met by winning wholesale energy suppliers under full requirements contracts in auctions approved by the Public Service Commission. In June 2021, new legislation passed resulting in a 32.6 percent REC requirement for the 2022 compliance year.

**ComEd.** During the delivery year June 2021 to May 2022, ComEd received and retired approximately 3.8 million RECs from wind and solar renewable energy resources to meet the Illinois RPS requirements. For ComEd, the RPS requirement for the 12-month period beginning June 1, 2021, is 19 percent of all retail electricity sales. The RPS requirement mandates increases of 1.5 percent each year. With the enactment of Public Act 102-0662 on September 15, 2021, the Illinois RPS was further revised and expanded. New RPS goals will increase by 3 percent

each year after the 2025–2026 delivery year (by which “25 percent by 2025” would be reached). This puts ComEd on track to reach 40 percent by the 2030–2031 delivery year with a further goal to reach 50 percent by the 2040–2041 delivery year. Under the Illinois Zero Emission Standard, ComEd received and retired 14.4 million Zero Emission Credits from generation occurring during the June 2021 to May 2022 delivery year. In late 2021, ComEd entered into contracts to purchase Carbon Mitigation Credits (CMCs) from nuclear generating facilities. In aggregate, the contracts seek to procure a minimum of 50 million annual CMCs over five years beginning in June 2022. As of the procurement year ending May 31, 2022, ComEd had contracts for the annual delivery of 6.5 million RECs. Under Illinois Power Agency guidance, ComEd has continued to contract for the annual procurement of RECs from projects through the Adjustable Block Program, Illinois Solar for All Program and Index REC procurements to meet the Illinois renewable energy goals.

**PECO.** PECO is meeting Pennsylvania's Alternative Energy Portfolio Standards (AEPS) requirements that increased through 2021. Over the PJM reporting year (June 2021 to May 2022), PECO retired for compliance more than 2.5 million alternative energy credits (AECs) to satisfy the AEPS 18.3 percent requirement. PECO continues to retire AECs that meet the requirements of Pennsylvania Act 40 (signed into law December 2017), and Pennsylvania Act 114



(signed into law November 2020), both of which require AECs to be sourced from within the state of Pennsylvania. In addition, in 2021 and 2022, PECO conducted procurements for delivery of 16,000 solar AECs annually with deliveries scheduled through 2034 to help meet PECO's AEPS requirements. In order to help support local solar, PECO has required that fifty percent of the 16,000 AECs delivered be sourced from within the PECO service territory.

**PHI.** In the Maryland jurisdiction, Pepco and Delmarva retired for compliance approximately 2.7 million RECs. In the District of Columbia, Pepco retired approximately 1.2 million RECs. Over the PJM reporting year (June 2021 to May 2022), ACE and DPL retired approximately 1.2 million and 1.0 million RECs, respectively. DPL purchases the RPS requirement for all its distribution customers in Delaware. In the other jurisdictions, SOS suppliers purchase RECs to meet state RPS requirements, with the exception of hourly or market price service customers in the District of Columbia, Maryland and Delaware. In total, PHI utilities retired approximately 6.1 million RECs to meet RPS obligations in 2022.

# Beneficial Electrification and Enabling Electric Vehicles

As U.S. states and companies make commitments to cleaner, renewable generation sources, the electrification of transportation and other end uses continues to grow as a key tool for decarbonization. Beneficial electrification is a subset of broader electrification opportunities that meet one or more of the following conditions without adversely affecting the other two: enable better grid management; reduce negative environmental and health impacts; or save customers money over the long run.

Exelon has developed a targeted strategy aimed at overcoming barriers to beneficial electrification by advocating for the right public policies, partnering

in support of electrification, influencing enabling technology, investing in enabling infrastructure and supporting customer education and adoption.

To promote the use of EVs and other types of beneficial electrification, Exelon is focused on:

- Infrastructure investments to save customers money and provide access for low- and moderate-income communities.
- Load management through program and rate design to encourage use of electricity when there is excess capacity.
- Technology to leverage data for load management initiatives that support growth while offering savings to customers such as time-of-use programs and innovative service offerings based on telematics data from EVs.
- Support for policies across our jurisdiction that help customers save money, remove barriers for adoption and accelerate GHG emission reductions in our communities.
- Partnering with customers and connecting communities with solutions, such as efforts to deploy electric school buses and public chargers.

## Potential Benefits for Electrification



**Benefits to Customers**

**Save customers money over the long run**

- Economic
- Efficiency
- Sustainability



**Benefits to Exelon**

**Reduce negative environmental impacts**

- Modernized Grid
- Strategic Alignment
- Growth Opportunities



**Benefits to Society**

**Reduce negative environmental impacts**

- Environmental
- Public Health
- Equity
- Workforce Development



## EV Program Links

- **BGE:** [Electric Vehicles | Baltimore Gas and Electric Company \(bge.com\)](#)
- **ComEd:** [Electric Vehicles | ComEd—An Exelon Company](#)
- **PECO:** [Electric Vehicles | PECO—An Exelon Company](#)
- **Pepco MD:** [Electric Vehicles | Pepco—An Exelon Company](#)
- **Pepco DC:** [Electric Vehicle Program DC | Pepco—An Exelon Company](#)
- **ACE:** [Electric Vehicles | Atlantic City Electric—An Exelon Company](#)

## BGE Rideshare Partnership

BGE’s EVsmart team launched an Electric Vehicles (EVs) ride-hailing program in July 2022. The program, designed to help Maryland achieve its goal of reaching 300,000 Zero Emissions Vehicles on the road by 2025, receives partial funding through a Department of Energy (DOE) Community Program Grant, provided by the Mid-Atlantic Electrification Partnership. Through the program, BGE is working with a rideshare partner to roll out 100 EVs in the greater Baltimore area to rent for a discounted weekly rate, for renters to use for providing rides on the partner’s platform. 30 of these EVs are already on the road and electrifying tens of thousands of miles of travel. By electrifying rideshare vehicles, BGE is building a cleaner, healthier community by supporting the conversion of gas-powered vehicles to all-electric. Since a ride-hail vehicle driver likely drives 3-5x more miles annually than someone in a personal vehicle, this switch results in additional clean, emissions-free electric miles.

This program is also an opportunity for drivers and riders to learn the benefits of EVs. BGE includes educational materials within the vehicles to provide helpful details on the benefits of driving electric. These materials highlight the impact on the environment, EV charger accessibility and cost-savings compared to a gas vehicle. In addition, passengers can access BGE’s EV Calculator to help compare their current gas vehicle to a variety of EVs. To support EV adoption and charging, BGE is installing advanced DCFC chargers (150kW) that can fully charge EVs in under an hour on average throughout the greater Baltimore region. BWI airport, a major hub for ride hailing activity, already has a number of these chargers installed. Several additional of these

high-powered chargers have gone live in Baltimore’s Johnston Square neighborhood. These chargers will be included in the Public Charging Network of 500 chargers BGE is installing across its service territory. This EVsmart network makes charging more accessible to EV drivers.



# Energy Affordability

Exelon is focused on balancing customer interests in clean, reliable and affordable energy including by investing in, and managing, the electric and gas delivery systems in all of our major metropolitan areas and service territories to support the energy system transformation. As the transformation unfolds, and the physical effects of climate change continue to increase, we expect to see continued shifts in how, and when, our customers use energy, particularly as electrification of the economy expands. This section provides an overview of the major components of customer bills and how Exelon bills and rates compare to city and national averages, including programs to help customers maintain affordable energy.

## Understanding Customer Energy Bills

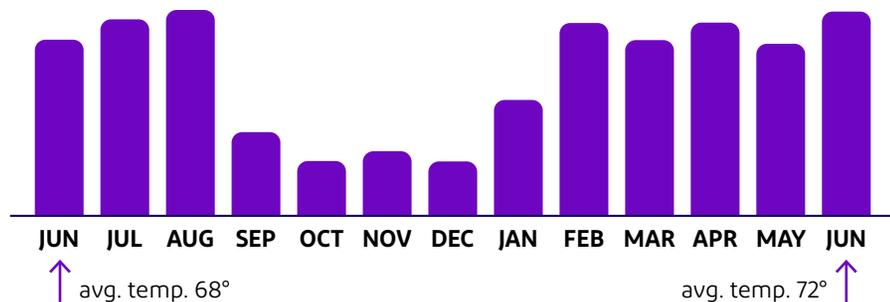
A typical customer energy bill is the product of a total rate and the customer's energy usage. Addressing energy affordability requires an understanding of how both rates and usage affect customers' energy costs.

Energy usage is driven by weather patterns, customer consumption behaviors, housing types and efficiencies, appliance efficiencies and adoption of new technologies such as distributed energy resources (DER).

Rates are tied to the cost of service and can be broken down into three main components: Energy Supply, Energy Delivery and Other Riders, Taxes and Fees. On average across Exelon, Energy Delivery makes up half of the total rate, while Energy Supply and Other Charges—which are both primarily driven by external factors—comprise the other half. Exelon's utilities operate in competitive markets that offer customers the option to select their supplier of choice for the Energy Supply portion of their service ("retail choice"). Retail choice for electric supply is available in each of our utility territories; retail choice for gas supply is offered in all territories except Delaware.

### Electric Details<sup>[1]</sup>

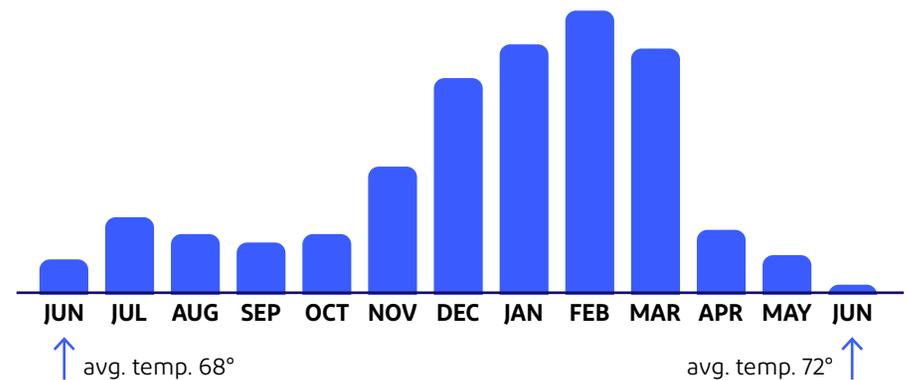
Annual Electric Usage



[1] Typical residential electricity usage tends to be highest during the summer months due primarily to air conditioning demand.

### Gas Details<sup>[2]</sup>

Annual Gas Usage



[2] Natural gas usage peaks with the winter heating season.



**Electric Delivery:** The cost related to the transmission and distribution (T&D) of electricity to customers. These cover capital investments and operation costs related to the reliable and resilient operation of the grid, modernizing energy delivery systems to accommodate new technologies such as DER and electric vehicles, and delivering customer value in a changing energy landscape.

**Electric Supply:** The cost related to the acquisition of electricity, generally through wholesale markets. The procurement process is closely regulated by state authorities. Due to Exelon's T&D only business model and state competition laws that prohibit T&D utilities from owning or investing in power generation, Exelon does not own any power generation resources. The electric supply portion of a customer's bill represents a pass-through cost that is subject to market forces such as upstream fuel costs, generation availability and mix and energy transformation drivers.

**Other Riders, Taxes and Fees:** The cost related to funding for specific programs such as state mandated targets, EE goals, etc. as well as taxes and other surcharges.

**Gas Delivery:** The cost related to the delivery of gas to customers in a safe and reliable manner. These include capital and operational costs such as pipeline replacements to enhance safety and reduce leaks, upgrades to physical and cybersecurity protections, piloting new technologies and innovation to increase value and decarbonization investments to ready the gas system for a low-carbon future.

**Gas Supply:** The cost related to the purchase of natural gas for customers. Gas procurement is done through state-regulated programs. This is a pass-through cost that is subject to market changes including short-term factors influencing gas supply such as country-wide production capacities and LNG exports, macroeconomic conditions and energy transformation drivers.

**Other Riders, Taxes and Fees:** The cost related to taxes and other surcharges on the bill.

### Illustrative Electric and Gas Bill Breakdown

● Delivery ● Supply ● Taxes and Fees



### Customer Affordability

■ Bill as Percent of Median Income (%)<sup>[1]</sup>  
 ■ Average Electric Bill (\$/month)<sup>[2]</sup>



[1] Median income by territory metro areas (MSAs or CBSAs) from U.S. Census Bureau 2021 ACS 1-Year Estimates.

[2] Average customer electric bills are determined using 2021 EIA Residential Electric Revenue and Customer data by provider for Full-Service Providers.

## Customer Affordability Perspectives

Customer affordability and cost management remain key priorities for Exelon as we seek to support balance between growing interests in additional investment to support grid modernization and electrification and affordability considerations. Our utilities offer multiple programs and incentives focused on energy usage in areas such as EE, renewable energy adoption through programs such as [Green Power Connection](#), and [time of use and peak demand management](#) to help customers manage their energy usage.

The U.S. Department of Energy's (DOE) energy burden calculation can be a useful approach to understand affordability from our customers' point of view. DOE defines energy burden as the percentage of gross household income spent on energy cost. Showing a similar approach here focused on electric costs, Exelon customers spend a much smaller share of their household income on electricity bills when compared with the national average.

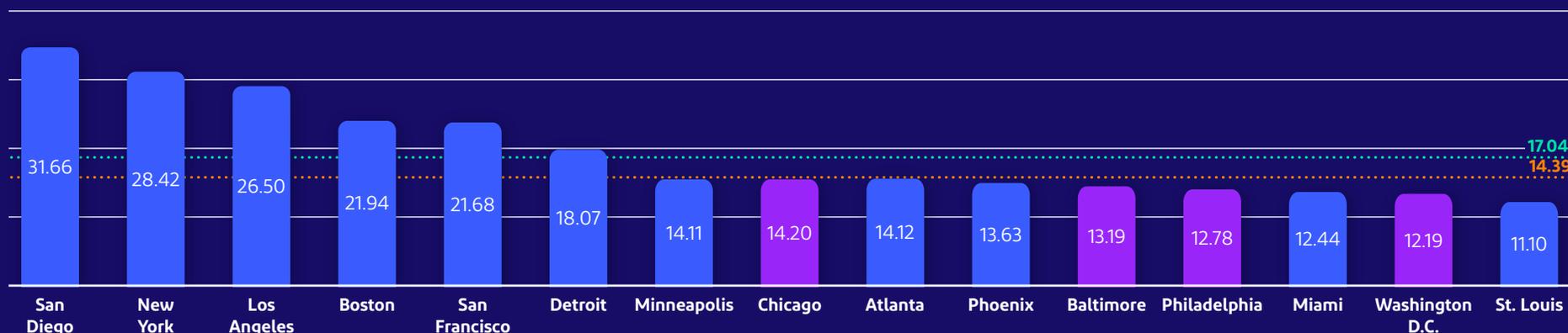
As we work to invest for the benefit of customers and communities, we also work to keep our rates affordable. Customers in our service areas experienced rates that are 23 percent below the

average among the largest 20 metropolitan cities for which rates are reported. This is a direct reflection of our work to prudently manage capital and drive O&M efficiencies, while empowering customers to manage their bills through innovative efficiency offerings and energy usage reports and alerts.

On the natural gas side, customers across the U.S. experienced elevated natural gas residential rates in 2022 due to high natural gas supply prices caused by the war in Ukraine and global gas supply market volatility. However, Exelon states historically experienced a smaller increase in gas rates year over year as compared to the U.S. average.

## Exelon's Electric Rates 23% Below Largest U.S. Metro Cities<sup>[1]</sup>

■ Exelon Service Territory ■ Other ..... Top 20 City Average ..... U.S. Average



[1] Source: Edison Electric Institute Typical Bills and Average Rates report for Summer 2022; reflects residential average rates for the 12-month period ending 6/30/2022. Los Angeles and Boston residential average rate data for the 12-month period ending 6/30/2022 sourced from Energy Information Administration (EIA-861M). High-population cities that do not provide data (e.g., Houston) are excluded from the analysis. The chart reflects a sample of the top 20 cities for illustrative purposes.

# Assistance to Low- and Moderate-Income Households

All of Exelon's utilities have programs in place to provide financial assistance to low to moderate-income households, making energy more affordable for the low-income population in our service areas. Some programs are unique to each utility based upon state requirements. Others, such as the federal Low-Income Home Energy Assistance Program (LIHEAP), are deployed across Exelon's utilities. LIHEAP is a federally funded program aimed at assisting low-income households in meeting their energy needs. LIHEAP is funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services.

**BGE.** BGE worked with state, local and nonprofit assistance partners to help nearly 44,000 limited-income households obtain \$104 million in bill payment assistance through federal and state grant programs. Through BGE's partnership with the Fuel Fund of Maryland, a nonprofit organization providing energy assistance to customers with financial need, BGE customers provided more than \$2.3 million in matching credits to leverage an additional \$2.6 million in grants and payments for close to 5,000 Maryland households. BGE launched several new initiatives to help customers navigate their energy assistance options, including the online Assistance Finder tool, and a new program that allows BGE customer service representatives to create and submit state assistance applications for customers. BGE continues to pursue a cross-functional Limited Income Project Team that has begun to implement initiatives in six key areas: Regulatory & Agency Partnerships, Assistance

through Technology, Connected Communities, EE, Community Partnerships and Infrastructure Initiatives. For more information on BGE's assistance programs, visit the [BGE website](#).

**ComEd.** From 2007 and to 2021, ComEd's CARE programs provided more than \$100 million in grant assistance and educational programs for residential, small business and nonprofit organizations, and have assisted more than one million customers. In 2022, ComEd continued to partner with state and community partners to connect over 243,000 limited income customers with almost \$129 million from various financial assistance programs. In 2022, ComEd also launched a community solar program, called "Give A Ray," that allows limited income customers to participate in community solar projects without subscription fees so they can receive monthly bill credits. ComEd's Community Energy Assistance Ambassador program provides jobs to the community as part of a grass-roots education and outreach effort, streamlining assistance enrollments for customers in need. For more information on financial assistance programs for ComEd customers, visit the [ComEd website](#).

**PECO.** PECO's low-to-moderate income (LMI) program portfolio is the largest and most comprehensive LMI portfolio in the state of Pennsylvania and one of the largest in the nation. The portfolio includes the Customer Assistance Program (CAP), which had approximately 120,000 customers enrolled in 2022. CAP provides an affordable, fixed monthly

PECO bill payment amount based on a percentage of the customer's total household income and an opportunity for CAP customers to have their total arrearage at the time of their initial enrollment in CAP forgiven. PECO's hardship program, the Matching Energy Assistance Fund (MEAF), provides grants for low-income customers whose service is terminated or at risk of termination. The Low-Income Usage Reduction Program (LIURP) provides energy audits, usage reduction remediation measures and energy efficiency education for low-income, high-usage customers. PECO also has a Customer Assistance Referral and Evaluation Services (CARES) program, which provides one-on-one support for low-income customers with special needs or extenuating circumstances. The total value of PECO's LMI assistance program portfolio is more than \$80 million annually. For more information on PECO's low-income programs, please visit [PECO.com/Help](#).





**PHI.** PHI offers a variety of programs across our utilities to assist customers who have difficulty paying their energy bills. In 2022, 46,000 PHI customers received LIHEAP assistance. PHI successfully advocated for ACE, DPL and Pepco customers to receive federal and state COVID-19 utility assistance funds without onerous application processes. PHI continued to work closely with our state partners to distribute COVID funds across the region. \$53.8 million in COVID funds were posted to customer accounts in 2022. We also continued to drive awareness of energy assistance throughout the year. In collaboration with our community partners, we held virtual summits in each of our operating companies to share important program and policy updates. In-person outreach events were also held in our service territories where customers could bring their paperwork and leave enrolled in energy assistance programs. Marketing strategies were deployed across all brands which included email campaigns, postcard mailings, digital ads, social media and fact sheet distribution at food distribution and faith-based sites.

**ACE.** In late 2021, the New Jersey Board of Public Utilities temporarily expanded eligibility for the USF program and its related arrearage forgiveness segment, allowing limited- and moderate-income families the opportunity to receive benefits and eliminate their balances. Customers may be eligible to receive LIHEAP assistance and help through the Universal Service Fund (USF). Additionally, customers received \$40.6 million in American Rescue Plan funds and Emergency Rental Assistance funds totaling \$1.7 million in 2022, all posted to their accounts, lessening the burden during a trying time. The Payment Assistance for Gas and Electric (PAGE) program is also available for LIHEAP and USF customers while New Jersey SHARES programs are available for moderate-income families. The Lifeline Program aids seniors and the disabled who meet eligibility requirements for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) or who receive Supplemental Security Income. ACE customers can access information regarding energy assistance programs on the [ACE website](#).

**DPL.** Customers may apply for LIHEAP assistance, known as the Maryland Energy Assistance Program (MEAP) in Maryland and Delaware Energy Assistance Program (DEAP) in Delaware. Maryland customers may also qualify for the Electric Universal Service Program (EUSP), which assists specific to a customer's electric bill, the Utility Service Protection Program (USPP), which protects customers from disconnection during the heating season, and Arrearage Retirement Assistance, which assists low-income customers with electric balances over \$300 by providing benefits up to \$2,000. Customers within Delaware and Maryland who are income-eligible and have disconnection notices may also be eligible

for the Good Neighbor Energy Fund. Delaware customers benefited from \$7.5 million in COVID funding in 2022. Delaware customers may also seek help from the Utilities Fund, which benefits income-qualified customers facing disconnection. DPL customers can access information regarding energy assistance programs on the [DPL website](#).

**Pepco.** Customers may apply for the MEAP or the District of Columbia LIHEAP program. District of Columbia customers can also apply for the Residential Aid Discount Program, which provides eligible customers with the Residential Aid Credit, a monthly credit toward various bill line items equaling roughly 30 percent of their bill. Pepco launched an Arrearage Management Program for qualifying District of Columbia customers. The program provides arrearage forgiveness of up to \$3,600 for qualifying customers with arrearages greater than \$300. Pepco Maryland customers may also apply for the EUSP, USPP and Arrearage Retirement Assistance programs referenced previously. Pepco customers can access information regarding energy assistance programs on the [Pepco website](#).





# Delivering a Top Tier Customer Experience

Each of our utilities is committed to delivering top tier experiences for its customers. This includes reliable energy delivery systems and innovative program and technology solutions and tools to monitor and/or reduce energy use, reduce environmental impacts and save money through hourly pricing, energy efficiency (EE) and other programs. As we pursue an equitable energy future, we work to identify ways to harness the power of technology and data to better understand and fulfill the needs of our customers through direct engagement and customer surveys.

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We are committed to assisting our customers in understanding and actively managing their energy usage with a focus on **affordable and equitable energy, and harnessing opportunities to reduce energy consumption to both save money and reduce air and GHG emissions.**

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## Hourly Pricing and Smart Usage Rewards

To help customers manage their costs and reduce energy loads during peak times, each of the Exelon utilities offers hourly pricing or smart usage rewards. These programs include remote management of residential air conditioning and water heaters as well as hourly pricing options for those interested in avoiding use during high-demand, high-price times. These programs highlight the value of smart thermostats and Smart Meters, allowing customers to receive bill credits when their power is curtailed during peak times, achieve lower costs by planning

use during off-peak times and avoid overloading the grid. Commercial and industrial peak demand programs are also in place in several of our service territories to help these customer groups take advantage of off-peak pricing when they can adjust their business cycles to avoid peak demand times. Behavioral programs that alert customers to atypical or high-use situations also remind them to be aware of their energy use and take advantage of the available peak demand programs.

# Energy Efficiency Programs

Through a combination of new and prior-year investments, Exelon utilities helped customers save almost 24.8 million MWh of energy in 2022 through the ComEd Energy Efficiency Program, PECO Energy Efficiency Program, BGE Smart Energy Savers Program® and PHI Home Energy Savings Program®. This equates to over 9.5 million metric tons of CO<sub>2</sub>e emissions avoided, the equivalent energy use of almost 1.2 million homes for one year or the carbon sequestered by 11.3 million acres of U.S. forest in one year. These programs enable customer savings through home energy audits, lighting discounts, appliance recycling, home improvement rebates, equipment upgrade incentives and innovative programs like smart thermostats and combined heat and power programs. The adjacent chart shows a summary of MWh saved and GHG emissions avoided over the past three years as a result of these programs.



## 2022 Awards for Customer Efficiency Programs

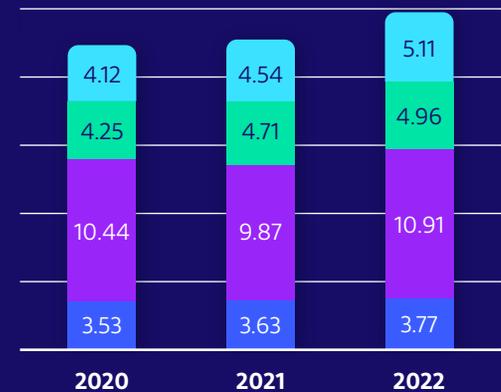
**BGE.** BGE received the EPA ENERGY STAR® Partner of the Year—Sustained Excellence Award for the 12th consecutive year in 2022. Additionally, BGE received two American Marketing Association—Marketing Excellence Awards for various business program campaigns, a Platinum, Gold and two Honorable Mention dotCOMM Marketing Awards and an E Source Utility Ad Award. BGE also received two Hermes Creative Awards for Marketing for BGE Energy Solutions for Business Programs (Gold and Honorable Mention) and four additional Hermes Creative Awards for the BGE Residential Breakup ads (two Gold and two Honorable Mentions). Lastly, BGE again received the ENERGY STAR Residential New Construction Market Leader Award in 2022.

**ComEd.** ComEd received the ENERGY STAR Partner of the Year—Sustained Excellence Award for 2022. This is ComEd’s tenth year in a row for the sustained excellence recognition and its 13th year of earning recognition in at least one award category. ComEd also received two Inspiring Efficiency awards from the Midwest Energy Efficiency Alliance (MEEA) Awards in the category of Education (Energy Efficiency Service Provider Program) and Innovation (Multi-Family Energy Savings Program) for program work completed in 2022.

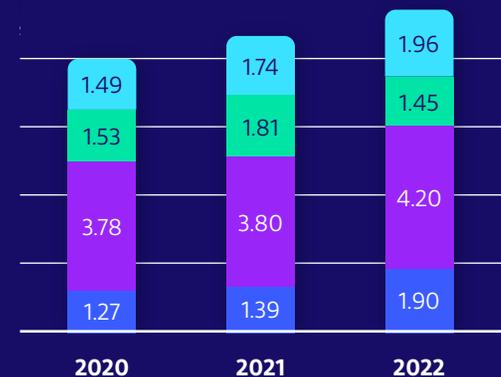
## Annual Utility Savings From Customer Energy Efficiency Programs

■ BGE ■ ComEd ■ PECO ■ PHI

### MWh Savings<sup>[1]</sup>



### GHG Savings<sup>[2]</sup>



[1] MWh savings reported in million MWh saved.

[2] GHG savings reported in million metric tons CO<sub>2</sub>e saved.

**PECO.** PECO received the 2022 ENERGY STAR Partner of the Year—Sustained Excellence recognition for the sixth year in a row for promoting a vast array of ENERGY STAR certified products to residential and commercial customers. Additionally, PECO received an ENERGY STAR New Construction Market Leader Award for its important contribution to energy-efficient construction.

**PHI.** In 2022, Pepco and DPL Maryland both received the ENERGY STAR Partner of the Year Award—Sustained Excellence, for the seventh and sixth years in a row, respectively. Furthermore, both companies won the ENERGY STAR Market Leader Award for outstanding leadership in promoting greater efficiency by constructing and rating certified homes and apartments during the 2021 calendar year. The Delmarva Power Recycling Program won the Responsible Appliance Disposal (RAD) Program Growth Award for the previous reporting year of 2021, and Atlantic City Electric (ACE) completed its first year of programs in 2022. Both ACE and Pepco Maryland successfully launched a financing program to help enhance the affordability of EE for customers, while the ACE program team continued to coordinate outreach efforts to Atlantic City Electric’s Over-Burdened Communities (OBC) by leveraging the company’s relationships with K–12 schools, local municipalities and trade allies. All PHI jurisdictions with programs utilized food banks and local community events to spread information about the programs and their benefits.

# Customer Satisfaction

Our Customer Satisfaction Index monitors our progress and captures our performance in three national survey metrics among residential and small business customers: overall satisfaction, meeting expectations and overall favorability. As compared to our 2022 benchmark group, Customer Satisfaction Index scores in 2022 for BGE and ComEd achieved top decile, PECO achieved first quartile and PHI achieved second quartile. Our customer care center satisfaction remained strong in 2022 due to our emphasis on self-service enhancements, standardized training and process improvements.

Customer Satisfaction Index	2020	2021	2022
<b>BGE</b>	8.39	8.25	8.17
<b>ComEd</b>	8.27	8.18	8.17
<b>PECO</b>	8.27	8.35	8.09
<b>PHI</b>	7.98	7.98	7.88



## Customer Satisfaction Recognitions

**BGE, ComEd, DPL, PECO and Pepco were named 2022 Customer Champions** in the 2022 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study by Escalent.

**BGE was named a 2022 Customer Champion** in the 2022 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Business study by Escalent. Also, PECO, BGE and ComEd were recognized for their Customer Benchmark Performance in the same Business study from Escalent.

**ComEd, BGE, PECO and DPL were named 2022 Most Trusted Brands** with high scores on the Brand Trust Index in the 2022 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study by Escalent.

**BGE, ComEd and Pepco were named as 2022 Environmental Champions** with high scores on the Environment Dedication Index in the 2022 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study by Escalent.



# Safely Powering Reliability and Resilience

As we deliver increasingly cleaner energy services and technology solutions, we continually evaluate ways to maintain excellent customer service and reliability and strengthen our physical and cybersecurity defenses. We utilize business continuity plans to ensure our operations can withstand emergent events, such as extreme weather, physical risks and cybersecurity risks, in order to meet the needs of our customers and communities. We proactively prepare our grid and digital infrastructure to endure potential events, optimize our services for our customers and enhance the safety of our customers and employees.

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**Exelon's utilities proactively prepare the grid to adapt to changing conditions and withstand more disruptive events to achieve a high-level of customer service and safety.**

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# Reliability Performance and Investments

All of Exelon's utilities focus on achieving a high level of reliability and maintaining excellent customer service. In 2022, we sustained strong electric reliability performance (SAIDI), minimized the average number of electric service interruptions per customer (SAIFI) and reduced our average electric service outage duration (CAIDI) numbers. BGE, ComEd, PECO and PHI all achieved first quartile SAIDI performance values, as compared to 2020 industry benchmarks. ComEd, PECO and PHI SAIDI performances were best on record, and ComEd achieved top decile. For SAIFI, ComEd, PECO and PHI all achieved first quartile performance values. ComEd, PECO and PHI SAIFI performances were best on record, and ComEd, PECO and PHI achieved top decile. For CAIDI performance, BGE, ComEd, PECO and PHI all achieved first quartile. ComEd and PHI CAIDI performances were best on record, and ComEd achieved top decile.

Ongoing electric reliability improvements at our utilities include:

- Continued focus on minimizing interruptions on the transmission systems and connected substations
- Installation of new electronically controlled switches to reduce the number of customers affected when outages occur

- Targeted reliability upgrades to address areas where reliability is below the system average
- Replacements and upgrades of overhead infrastructure to reduce equipment failures and strengthen the system against storms
- Replacement of overhead wires with modern tree-tolerant construction or underground cable
- Ongoing vegetation management to keep overhead lines and other assets free from falling trees and limbs
- Underground distribution cable replacement and remediation programs
- Continued integration of information from smart meters into the outage management process
- Measurement and management of outage restoration processes for improved efficiency
- Investigation of new technologies for opportunities to reduce outage frequency and duration

## Reliability

Category	2020	2021	2022
<b>SAIFI<sup>[1]</sup></b>			
BGE	0.70	0.68	0.74
ComEd	0.47	0.50	0.43
PECO	0.70	0.71	0.62
PHI	0.68	0.65	0.61
<b>CAIDI<sup>[2]</sup></b>			
BGE	90	87	89
ComEd	68	69	67
PECO	85	95	89
PHI	88	85	86
<b>SAIDI<sup>[3]</sup></b>			
BGE	63	60	66
ComEd	32	35	29
PECO	60	67	55
PHI	60	55	52

[1] SAIFI = Average number of interruptions per customer (total interruptions), excluding major events, per IEEE definition 1366, and planned interruptions.

[2] CAIDI = Average outage duration (in minutes), excluding major events, per IEEE definition 1366, and planned interruptions.

[3] SAIDI = Average duration of interruptions per customer (total interruption minutes), excluding major events, per IEEE definition 1366, and planned interruptions.



## Distribution Automation at Exelon

In the last five years, Exelon's utilities have installed nearly 7,000 distribution automation devices—smart electronic switches that protect customers from electric service interruptions or automatically rearrange circuits to restore power quickly. In 2022 alone, these devices protected nearly five million customers from having an outage or restored power automatically, normally within one minute.



# Disaster Preparedness and Awareness

Protecting the electric grid and natural gas infrastructure are important for the continuity of customers' day-to-day activities. Exelon has been continuously investing millions of dollars in enhanced facility protections for our critical infrastructure, regularly upgrading our cybersecurity monitoring, defenses and training and upgrading our equipment to improve weather resilience.

We also deploy comprehensive cybersecurity and physical security protocols that are frequently tested and upgraded to anticipate the latest threats and capabilities of global threat actors. Our protocols, trainings and drills further prepare us for early detection and rapid recovery if an event occurs. This includes actively assessing our supply chain to strictly follow federal and industry guidance on approved manufacturing sources.

We proactively engage with our communities and maintain a preparedness program to protect the communities surrounding our operations in the unlikely event of a disaster. Additionally, we actively coordinate with energy industry and government partners, including federal, state and local law enforcement organizations, to ensure vigilance and share actionable intelligence, giving us the ability to adapt defenses to current or anticipated threats and to respond quickly if needed.

Exelon continues to provide resources through our corporate website and social media, including routine reminders on disaster preparedness and emergency response updates and notifications ahead of major weather events and periodically around changes of season and associated issues, such as increasing or decreasing temperature conditions.

At the local level, our utilities provide extensive safety information on their websites. Through our websites, customers can access tips for how to protect themselves and their families during power outages or when power lines are down, along with information on natural gas safety. We also use a range of social media platforms, including [Twitter](#), [LinkedIn](#) and [Facebook](#), to communicate directly with our customers and communities. We use these platforms to respond to customer inquiries and concerns and to provide real-time outage information. Please visit our utilities' websites at [ACE Safety](#), [BGE Safety](#), [ComEd Safety](#), [DPL Safety](#), [PECO Safety](#) and [Pepco Safety](#) for more information.

# Physical Security, Cybersecurity and Business Continuity

Exelon is committed to providing physical security, cyber security and business continuity programs to protect our infrastructure, our people, our customers and the communities we have the privilege to serve.

## Physical Security

Exelon upgrades its facilities with additional physical security measures on an ongoing basis to reduce vulnerability to physical attacks and unauthorized access to personnel, equipment, systems and materials at substations. Through our physical security team, we identify and monitor critical sites and potential major threats to our operational assets such as terrorism, sabotage, theft and vandalism.

In 2022, the team continued to design and implement multilayered and integrated security controls, including physical barriers, detection systems, access control, cameras and video analytics across our sites. Exelon conducts periodic on-site assessments of our sites to ensure appropriate controls are in place. Considering the physical security industry events that occurred in Q4 2022 in North Carolina, Oregon and Washington at other utility company operations, and potential new NERC regulations, Exelon is partnering with each operating company to complete a full reevaluation of physical security standards and protection strategies to identify any needed adjustments.

Exelon enhanced the effectiveness of protective measures and response processes to support all Exelon personnel and customers by providing a host of virtual and in-person security activities and system upgrades. Additionally, we maintain a robust pre-employment background screening process, thoroughly investigate all code of business conduct violations and provide workplace violence and other security training programs for our employees. The physical security team maintains effective working relationships with law enforcement.

## Cybersecurity

As one of the nation's major critical infrastructure providers, Exelon recognizes that the safety, reliability and security of our systems and facilities are a top priority. The company utilizes a risk-based, intelligence-driven security approach to implementing a comprehensive set of cyber and physical security policies and procedures that implement controls, in line with the National Institute of Standards and Technology's (NIST) Cybersecurity Framework, to effectively identify, protect, detect, respond to and recover from a spectrum of threats, mitigating the likelihood of successful attacks and their potential impacts. This approach ensures that all operating companies benefit from the pooled investment into a unified and flexible security program.

In addition, Exelon implemented targeted policies and procedures to maintain compliance with the mandatory regulatory requirements defined within the NERC Critical Infrastructure Protection Reliability Standards, ensuring further protection of cyber assets critical to the safe and reliable operation of the Bulk Electric System from cyber and physical threats. Regulated critical cyber assets are isolated within restricted networks, segmented from the enterprise information technology (IT) environment and the internet, continuously monitored for malicious activity, and routinely evaluated for vulnerabilities.

Exelon applies stringent employee and contractor screening, and we continuously advance security awareness through training and monitoring programs that address both cyber and physical threats. Employees are subject to annual mandatory training addressing security awareness, including cybersecurity and phishing.

We have a robust incident response program to manage and respond to cyber and physical incidents to drive system recovery and business continuity. In the cyber arena, we have crafted a single, centralized cyber incident response program and plan which is regularly drilled to ensure preparedness and to identify opportunities for improvement. All of Exelon's cybersecurity policies are reviewed annually and updated as necessary to maintain currency.

## Business Continuity

We maintain substantial response and recovery programs to ensure our company's resilience amidst an evolving landscape of physical and cyber threats to personnel, assets, operations and customers. To ensure business resilience, we apply a combination of incident response, crisis management, business continuity and systems recovery programs. As with all our security efforts, we designed these programs to align with the NIST and to apply to all hazards.

Exelon's corporate security, IT and emergency preparedness teams and programs deploy plans to support response and recovery activities. Exelon's business continuity program covers all Exelon business functions, focusing on maintaining operational readiness for an evolving threat landscape. When events do occur, we respond by quickly mobilizing resources and executing recovery strategies and workarounds. The systems recovery and IT disaster recovery programs aim to minimize downtime for systems, services and applications through a coordinated team approach. This approach informs and consults all key stakeholders throughout the process of addressing and resolving a priority incident.

In alignment with Exelon's response to COVID-19, a centralized enterprise response organization (ERO) was formed to handle a variety of long-term threats to operations. This allows impacted business operations to quickly acquire resources and support from corporate functions, centralizing response and communications through the Business Continuity and Crisis Management team. The ERO has responded to a variety of threats in 2022, reducing time for operational disruptions, while keeping impacted internal/external stakeholders informed.



On an annual basis, our functional leadership reviews and approves the business continuity and systems recovery plans. We capture regular updates and reflect these in our plans to address business disruptions, outages, drill results and lessons learned. Our corporate security and IT teams conduct relevant training and exercises to test the validity and completeness of resilience plans with participation from operating company leadership and relevant functional personnel. Following any event or exercise, the teams and their business partners identify corrective actions, document and communicate lessons learned to be implemented in associated business continuity plans and enterprise procedures to reduce the time to recovery for future events.

In 2022, our Business Continuity team coordinated an Exelon utility-wide exercise, which tested the capabilities of our network isolation from the real-time monitoring and control system, simulating security threats. A similar effort was put forth with leaders from communications, regulatory and external affairs to align customer- and stakeholder-facing responses in the event of a Supervisory Control and Data Acquisition (SCADA) isolation. Exelon continues to evolve our all-hazards approach to incident response, aligning with NIST standards, focused on customer and operational reliability.

## Exelon Utilities Storm Response—Mutual Assistance

All of the Exelon operating companies are active participants in mutual assistance within the industry. Mutual assistance provides our storm response resources to other utilities when they need help, and it enables us to acquire additional resources when needed. Our utilities belong to a number of Regional Mutual Assistance Groups (RMAGs) that cover much of the U.S., as well as parts of Canada. Each Exelon utility belongs to at least two RMAGs to allow for flexibility and access to resources from a larger footprint. The RMAGs facilitate the movement of storm response resources to support utilities affected by storms or other events. When a utility identifies the need for supplemental storm response resources, the RMAG coordinates a call with its members to arrange for the movement of crews to the affected area.

We execute a “scalable response” to storms and other system impacts:

- Resources internal to the utility company
- On-system contractors
- Resources from other Exelon utilities (internal and contractor personnel)
- Unaffiliated contractors (contractors from around the country who provide storm support)
- Mutual assistance resources (crews made available through other utilities outside of Exelon)

Depending on the severity of the event, these options are used in combination to acquire the resources needed to respond effectively to any level of storm impact.

For storm events that are able to be forecasted relatively accurately in advance of impact (such as hurricanes or some winter storms), Exelon may acquire extra resources or “pre-staging” crews in advance. For storms with little to no warning (summer thunderstorms and derechos, for example), resources are acquired as quickly as possible after impact and are sought from as close by as possible to minimize mobilization times. Exelon is also considering projections for potential changes to physical risk challenges associated with climate change, as described further in our section on [Adaptation Planning](#).

## Mutual Assistance

BGE	ComEd	PECO	PHI
<ul style="list-style-type: none"> <li>• North Atlantic Mutual Assistance Group</li> <li>• Southeastern Electric Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Great Lakes Mutual Assistance Group</li> <li>• Midwest Mutual Assistance Group</li> <li>• Southeastern Electric Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• North Atlantic Mutual Assistance Group</li> <li>• Southeastern Electric Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• North Atlantic Mutual Assistance Group</li> <li>• Southeastern Electric Exchange</li> </ul>



# Supporting Communities

When our communities and people thrive, we thrive. We partner with communities to eliminate barriers to economic empowerment through workforce development, supplier development, science, technology, engineering and mathematics (STEM) education and corporate philanthropy. To extend our efforts to develop local economies, in 2021, Exelon announced its \$36 million Racial Equity Capital Fund to support minority-owned businesses our communities. To help communities meet their sustainability and climate goals, we seek to ensure that access to new technologies and clean energy opportunities are fair and accessible. Our employees give back to the communities where we live and work through employee philanthropy and volunteerism.

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**Exelon helps power the economic health and well-being of the diverse communities we serve.**

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# Economic Development

Helping local businesses and economies to grow is essential to how our utilities operate. Our companies respond to utility requirements for new and expanding businesses during site selection, support solutions to meet customer demand and establish collaborative development teams to catalyze business growth in key areas such as data centers.

During the site selection process, we receive information requests from stakeholders who are interested in learning about competitive energy markets, supplier selection standards and the role of the regulated distribution utility. Our operating companies respond to information requests from economic development organizations, site selection consultants, commercial and industrial real estate brokers, developers, executives and entrepreneurs across local, regional, state and international levels. In these responses, we highlight our energy assets, safety and reliability standards and performance, introduce our EE programs and showcase our [Path to Clean](#) initiatives. Through this process, we welcome load growth and aim to instill confidence in our ability to empower our stakeholders' energy futures, while supporting the quality of life, job creation and tax base goals of the communities we serve.

Exelon's Economic Development Teams from all our utilities meet regularly to share and develop best practices to drive economic development progress in our service areas. In recent years, these teams have constructed breakthrough outcomes for economic advancement for the communities and industries

we serve. For example, in 2019, ComEd and its Illinois economic development stakeholders recognized data centers as a significant growth sector. This team led the charge for favorable, new state level tax incentives, encouraging data center investments. In 2020, BGE and its partners followed suit, gaining beneficial data center legislation in Maryland. While in 2021, PECO and other advocates cited the benefits of the Illinois and Maryland incentives as similar legislation was passed in Pennsylvania. In 2022, our utilities continued to focus on enablement of data centers in our service areas in support of local and regional economic development.

Electric power is critically important to the growing digital economy and to society as a whole, which uses more and more data for work and school, shopping, entertainment, health care, research, communications and more. The expanding digital world means that Exelon utilities are addressing increasingly larger load requirements for data centers, advanced manufacturers, e-commerce and logistics providers and biotech research firms. While each sector requires more energy, prospective customers often focus on ESG issues to reduce their carbon footprint, meet community expectations more readily and reduce their energy costs. Our utility economic development representatives are positioned to have these conversations with customers and stakeholders.

In 2021, our economic development teams collaborated with engineers in our respective internal system planning teams to help identify areas of available capacity within our electricity transmission and distribution (T&D) systems. As a result, we can supply energy to new customers more easily and quickly connect new operations within our service areas. This helps streamline the upfront site evaluation process. We continue to standardize engineering processes across each utility with the intent of creating a more seamless engagement process for large national firms looking to build new facilities in any of our service territories. As we move toward a more unified program of work across the operating companies, we recognize our economic development initiatives are utility-specific, intended to meet the needs of our respective local communities.

**BGE**, serving central Maryland, administers a financial incentive program to help the state's economy grow. Its Smart Energy Economic Development (SEED) program allows qualifying businesses to invest more resources in their own operations. To achieve this, BGE reduces its charges for service extensions and temporarily decreases energy distribution charges—reductions intended to help businesses grow, expand and ultimately contribute to a stronger economy. In 2021, BGE launched the Energizing Small Business Grants program, which awards \$20,000 grants to qualifying small businesses to combat, survive and thrive in a pandemic economy.

**ComEd**, serving the Chicagoland area, extends its northern Illinois service into rural and agricultural areas. These areas offer extensive, large land sites for potential industrial development on the fringes of Chicagoland. The economic development team

partners with Intersect Illinois, a public-private nonprofit economic development organization, to promote the availability of sites and key opportunities for major power projects, acting as a trusted energy advisor to help large new business prospects understand power availability, costs and construction timing to aid in the locational decision-making process.

**PECO**, serving Greater Philadelphia, has a more condensed territory with limited greenfield sites zoned for new industrial development, so its economic development initiatives include more redevelopment efforts. Their efforts enable business attraction by supporting electric infrastructure improvements at the Philadelphia Navy Yard, Hilco Redevelopment Partners' redevelopment of the former PES/Sunoco oil refinery and Northpoint's redevelopment of the former U.S. Steel site, to name a few. Relating to business attraction and expansion, both distribution/logistics and life sciences continue to be industry segments demonstrating growth, with Philadelphia building on its reputation as a cell and gene therapy hub.

**ACE, DPL and Pepco** serve southern New Jersey, Delaware, parts of Maryland and Washington, D.C., and its suburbs. This region includes densely populated metropolitan areas, as well as suburban, rural, farming and coastal communities. As a result, the economic development approach may vary by region and takes into account factors such as available open space and local legislative and economic development goals. ACE is currently engaged in discussions with a developer regarding a proposed 2.2 GW hydrogen production facility located in Salem County at the Chemours Chamber Works facility. This project would be the first of its kind for PHI and once fully operational would double the total peak load in the ACE service territory.

The developer is requiring all supply to the facility be from Green Power and is looking to have 600–750 MW of power available by Q4 2025. Additionally, ACE has seen over 12 applications submitted for cannabis cultivation facilities across the service territory with load requests ranging from 2 MW to 25 MW. This surge in applications was due in part to the availability of open land in the southern NJ region as well as state policy and incentives encouraging the expansion of the cannabis industry. ACE is also helping to implement New Jersey's offshore wind goal to deploy 7,500 MW of offshore wind by 2035 by working with offshore wind developers to facilitate interconnections to its transmission facilities. ACE is also working to support efforts to build out the state's offshore wind industry and green economy, including assistance with the siting of manufacturing and ship port facilities in southern New Jersey that will support the installation of offshore turbines. ACE is also participating in the PJM competitive process to build the transmission facilities needed for offshore wind.

The Pepco region has focused on fleet electrification and data centers looking to operate in the region. In the DPL region, the company actively engaged in 2022 with developers to open a new three-phased cold storage site as well as an indoor agriculture facility funded by a company from the Netherlands.

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**ComEd and PECO ranked among Site Selection magazine's 2022 Top Utilities for Economic Development.**

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# Supporting Local and Diverse Suppliers

Through our Diverse Business Empowerment program, Exelon realizes competitive advantages from the talents that all people bring to the workplace. Exelon serves some of the nation's largest and most ethnically diverse metropolitan areas—including Baltimore, Chicago, Washington D.C., and Philadelphia. This means our supplier base, as well as our workforce and culture, must reflect the diversity of our customers and our communities. We view certified diverse-owned businesses as valued partners in our efforts to serve our customers and we believe that partnership will help diverse business enterprises develop and grow. Not only does this benefit Exelon, but it also empowers our communities.

We source materials, goods and services from thousands of large and small businesses across the country. In 2022, we spent approximately \$7.5 billion with suppliers. Approximately 62 percent of this was spent locally in our key operating areas—Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington D.C.—where our businesses are most heavily concentrated.

In 2022, our spending with certified diverse-owned suppliers reached \$2.9 billion at our utilities—an increase of more than 56 percent since 2018—and accounted for 39 percent of our sourced spending. As further recognition for our continued commitment to building a diverse supply chain, in 2022 Exelon maintained its membership in the prestigious Billion

Dollar Roundtable, a top-level advocacy organization that promotes corporate supplier diversity excellence. The organization recognizes companies that spend at least \$1 billion annually with Tier 1 diverse suppliers.

High-margin spend with certified diverse-owned suppliers totaled \$190 million in 2022. The Exelon “high-margin” strategy is regarded as a utility industry best practice. This strategy focuses on fully integrating certified diverse-owned suppliers in under-utilized professional services categories. We embarked on the high-margin strategy because businesses in the professional services industries typically have higher profit margins and therefore have an increased capacity to contribute to community economic development through job creation and community-based organization support.

The strategy highlights eight categories of spending in the professional services areas:

- Advertising and marketing
- Banking
- Business consulting
- Engineering and technical consulting
- Financial services
- HR services
- IT professional services
- Legal

## Diverse Supplier Spend<sup>[1]</sup>

dollars in billions



[1] Diverse supplier spend for 2020 and 2021 reflects Exelon utility operations only. Spend for 2022 also includes the Business Services Company (BSC) now that Exelon has separated from Constellation. Going forward, future years will present Exelon utilities plus BSC totals.

In 2022, Exelon arranged \$140 million in credit lines with 22 community and minority-owned banks in Illinois, Maryland, New Jersey and Pennsylvania, reinforcing the company's commitment to invest in local communities. These transactions help grow local businesses as well as the local economy and are critical to communities that remain challenged in current economic conditions. Exelon's minority and community banking program, which began in 2003, is unique to the energy industry. Administered by JP Morgan Chase since its inception, the program now has 22 participating banks across the country—almost three times the original number.

Exelon's utilities currently invest \$1.5 billion of pension, employee savings plan and retiree healthcare assets with 25 certified diverse-owned investment firms. In addition, another 20 certified minority-owned investment firms participated in or co-managed approximately \$4.7 billion in corporate bond deals in 2022.

Taxes are another important way Exelon supports local growth and development. In 2022, Exelon paid, or collected and remitted, a total of almost \$3.3 billion in taxes. Of this total, we paid over \$1.6 billion in federal income and payroll taxes and state income/franchise, payroll, property, sales/use and utility taxes directly related to our business operations. Exelon collected and remitted to federal and state governments almost \$1.7 billion in additional taxes, such as employee payroll, sales/use and utility taxes.

## Exelon Corporation and Subsidiaries—2022 Taxes Paid<sup>[1]</sup>

	Paid by Exelon Entity	Collected and Remitted by Exelon Entity on Behalf of Government Agencies	Total Taxes Paid or Collected and Remitted by Exelon Entity
<b>Dollars in Thousands</b>			
<b>Federal Income, Payroll and Other Taxes</b>	\$258,903	\$625,697	\$884,600
<b>State and Local Taxes<sup>[2]</sup></b>			
Delaware	\$38,061	\$10,322	\$48,383
District of Columbia	\$173,894	\$28,123	\$202,017
Illinois	\$346,972	\$576,793	\$923,765
Maryland	\$601,397	\$256,960	\$858,357
New Jersey	\$12,974	\$87,268	\$100,242
Pennsylvania	\$183,145	\$80,000	\$263,145
Other States	\$9,209	\$5,038	\$14,247
<b>Total 2022 Taxes Paid</b>	<b>\$1,624,555</b>	<b>\$1,670,201</b>	<b>\$3,294,756</b>

[1] Numbers reported on a tax basis and rounded in each jurisdiction to the nearest one thousand dollars. Excludes taxes paid by Constellation entities.

[2] State and local taxes include: Income and franchise; payroll; property; sales and use; and/or utility and other taxes as applicable in each jurisdiction.



# Powering Our Communities Through Workforce Development

Through job creation and economic opportunities, Exelon seeks to bring economic equity and empowerment to under-resourced and underserved communities. We are committed to empowering the communities in which we work and live with job training, barrier removal efforts and educational resources to support both work-ready adults and youth for family-supporting careers. We use workforce development programs to positively impact the communities we serve by further equipping individuals who are either unemployed or underemployed with new and valuable job skills to support their future success and build a pipeline of qualified, diverse and local talent to support Exelon's ability to meet the workforce needs of the energy future.

Our workforce development highlights from 2022 include:

- We invested more than \$16 million to support more than 80 workforce development programs across six utilities and in our corporate offices. These programs included our Infrastructure Academies, which create pathways into utility careers through training programs offered in partnership with other entities.
- For the second year in a row, we received the Center for Energy Workforce Development's highest award—the Chairman's Award—which recognizes a company for excellence in workforce development leadership.
- More than 6,000 people participated in Exelon's workforce development programs.

- Of the 650 work-ready adult graduates of one of Exelon's infrastructure academies or other job training programs, nearly 300 were hired either by Exelon or other companies.
- Participants in our other workforce development programs have achieved other successes, such as: received internships, earned college scholarships or increased their knowledge of STEM and STEM careers.
- Since 2019, when we began to synergize our Workforce Development efforts, 1,432 people had been hired (internally or externally) through our job training and other programs.

## STEM Education

Creating a reliable workforce pipeline is crucial to ensuring the success of the industry and meeting the needs of society for dependable power and the transition to a low carbon economy. As we promote STEM education for future leaders, it is our responsibility to also support underrepresented populations and build a diverse workforce. As part of Exelon's ongoing efforts to promote workforce development and empower young women, the Exelon Foundation, in partnership with The National Energy Education Development Project, created free year-round STEM programming to engage high school girls from under-resourced communities in our key markets: the metro areas of Chicago, Philadelphia, Baltimore and the District of Columbia.

In the summer, we offered free, week-long STEM Academies at local universities for young women in the northern Illinois, Philadelphia, and Baltimore/District of Columbia areas. Participants learned from women working in STEM and other leaders by exploring sustainability, energy efficiency, renewable energy and

climate change, and connected with like-minded peers while working on a team-based energy challenge. The Academy brings together STEM exploration through interactive hands-on activities, field trips to Exelon worksites, career panels with employees and leadership development training. Our STEM Academies served 181 young women in 2022, with over 80 percent representing minority groups.

Following the summer academies, we continue engagement through monthly mentoring sessions alongside biweekly hands-on STEM activities led by program alumnae, career chats with employees and external STEM professionals and webinars covering topics ranging from professional development to financial literacy. In addition to our events, more than 6,000 young women, parents and educators receive our monthly STEMInist e-newsletter.

To further our commitment to STEM opportunities and future talent development, we now offer full-ride-college scholarships to a select group of young women who have participated in the summer program, and we launched two other signature education programs: Historically Black Colleges and Universities (HBCU) Corporate Scholars and Green Lab Grants.

- Exelon Foundation STEM Academy Scholars Program provides full-ride scholarships to a select group of STEM Academy alumnae.
- Exelon Foundation HBCU Corporate Scholars Program provides scholarships up to \$25,000 per year for four years to select students from Exelon's markets who attend HBCUs.
- Exelon Foundation Green Lab Program provides grants up to \$50,000 to high schools and nonprofits to modernize their STEM labs.

## Promoting Equity in Educational Opportunity

### Hashone Carry

HBCU Scholar

**Hometown:** Sewickley, PA

**School:** Lincoln University



The Exelon HBCU Scholars program has monumentally improved the quality of Hashone's life as he feels blessed to have the privilege of pursuing his educational and career aspirations without the stress of financial concerns. His life outside of college has taken an exponential vertical climb because of the real-world professional skills and relationships/connections he developed during his summer internship with PECO.

*"I am less stressed, more present, and grateful to be in the position I am today. These opportunities have shown me that God has more in store for me—that I will be fine as long as I continue to follow his guide and work to apply his many lessons,"* said Hashone.

### Alima Conde

STEM Academy Scholar

**Hometown:** Aberdeen, MD

**School:** University of North Carolina at Charlotte



The Exelon STEM Academy program impacted Alima's life by allowing her to witness the impact that women can have in the technology field and the many possibilities for underrepresented groups, thus inspiring her to pursue a career in STEM. Being a STEM academy alumna has helped her grow by being exposed to successful professional leaders and supportive mentors. This program opened opportunities for Alima, as she had the chance to network and learn real-world professional skills during her summer internship with PECO.

*"Technology is a space for women to create, inspire, and advance the next generation of females and show that anything is possible,"* said Alima.

## Exelon has three signature education programs that focus on equity and opportunity for students in financial need:

- Exelon Foundation STEM Academy Scholars Program provides full-ride scholarships to a select group of STEM Academy alumnae.
- Exelon Foundation HBCU Corporate Scholars Program provides scholarships up to \$25,000 per year for four years to select students from Exelon's markets who attend Historically Black Colleges and Universities.
- Exelon Foundation Green Lab Program provides grants up to \$50,000 to high schools and nonprofits to modernize their STEM labs.

# Giving Back to Communities

At Exelon, we are committed to supporting community progress in the areas in which we live and work because our success is linked to the health and overall well-being of those around us. We engage directly with people in our local communities to make a positive difference in the areas that matter most to the customers and communities that we serve. Our engagement efforts span corporate giving, employee philanthropy and volunteerism. Our philanthropy programs also complement, and coordinate with, Exelon's broader focus on workforce development and STEM Academies that are supported by our operating companies.

Every year, we give a portion of our revenue back to our communities to help create opportunities for them to thrive. In 2022, Exelon, along with its operating companies and the Exelon Foundation, provided more than \$48 million in funding to nonprofit organizations, with 90 percent of our total grants supporting organizations, programs or events that serve the needs of diverse populations.

The company's paramount focus area continues to be education, specifically supporting student interests and aptitudes in STEM and the energy industry. In 2022, Exelon increased its STEM-funding to \$22.3 million, continuing our investments in scholarships for college students.



## STEM Education: Benefiting Our Communities and Exelon

### Tyree Georgie

BGE High School  
Internship Program



**Hometown:** Baltimore, MD  
**School:** Mergenthaler  
Vocational Technical High  
School (MERVO)

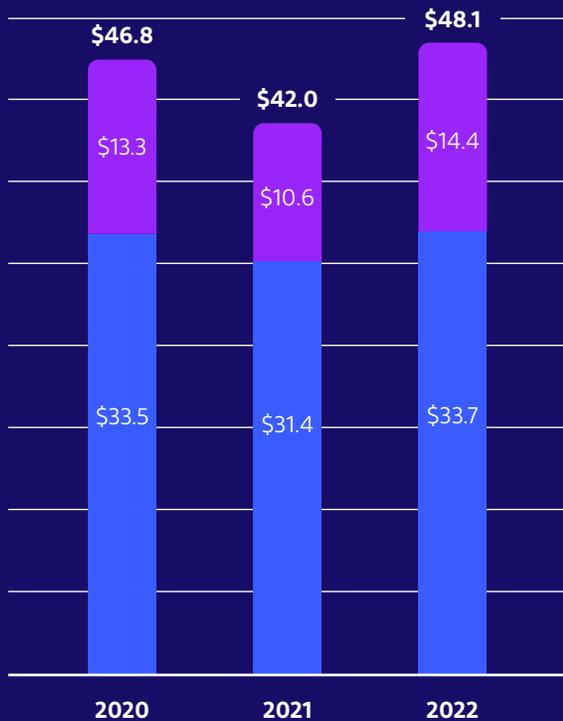
Tyree Georgie studied Computer-Aided Design and Drafting (CADD) at Mergenthaler Vocational-Technical (MERVO) High School in Baltimore City. After participating in the BGE High School Internship program, he was inspired to obtain an associate degree in CADD and a bachelor's degree in Construction Management—and did so while continuing with BGE as a college intern. In 2022, BGE was thrilled to offer Tyree a full-time position as a Designer I, completing the ideal path from internship to full-time employment.

*"Get comfortable with being uncomfortable. After your first day, perhaps even after your first week, you will become increasingly more comfortable as you are learning new skills and start applying what you learned. Everyone that you will be working with will be willing to help you because they want to see you succeed. Everyone at BGE is a teacher and enjoys sharing their knowledge and expertise,"* says Tyree.

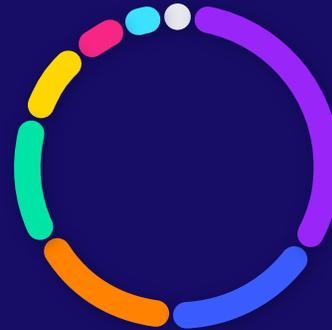
## Charitable Giving

dollars in millions

Exelon Foundations Corporate Donations

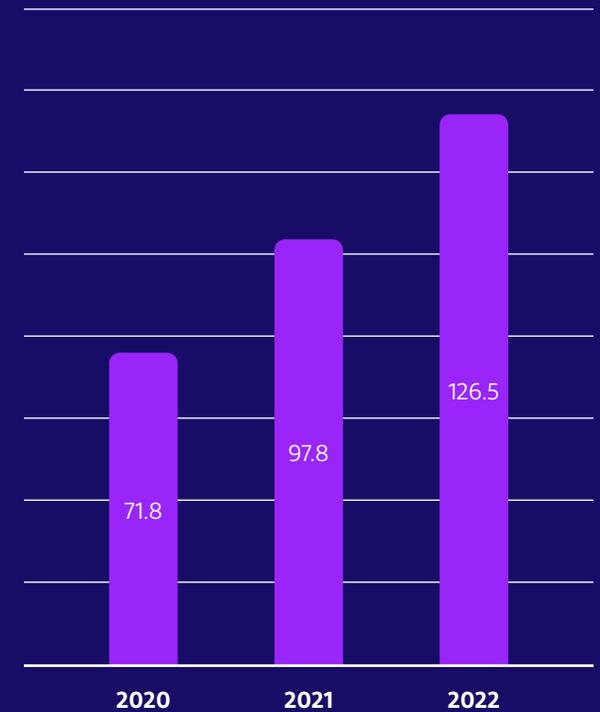


## 2022 Charitable Giving by Program Area<sup>[1]</sup>



- **31.9%** Education
- **17.2%** Community and Economic Development
- **15.9%** Health and Social Services
- **14.0%** Environment
- **10.4%** Culture and Arts
- **6.9%** Employee Engagement
- **3.6%** Civic and Public Affairs
- **0.2%** Disaster Relief

## Volunteer Hours<sup>[2]</sup>



[1] Program areas outlined are from CECP (Chief Executives for Corporate Purpose) Giving in Numbers report, which is the standard for corporate philanthropy.

[2] Volunteer hours prior to 2022 reflect Exelon utility operations and 50 percent of business services employee volunteer hours under Exelon's previous structure. Data for 2020-2021 has been recast to reflect the same corporate boundary and may differ from previous reports.



Below are some examples of our employee philanthropic and volunteer initiatives:

- Employee Giving Campaign and Matching Gifts Programs.** Exelon employees contributed over \$5.8 million through the Exelon Foundation Employee Giving Campaign and Matching Gifts programs. The Foundation matched a portion of the donations, resulting in \$11.6 million going directly back into the communities we serve.
- Employee Volunteer Awards.** To reward our employees who volunteer more than 40 hours in a year, Exelon presents Employee Volunteer Awards, with an associated financial grant of \$5,000 given to the recipient employee’s nonprofit organization of choice. In 2022, we distributed \$105,000 to nonprofit partners on behalf of our award-winning employee volunteers.
- Dollars for Doers Program.** In 2022, we awarded \$530,000 in Dollars for Doers grants, a program through which Exelon provides \$100, \$200 and \$400 grants to nonprofits in honor of employee volunteer service of 10, 20 and 40 hours, respectively.

In 2023, to demonstrate our appreciation for all our employees to power a brighter future for our communities, we expanded two of the programs that support them. The Exelon Foundation has increased the maximum match from \$5,000 to \$10,000 per year for all employees, through Matching Gifts for donations made to eligible non-profit organizations. Dollars for Doers has been simplified so that for every 10 hours of volunteer time, an employee gets \$250 for their charity of choice—up to three times per year. That’s \$750 to any eligible non-profit organization, an increase from \$700 in the past.

Operating Company	Volunteer Hours
ACE	10,048
BGE	25,006
ComEd	18,889
DPL	14,430
PECO	19,503
Pepco	9,749
BSC	28,905
<b>Total</b>	<b>126,529</b>

Exelon encourages employees to volunteer in their communities and supports them in this work. In addition to benefiting the local community, volunteerism drives employee engagement by allowing our employees to participate and engage with organizations that align with individual areas of interest. Between in-person and virtual events throughout 2022, Exelon employees volunteered a combined 126,529 hours in their communities.

## Climate Change Investment Initiative

The Exelon Foundation and Exelon Corporation launched the \$20 million Climate Change Investment Initiative (2c2i) in 2019 to cultivate startups operating in our service areas that are working on new technologies aimed at reducing GHG emissions and mitigating climate change. The 2c2i program blends the social and environmental impact objectives of the Exelon Foundation with the investment objectives and approach of venture capital by investing in startups that focus on climate change, clean energy and the environment. Under 2c2i, the Exelon Foundation will invest \$10 million in startups over 10 years and Exelon Corporation will provide those startups with up to \$10 million of in-kind services, such as access to Exelon networks and expertise to scale their businesses. At the end of 2022, 64 percent of Exelon Foundation's 2c2i investments are in minority and women-led startups and 57 percent are headquartered in a city in Exelon's footprint.

2c2i is entering its fourth year of investment and collaboration with cutting-edge startups to stand up impact projects to help Exelon's service territories take on climate change-related challenges. One such startup in 2c2i's portfolio is Lula, a company that provides rapid delivery technology to store owners to help develop additional sales channels for growth. The startup worked in partnership with BGE to enable small businesses in central Maryland to take advantage of Lula's unique platform to reach more customers—including customers utilizing BGE's growing EVsmart public charging network, that can help lead Maryland to a clean and sustainable economic future.

Exelon has also partnered with the startup ChargerHelp! as part of its 2022 2c2i investments. ChargerHelp! provides an app-based dispatch and deployment system that addresses the problem of down electric vehicle charging stations by providing on-demand repairs and maintenance support from trained and supported local workforces. Another 2022 2c2i startup is Carbon Reform, which is improving indoor air quality in the built environment by removing CO<sub>2</sub> and other pollutants from indoor air with their proprietary carbon capsule. For more information on 2c2i, please visit the [Exelon Foundation website](#).

## Racial Equity Capital Fund

In October 2021, Exelon announced the creation of a \$36 million fund to support minority-owned businesses and promote equity, inclusion and economic opportunity in the communities we serve. The Racial Equity Capital Fund helps minority businesses obtain capital to fuel growth and spur job opportunities in underserved and under-resourced communities often overlooked by investors and traditional funding sources.

The capital fund will invest in numerous businesses throughout Exelon's service areas over the next three years with estimated loan amounts between \$100,000 and \$600,000 and equity investments of up to nearly \$2 million.

In February 2023, Exelon announced the first deployment of capital in the amount of \$1.25 million dollars to two businesses. The investment is funded by Exelon, in partnership with the Exelon Foundation, and managed by RockCreek, a diverse-owned



global investment firm, which has invested more than \$7.4 billion in diverse firms since its inception. RockCreek will decide which businesses get financing, independent of other parties. The fund is available as a resource to minority businesses, which have historically been denied bank funding in disproportionate numbers and often lack the initial equity and capital to grow and sustain their small businesses. For more information, please visit our [website](#).



# Environmental Responsibility

Since our inception, environmental stewardship has been a core value and business driver for Exelon. Successfully managing our environmental impacts strengthens our relationships with our customers and communities. We work to reduce impacts to watersheds and biodiversity by improving processes to reduce our waste and emissions, and by being responsible stewards of the resources we use. Our environmental management system is critical to managing risks, ensuring regulatory compliance, maintaining climate resilience and mitigating any potential environmental impacts. We have established metrics for our environmental impacts and report our progress against these metrics every year.

About Exelon

Delivering Sustainable Value as the Premier T&D Utility

Addressing Climate Change Through Transition and Adaptation Planning

Advancing Clean Energy and Affordable Energy Choices

Delivering a Top Tier Customer Experience

Safely Powering Reliability and Resilience

Supporting Communities

→ **Environmental Responsibility**

A Safe, Innovative and Rewarding Workplace

Corporate Governance

Appendix

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Exelon is dedicated to expanding and deepening our role as environmental stewards across the diverse and invaluable ecosystems where we operate.

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## Habitat and Biodiversity

Our operational footprint encompasses large tracts of land that are adjacent to wide variety of public and private lands and waterbodies and support diverse flora and fauna. Our [Biodiversity and Habitat Policy](#), reflects our commitment to protect wildlife and habitats. We work to improve our understanding of biodiversity through partnerships with experts and regulatory agencies. We collaborate on a variety of studies and provide educational opportunities for employees and community members through our Wildlife Habitat Council (WHC) and National Wildlife Federation (NWF) certified sites.



We also embrace nature-based solutions to climate change. Our utilities have significant land holdings and 11,151 miles of transmission lines across our rights-of way (ROW). Across these land areas, Exelon is acting to mitigate the impacts of climate change on local species and native habitats. With climate stressors exacerbating the decline of grassland habitats in many regions of our country, Exelon supports efforts to restore and maintain 9,549 acres of fragile ecosystems at WHC and NWF locations across our transmission system. From ROWs to office campuses, we are working to control invasive species that can spread more quickly as a result of climate change. We manage and maintain land to proactively support pollinators, increasing biodiversity and helping respond to climate impacts. Where possible, we use higher diversity seed mixes in restoration efforts, establishing a richer habitat to accommodate shifting ranges of pollinators and birds. We continue to partner with environmental non-governmental organizations (NGOs) and agencies to learn from one another and build a community of leaders.

Exelon protects our shared natural environment through conservation and sustainable practices. We work to reduce our impacts on wildlife and enhance natural habitats.

## Key Crossing

As part of the [Key Crossing Reliability Initiative](#), BGE conducted tidal wetland enhancement to mitigate the impacts of filling wetlands to install transmission towers in the Patapsco River. The transmission improvement project was vitally important to maintain secure and reliable service throughout the Baltimore area. BGE used geographic information system (GIS) analysis to identify and screen potential sites for wetland mitigation to compensate for unavoidable project impacts. The screening evaluation included aspects such as areas of environmental concern (brownfields), rare/threatened/endangered species, historic/cultural resources, submerged aquatic vegetation, hydric soil, wetlands/waterways and existing easements or restrictions. Of the 500 potential sites identified, BGE identified the Chestnut Hill Cove site along the western shoreline of the Chestnut Hill Cove community in an unnamed cove of Nabbs Creek for the project. The shoreline was exhibiting excessive erosion and had experienced slope failures due to precipitation events, and an emergent wetland at the top of the cove was dominated by common reed (*Phragmites australis*). BGE's project stabilized the eroding shoreline, created marsh habitat and enhanced the existing *Phragmites* dominated wetlands, improving habitat and increasing the biodiversity of the habitat. The project created 0.46 acre of tidal wetlands as part of permitting requirements and installed over 17,000 plants, which will be monitored for five years to ensure the viability of the living shoreline.

# Terrestrial Habitats and Wildlife Management

Our rights-of-way (ROWs) and other company operations span thousands of acres of land, which we carefully manage to ensure the protection of the diverse plant and animal species who call these habitats home. As we manage and build new transmission and distribution (T&D) infrastructure, we consider potential impacts to avian species, bats and the terrestrial habitats where our infrastructure and operations are located.

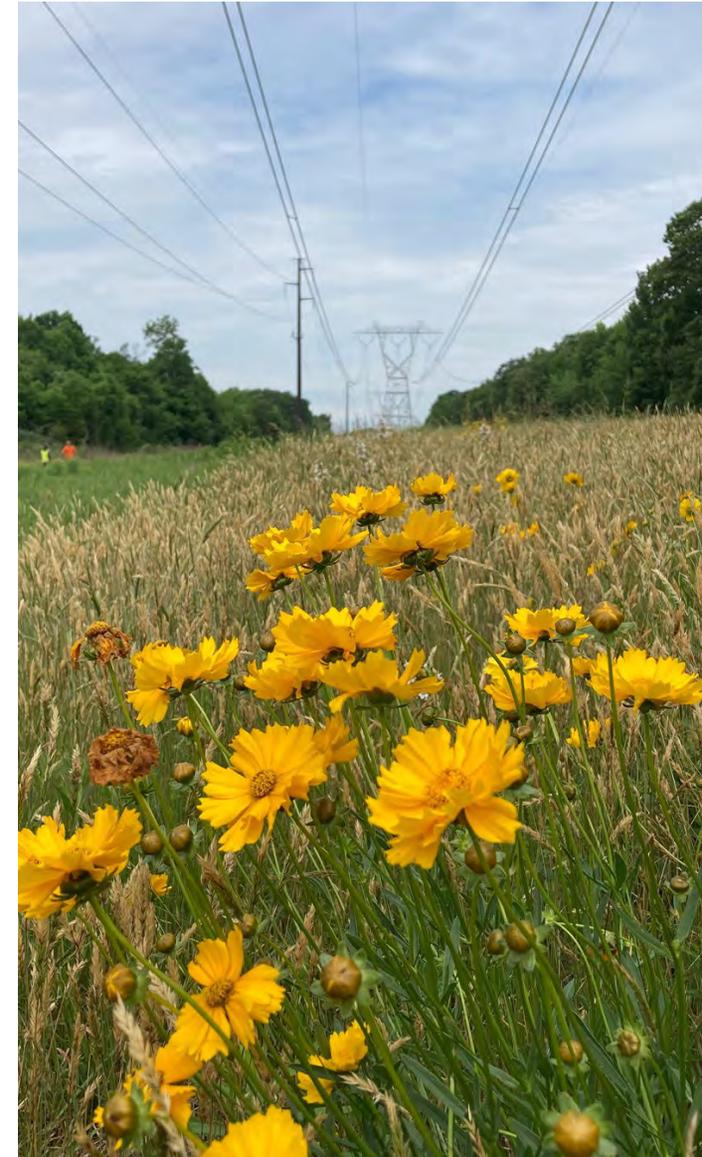
## Rights-of-Way Management

We continuously manage vegetation along our transmission line ROWs to ensure safety and system reliability and promote diverse habitats. Managing these areas presents an opportunity to cultivate open, low-growing habitats favored by certain plants and wildlife. In ComEd's territory, we manage more than 15,000 acres as natural green space using a selective management approach that preserves compatible habitat, including more than 500 acres managed as high-quality, native prairie ecosystem. PECO uses Integrated Vegetation Management (IVM) to manage transmission ROWs in a manner that promotes native biodiversity in over 3,800 acres, with over 148 acres of ROW lands certified as conservation habitat. BGE actively manages over 2,800 acres of transmission ROWs using IVM to encourage the establishment of compatible low-growing native shrub and grass communities to improve wildlife habitat, reduce BGE's carbon footprint and improve water quality within the Chesapeake Bay watershed.

BGE, PECO and ComEd also have programs to donate certain removed vegetation to [local zoos](#) to provide diverse feed for the animals. Referred to as "browse," leaves, twigs, and branches from vegetation such as maple, willow, mulberry, and honey locust trees can serve as food and a great source of nutrition for some species of zoo animals, including giraffes, gorillas, grizzly bears, kangaroos, okapi, rhinoceroses, camels, rock hyraxes and tapirs. In addition to helping our local utilities repurpose tree trimmings for beneficial use, local participating zoos can also save money by substituting browse for food sources that would otherwise need to be purchased.

## Wildlife Habitat

Exelon has a longstanding partnership with the WHC to restore and enhance wildlife habitats at our facilities and on our ROWs. Exelon has been a member of the WHC for 17 years, with a total of 40 sites certified by WHC. The WHC certification program provides us with a guidance tool and objective oversight for creating and maintaining high-quality wildlife habitats, as well as implementing environmental education programs. Our work encompasses restoration of fragile ecosystems, control of invasive species, enhancement of pollinator habitat and partnerships with NGOs to build a community of leaders. In all, 65 locations or programs have NWF habitat certifications. Combined, WHC and NWF locations encompass 9,549 acres of land. To learn more about the WHC and NWF, visit [www.wildlifehc.org](http://www.wildlifehc.org) and [www.nwf.org](http://www.nwf.org). See the following table that lists all WHC- or NWF- certified programs locations:



## Exelon Habitat Certifications 2022

Program Name	WHC	NWF	Acres
<b>BGE<sup>[1]</sup></b>			
Bagley Substation		✓	11
BGE—Hanover Road Properties		✓	169
BGE—Patuxent National Research Refuge ROW Partnership	✓	✓	8,000
BGE ROW Environmental Stewardship Program	✓	✓	
BGE ROW Columbia/Lake Elkhorn Vicinity		✓	255
BGE ROW South River Greenway Partnership		✓	
BGE ROW Liberty Reservoir		✓	10
BGE ROW Flag Ponds		✓	62
BGE ROW American Chestnut Land Trust		✓	30
BGE Riverside Facility		✓	5
BGE Howard Service Center		✓	135
BGE Notch Cliff		✓	20
Mount Vista Park ROW	✓		8
Northwest Substation		✓	66
Piney Orchard Service Center		✓	3
Raphael Road Substation		✓	61
Spring Gardens Facility	✓	✓	72
Waugh Chapel Substation		✓	102
Whitemarsh Center	✓	✓	20

Program Name	WHC	NWF	Acres
<b>ComEd</b>			
Buffalo Grove Prairie	✓	✓	10
Swift Prairie	✓	✓	8
Romeoville Prairie	✓	✓	26
Calumet City Prairie	✓	✓	5
Burnham Prairie	✓	✓	24
Cherry Valley ROW Prairie	✓	✓	18
Fischer School Prairie	✓	✓	9
Glenbard (Churchill)	✓		11
Greene Valley Prairie	✓	✓	16
Helm Road Prairie	✓	✓	4.4
Hitt's Siding Prairie	✓	✓	12
Kloempken Prairie	✓	✓	8
Lake Forest Prairie	✓	✓	51
Lake Renwick Prairie	✓	✓	12
Linne Prairie	✓	✓	10
Pratt's Wayne Woods	✓	✓	12
Lion's Woods	✓	✓	3
Orland Park Prairie	✓	✓	1.9
Powis Road	✓	✓	15
Wentworth Prairie	✓	✓	5

[1] Part of BGE Environmental Stewardship Program, but individual NWF Certifications.

Program Name	WHC	NWF	Acres
Sand Ridge Savanna Prairie	✓	✓	8.7
Superior Street Prairie	✓	✓	14
Stearns Road	✓	✓	13
West Chicago Prairie	✓	✓	7
Wilmington Shrub	✓	✓	11
<b>PECO</b>			
Brandywine River Trail		✓	4
Manor Road ROW	✓	✓	26
Cherry Lane Meadow		✓	7
Morton Wetland	✓	✓	1.8
Honey Hollow Meadow		✓	12
Goat Hill Serpentine Barrens Restoration	✓	✓	2
Newtown Square Wetlands	✓	✓	0.4
Pollinator Pilot Project		✓	2
Ring Road Meadow		✓	14
Rock Spring Natural Area		✓	25

Program Name	WHC	NWF	Acres
Spring Mill ROW		✓	12
Upper Gwynedd Preserve ROW	✓	✓	0.2
Brandywine ROW	✓	✓	4.3
Route 202 ROW		✓	21
Center Point ROW		✓	6
Elkton ROW		✓	8
West Chester University ROW		✓	3.4
<b>PHI</b>			
Benning Service Center	✓	✓	0.5
Pepco Transmission ROW	✓	✓	80
Carneys Point		✓	3.5
Dewey Beach Lions Club Wetland	✓	✓	1
WaterShed Sustainability Center	✓	✓	1

## Protected Species Management

In addition to wildlife habitat certifications, we maintain special management plans to protect biodiversity on our sites and ROWs as outlined in our [Biodiversity and Habitat Policy](#). Our utilities are members of the Avian Power Line Interaction Committee (APLIC) and actively engage in using and improving avian protection methods on our electric infrastructure. For example, our utilities each have a detailed Avian Protection Plan, and several Exelon utilities maintain state-level depredation permits and U.S. Fish and Wildlife Service (USFWS) Special Purpose Utility permits to manage interactions between birds and power lines.

The Exelon utilities that operate in environments that support robust populations of eagles, maintain raptor focused initiatives as part of their Avian Protection Plan. These initiatives include routine raptor nest surveys for rebuilds and new construction, time-of-year restrictions to avoid impacts to bald eagle nests, avian-friendly design standards where feasible in the landscape, and pole retrofits or reframes to address electrocution, collision, and nesting risk. Exelon Utilities also support projects which further bald eagle conservation. By assisting state agencies with gathering population data, supporting local wildlife rehabilitators, participating in eagle surveys, banding or telemetry projects, and providing bucket trucks to agency wildlife biologists to access eagle nests, Exelon frequently collaborates with various stakeholders to improve eagle nest success and provide conservation support. In 2022, ComEd proactively started to review every pole within 0.25 miles from the nests previously identified as part of eagle and osprey nest surveys in 2021 in order to make retrofits where to need to ensure they are avian safe.

Where threatened or endangered species are located on or near our sites, we work with regulatory agencies and interested stakeholders to develop and implement agreed-upon management plans or special mitigation tactics to reduce impacts on wildlife. In addition, since the ComEd plan's inception, about 1,220 avian diverters were installed on ComEd transmission lines to reduce avian collisions. In 2022, Pepco Holdings launched its Avian Incident Management System (AIMS), a comprehensive GIS-based bird incident reporting and tracking database, to help meet compliance commitments to reporting and tracking birds impacted by PHI infrastructure. Through implementation of AIMS, PHI tracked over 534 bird incidents in 2022, including over 100 osprey nest issues, and facilitated risk mitigation for many of these incidents. Pepco Holdings also identified an efficient, safe and effective line marking technology employing drones to address collision risk on transmission lines for eagles which will be implemented in early 2023.

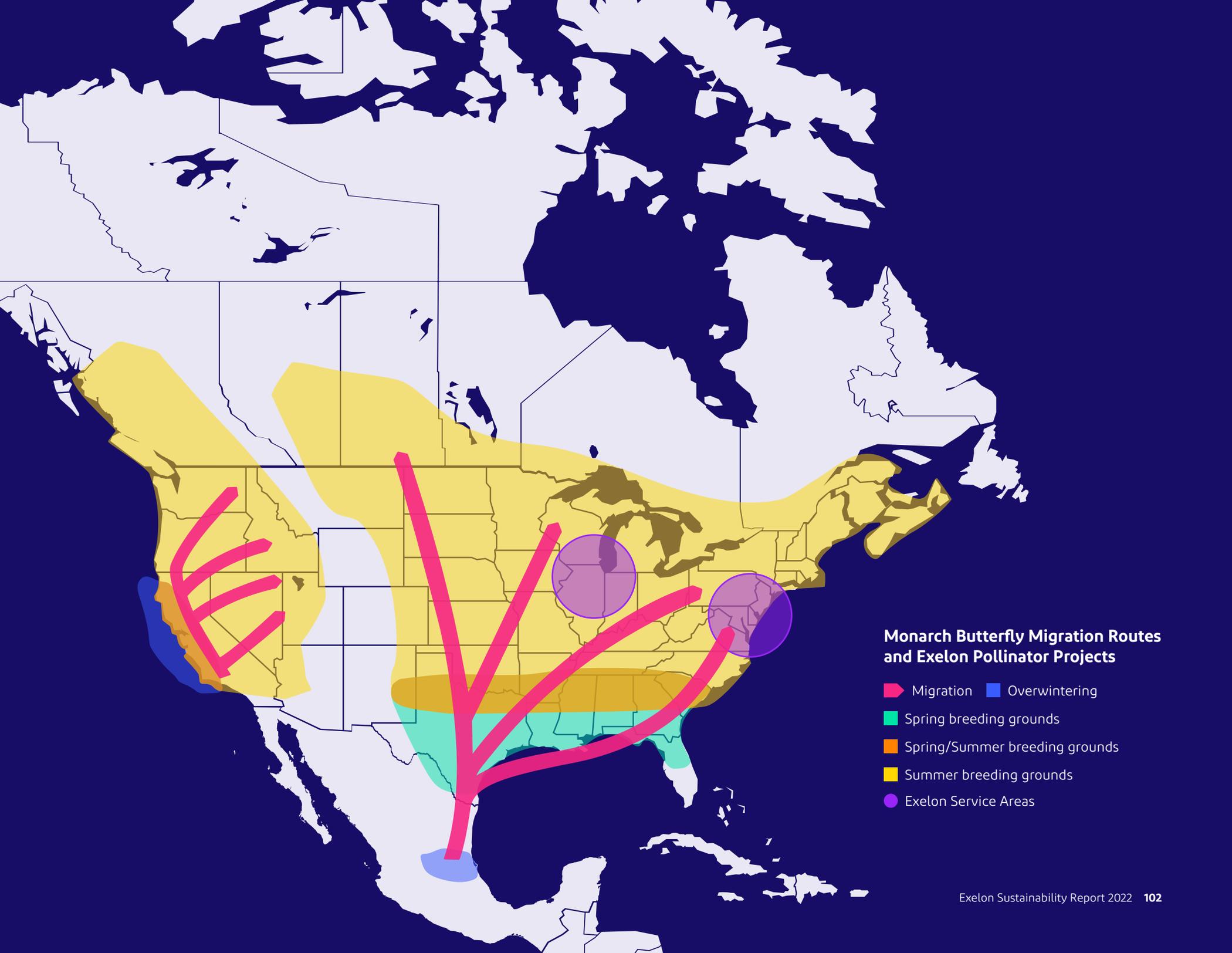
## Exelon's Pollinator Initiatives

Across North America, many pollinator species are in decline due to loss of habitat and other environmental factors. Pollinators provide numerous ecological and economic benefits, including pollination of flowering plants that produce fruits, vegetables and grains. Exelon is engaged in a variety of pollinator habitat projects across the company that support a range of pollinators such as insects, birds, bees and mammals. During 2022, we engaged with interested employees at a number of Exelon locations to site beehives and hold educational discussions around the importance of native bee species to local ecosystems. The monarch butterfly, a species of concern for many scientists and resource management groups, continues to be a priority for Exelon. Locations in our service territories



include areas where monarch butterflies may rest and feed along their 3,000-mile migratory journey. Our efforts support national goals for pollinator species recovery, particularly regarding recovery of the iconic monarch. We collaborate with several academic institutions, nonprofit organizations, community and youth organizations, federal and state agencies, trade associations and other Exelon business units to advance our habitat and species conservation plans. This includes consideration of United States Fish and Wildlife Service (USFWS) candidate conservation agreements under which utilities agree to take voluntary conservation actions to support monarch butterfly habitat. We also support public education programs that help enable societal action to advance habitat conservation.

In 2022, ComEd completed its first year of prairie habitat maintenance and enhancement while holding its USFWS certificate of inclusion into the Candidate Conservation Agreement with Assurances (CCAA) for the monarch butterfly. BGE and PHI have also joined the USFWS CCAA program. For more information about Exelon's pollinator programs, visit our [website](#).



**Monarch Butterfly Migration Routes and Exelon Pollinator Projects**

- Migration
- Overwintering
- Spring breeding grounds
- Spring/Summer breeding grounds
- Summer breeding grounds
- Exelon Service Areas



## Invasive Species Management: Spotted Lanternfly Pilot Program Trap Installation

A Spotted Lanternfly mitigation pilot project was completed in 2022 by PECO with Penn State University and the PA Department of Agriculture. PECO worked with the project partner to identify distribution poles at the Port of Philadelphia and Delaware County to assess effectiveness of a new trap design for eradicating the invasive Spotted Lanternfly. The pilot included the installation of 12 traps in Philadelphia and Delaware and Chester Counties. Researchers at Penn State University are currently analyzing the success of the pilot program and the findings will potentially assist with development of new technologies for invasive pests.

# Watershed Management and Water Inventory

The ecological well-being of watersheds is linked to the social fabric of communities, the economic health of the regions and the quality of life of many of our customers. Exelon uses conservation stewardship and sustainable business practices within watersheds where we operate. Comprehensive environmental stewardship strategies provide long-term guidance for identifying and addressing priority issues relevant to our business objectives and the interests of key stakeholders within watersheds like the Chesapeake Bay. Environmental conservation plans guide our pursuit of emerging technologies that address these priority issues, such as water quality, species of

concern, vegetation management and climate change impacts. We engage in restoration and enhancement projects and collaborate with communities and environmental stakeholders to implement projects, such as habitat restoration activities that support rare, threatened or endangered species.

Exelon utilities source water primarily from municipal water suppliers across our service areas. In a limited number of locations, groundwater may also be used. In 2022, our utility operations used a total of 80 million gallons of water, with 75.6 percent of total water usage being consumptive use.

## Exelon Utilities 2022 Water Usage by Watershed<sup>[1]</sup>

Watershed Zone (millions of gallons)	Total Consumptive Use	Total Non-Consumptive Use	Total Water Use
Delaware River Basin	32.8	0.0	32.8
Chesapeake Bay	25.9	0.0	25.9
Upper Mississippi	1.8	19.5	21.3
<b>Total (millions of gallons)</b>	<b>60.5</b>	<b>19.5</b>	<b>80.0</b>

[1] Water is predominantly sourced from municipal water supplies. In a small number of locations, groundwater may be used (estimated to be less than one percent of the total use). Exelon does not make any direct surface water withdrawals and does not use any salt or brackish water sources.

## Stormwater/Flooding Management

Controlling stormwater runoff from our utility properties remains an area of continued focus as weather and precipitation events become more unpredictable due to the effects of climate change within our service territories. Exelon uses green infrastructure where possible across our territories to proactively address stormwater management. Our utilities maintain stormwater management controls such as bioretention areas like rain gardens, bio-infiltration areas like native meadows, green roofs, stormwater basins and vaults to store, evaporate and infiltrate stormwater on our properties. Native meadows are maintained at some transmission ROWs and service buildings to provide infiltration of stormwater and serve as habitat for wildlife.

In 2022, BGE installed new “smart” technology in a stormwater detention pond at its Windsor Mill Electric Operations Building (EOB). The retention pond was designed in 1979 in the early days of stormwater regulation, and stormwater from the EOB property runs off to three major watersheds in the Chesapeake Bay. Retention ponds function to hold stormwater with the goal of reducing flooding, erosion and water pollution. The Smart SWM technology created by Century Engineering installed at the EOB uses cloud-based technology with Amazon Web Services to control the release of rainwater to improve water quality, groundwater recharge, stream channel protection and flood control. The system collects real-time weather forecasts from the National Weather Service and transmits information about the pond such as water depth. Every five minutes, the smart system issues instructions to the pond’s

operating equipment based on the forecasts and the pond’s metrics. In advance of a rainstorm, the system can inform the pond’s equipment to release water, preventing the pond from overflowing. Data from BGE’s EOB “smart” pond is provided to the University of Maryland Baltimore County’s Center for Urban and Environmental Research and Education as part of an ongoing urban environment study to assess how and to what effect natural, geological processes interact with human-driven processes such as stormwater runoff from impervious surfaces.

PECO installed a green roof on its Main Office Building to reduce approximately 1.3 million gallons of stormwater runoff annually from the existing structure. PECO is also in partnership with the Philadelphia Water Department to establish an effective program to ensure that the City of Philadelphia’s green stormwater infrastructure is not compromised by the placement of new electric distribution poles. With increased focus on stormwater runoff, PECO has developed criteria to implement porous asphaltic pavement for installation on new or repaving projects. Recently, PECO also supported the Headwaters Riparian Restoration Project along with other local stakeholders and in 2022 received the Water Resources of Delaware River Basin Achievement Award.

BGE employs the use of a trash interceptor at its Spring Gardens facility to capture trash and debris that originates from stormwater runoff from approximately 60 surrounding acres in South Baltimore. Since its installation in 2018, the Spring Gardens interceptor has prevented more than 5,700 pounds of trash from reaching the Middle Branch of the Patapsco River, a tributary to the Chesapeake Bay.



## Erosion and Sediment Control

As part of the efforts to control and eliminate sediment migration from Exelon construction projects that cause an earth disturbance, each Exelon utility implements a field inspection program to assess appropriate erosion and control measures. Permitted projects are inspected in accordance with permit requirements, while earth-disturbance projects where no regulatory permits are required are inspected to ensure implementation of best management practices.



## Underground to Overhead Transmission Line Replacement

Exelon's utilities continue to seek new ways to maintain and upgrade infrastructure while minimizing impacts to the environment. Recently, BGE completed the complex Key Crossing Reliability Initiative that involved the replacement of a segment of the transmission system crossing the Patapsco River adjacent to the Francis Scott Key Bridge.

In 2013, BGE began evaluating the replacement of the Key Crossing segment with a new underground transmission cable system in an area of the Patapsco River that is approximately two miles wide. Due to potential environmental and economic impacts associated with an underground, underwater cable installation, BGE, in consultation with regulatory agencies, chose to pursue an overhead project that resulted in less environmental impacts, cost savings and reduced impacts to the Port of Baltimore operations. The project took approximately 24 months to complete and involved the installation of eight transmission towers both in the Patapsco River and on adjacent land. The project required significant coordination including time of year restrictions on pile driving to protect migratory species, employed the use of new and improved acoustic damping technology during pile driving and included real-time water quality monitoring and marine animal spotting during wire stringing activities.

The project also developed an innovative solution to remove the mineral oil from the five historic high-pressure fluid-filled (HPFF) cables. BGE engaged several partners including the Marine Applied Physics Corporation to utilize a technique to displace the oil using first nitrogen then water. The oil was collected from the HPFF cables and recycled. Over 160,000 gallons of mineral oil was safely removed, and the project was completed without any significant environmental or safety issue. The transmission wires were energized in May 2022.

During 2022, Pepco completed environmental stewardship projects at the Fort Slocum and Van Ness substations focused on rainwater management in the District of Columbia as part of the utility's Green Infrastructure Initiative. Rainfall at these sites eventually flows into the Anacostia River, potentially bringing with it harmful nutrients, sediments, metals and toxins that can negatively impact aquatic ecosystems. The Fort Slocum project included the installation of a bioretention system and permeable pavements, as well as tree plantings. Van Ness also installed a bioretention system.

Bioretention systems at these Pepco locations collect and clean stormwater generated on site. They also minimize erosion by reducing peak stormwater flows while treating water as it filters pollutants through layers of mulch, soil and gravel. Permeable pavements reduce stormwater runoff, minimizing erosion while allowing more groundwater to infiltrate the soil and be cleansed on its way to rivers and the groundwater table. Native plants uptake some contaminants and convert them to non-harmful compounds and provide habitat for birds and insects, providing important ecological services.

Structures implemented by Pepco at these locations will be certified to generate Stormwater Retention Credits (SRCs) that Pepco can apply towards current and future construction related requirements. Structures also assist with the District of Columbia's efforts to respond to climate change impacts, such as increased heavy rain precipitation events.



# Waste and Recycling

Across our businesses, we employ best management practices to reduce, reuse and recycle the waste we generate. Many of our initiatives prevent waste generation, including double-sided copies in the office and default settings to print in black and white, reusable totes in the field, contractor take-back programs and finding outlets for refurbished meters and computer electronics. Our extensive recycling programs target conventional municipal recycling materials like paper, plastic and metals as well as non-conventional industrial solid waste materials such as construction and demolition debris, recycling modified stone from street work, mulching material from our vegetation management work, and recycling of our utility poles. These programs not only keep waste out of landfills, but they also save money, conserve energy and natural resources and reduce GHG emissions.

Our utility teams continue to identify and use innovative ways to minimize waste, such as keeping clean soil and asphalt/concrete millings out of the landfill by reusing these materials in applications such as utility excavation backfill. Several of our utilities are also utilizing cameras to remotely monitor waste and recycling containers to monitor the amount of material in containers so that containers can be picked up when full, rather than picked up on periodic schedule which could include times when containers are not full. Through the use of cameras, utilities are also able to adjust service pickups based upon need, which eliminates excess truck trips and results in fuel

savings, reduced truck emissions, and increased safety in service yards as truck trips are reduced. In addition, use of cameras allows our utilities to target proper separation training for our crews using actual field camera footage.

In 2022, our operations produced 546.2 thousand metric tons of waste (both regulated and non-regulated), of which 493.6 thousand metric tons were recycled, for an overall recycling rate of 90.4 percent. The biggest component of our recycling results, on a volume basis, is the recycling of asphalt millings, followed by tree-trimming materials. Hazardous waste (including PCB wastes) amounted to 1,265 metric tons in 2022, of which 194.9 metric tons was recycled in 2022, reflecting a 15.4 percent recycling rate for this category of waste.

In 2022, BGE celebrated a major milestone in its appliance recycling program, collecting over 100,000 home appliances for recycling throughout its service territory since the program began in 2009. In the process, BGE has helped save more than 116,016 megawatt hours (MWh) of electricity use by helping customers recycle their older, inefficient refrigerators, freezers, room air conditioners and dehumidifiers. Through the program, more than 95 percent of each appliance is recycled, preventing usable materials from entering a landfill and decreasing the demand for raw materials such as steel, aluminum, copper, glass and plastic.

## Types of Waste Streams Recycled at Exelon

Category <sup>[1]</sup>	Examples of What Is Recycled
Municipal	Traditional office wastes, such as paper, plastic, cardboard, aluminum and glass
Electronic	Computer and electronic equipment
Scrap Metal	Wire and cable related to the electric distribution system, metal poles, transformers and other electrical system equipment
Industrial	Asphalt millings, concrete, mixed aggregate spoils, wood poles and pallets, undifferentiated solid waste, tree trimmings, mineral and other oils
Universal	Lamps, light bulbs and lighting equipment, batteries
Hazardous	PCB-contaminated equipment and oil, flammable and corrosive liquids

[1] Waste streams are governed by federal, state and/or local regulations that may, in some cases, define waste streams and recycling requirements differently. This table is presented to provide a general overview of waste streams that are recycled across the Exelon system and is not definitively organized according to the various jurisdictional level waste and recycling regulations that exist across all of our operating areas.

## Waste Recycling at Exelon



# Environmental Management

Exelon maintains a comprehensive environmental management system (EMS) to cost-effectively manage environmental compliance, impact and risk. Exelon's EMS conforms with the consensus international standard ISO 14001:2015, which lays out the necessary steps to maintain responsible operations throughout our businesses. With Exelon's Corporate Environment Policy as a foundation, the EMS includes a wide range of policies, programs and practices that apply across our businesses, functions and organizational levels, our approach is to integrate environmental considerations into everything we do, with full regulatory compliance as a minimum level of performance.

We incorporate environmental risk management into siting new facilities, procurement decisions, and capital projects, minimize impacts at existing facilities, provide environmental training for workers, monitor and report on environmental metrics, set goals to drive performance improvement, conduct inspections and audits to verify compliance and efficacy of controls and communicate our programs and performance to internal and external stakeholders. Our ISO 14001 conformance is verified through an accredited third-party certification body. Exelon was an early adopter of ISO 14001.

## Monitoring Compliance Performance

We monitor, measure and report our environmental performance by tracking cases with potential environmental impact even where there was no violation of an applicable environmental regulation or permit or release of a regulated substance into the environment. These include:

- Notices of violation (NOVs)—formal written notifications of an environmental violation from a government agency
- Permit non-compliance events (PNCs)—instances where a permit condition or administrative requirement was not satisfied
- Spills of oil or chemicals that require reporting to applicable agencies
- Non-reportable spills including small quantities of material that can be quickly contained and do not result in significant environmental impact

In 2022, Exelon received three NOVs from a regulatory agency:

- **PECO** received an NOV in January 2022 for a missed pH water sample during a manhole pump out. The investigation concluded that there was a miscommunication with the new lab performing the analysis and pH testing is now being conducted in the field.



- **PHI** received an NOV in June 2022 from the Camden County Health and Human Services Department. The NOV was issued for a contractor performing a drinking water system upgrade to the Winslow Operations building without filing the appropriate paperwork with the Camden County. A \$1,000 fine was assessed.
- **PHI** received an NOV in August 2022 from the New Jersey Department of Environmental Protection (NJDEP). Four mobile diesel generators were installed in the Beach Haven Borough on Long Beach Island, NJ to offset power quality issues at four different commercial businesses. During the NJ DEP's investigation, it was determined the necessary environmental permits to install and operate these generators were not filed or obtained. A \$261,000 fine was assessed.

## Eliminating Equipment With Polychlorinated Biphenyls

We actively manage the risk posed by electrical equipment containing polychlorinated biphenyls (PCBs). PCBs are a group of man-made organic chemicals that were used in some electrical equipment, such as transformers, that were manufactured before use of these chemicals in new equipment was banned in 1979. During replacement, repair and servicing efforts on our

T&D networks, we eliminate equipment containing PCBs in concentrations greater than the current regulatory threshold of 49 parts per million. Our electric utilities proactively identify equipment for replacement when it is likely to be contaminated. This approach maximizes efficiency in identifying potential PCBs and then targeting this equipment for removal. These replacement efforts, combined with voluntary retro-fill and reclassification programs, are resulting in the continued reduction of PCB-containing equipment across the company while reducing environmental risk.

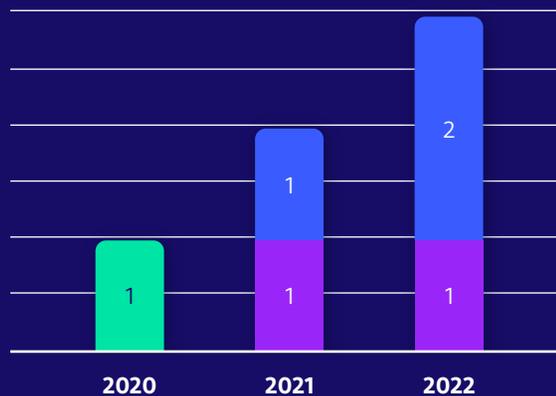


### 3-Year Trends<sup>[1]</sup>

number of events

Air Land Water

#### NOV Trends



#### PNC Trends



### 3-Year Recordable and Non-Recordable Spills

number of recorded spills

Reportable Non-Reportable



[1] All environmental compliance data for 2020–2021 were recast to reflect Exelon utility operations only. Data for 2020 differs from what has been included in Exelon reports prior to FY22.

## Managing Remediation at Historic Manufactured Gas Plants

Our utilities continue to remediate former manufactured gas plant (MGP) sites that were used primarily by our predecessor companies between 1816 and 1970. We participate in the MGP Consortium, which allows us to leverage research and advocacy programs and lessons learned from other utilities. Our utilities anticipate that remediation at remaining sites will continue for several more years.

ComEd continued remediation of five MGP sites in 2022, with 20 sites not yet fully investigated and remediated, which may continue through at least 2031. PECO continued with remedial efforts on its remaining MGP sites, including a comprehensive investigation for the use of alternative methods to reduce community impacts from traditional remediation methods. Currently, six sites remain active in the PECO program with most expected to be closed by 2024. In 2022, BGE completed the Unit 2 feasibility studies at Riverside, which is one of four remaining open sites. DPL has identified two former MGP sites and remediation of both has been completed and approved by MDE and the Delaware Department of Natural Resources and Environmental Control; a third site is currently undergoing evaluation. We discuss the status of the utility MGP programs and remediation reserves in more detail in Exelon's [FY2022 10-K Environmental Remediation Matters](#).

## Environmental Justice Principles

Exelon is helping to lead an energy transformation that includes all of our customers, employees, business partners and communities in social, environmental and economic progress. Within Exelon territories, and in the United States more broadly, many communities' racial demographics and relative wealth continue to be correlated to environmental health indicators such as air quality, water quality, and access to greenspace. In 2022, we developed our [Environmental Justice \(EJ\) Policy](#) to reflect our commitment to help advance social and racial equity in communities disproportionately impacted by pollution and climate change.

Exelon is the nation's largest group of utility companies serving major metropolitan areas and our utilities are uniquely positioned to help advance environmental justice. We seek to engage all communities around Exelon's operations and new projects to maintain, expand or improve our energy delivery systems. We will continue to work with stakeholders to identify and address EJ concerns, in support of a just and equitable energy transformation that enables our customers and communities to thrive. We will also continue to educate ourselves and employees, establish processes and procedures, collaborate with our communities, in support of continuous improvement.

Our efforts to advance equity and EJ include community support, workforce and supplier development, education, corporate philanthropy, expanding access to affordable clean energy and impact investment.





# A Safe, Innovative and Rewarding Workplace

Exelon prides itself on fostering a work environment that inspires new ideas, embraces all perspectives and prioritizes safety. Cultivating a safe, innovative and diverse culture engages both our current employees and future talent pipeline, driving prioritization of these values across our organization. This focus enables us to provide our employees with opportunities related to personal and professional growth, competitive compensation and benefits and access to meaningful and critical work.

About Exelon

Delivering Sustainable Value as the Premier T&D Utility

Addressing Climate Change Through Transition and Adaptation Planning

Advancing Clean Energy and Affordable Energy Choices

Delivering a Top Tier Customer Experience

Safely Powering Reliability and Resilience

Supporting Communities

Environmental Responsibility

→ **A Safe, Innovative and Rewarding Workplace**

Corporate Governance

Appendix



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**Our company culture prioritizes safety, innovation and diversity, equity and inclusion, at all levels of our company, which fosters a work environment that inspires innovation and engages employees in meaningful work.**

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# Accelerating Our Commitment to Diversity, Equity and Inclusion

At Exelon, Diversity, Equity and Inclusion (DEI) are core values. We embrace and leverage diversity and ensure an equitable and inclusive culture, as we continue to innovate, grow and meet the dynamic needs of our employees, customers and communities.

## Diverse Workforce

In 2022, Exelon's Racial Equity Task Force—comprising senior leaders across all operating companies—expanded the work it began in 2020. Throughout the year, the Task Force reinforced an equity framework both internally and externally and advanced programming that eliminates barriers and creates opportunities for our employees, vendors and the communities we serve. The Task Force continues facilitating the advancement, expansion and awareness building of critical programs delivered across the organization.

To further advance Exelon's DEI strategy, the company also established Diversity Leadership Councils with the specific goal to deepen and expand our workforce pipeline to attract and maintain African American, Pan-Asian and Latinx leaders. With over 80 leaders across councils, meetings are held monthly to create and advance strategies to drive equity initiatives and advocate for the development and sponsorship of future leaders. Employee engagement,

advancement and retention are integral to each council's strategies and programming. In addition to this core function, the Councils also serve as critical partners to our executive leaders as they determine appropriate responses to issues impacting our employees and communities.

The Board also engages with management on issues related to DEI and corporate culture, including an annual report on Exelon's diversity strategies, goals and progress, including spending with diverse suppliers, diversity of Exelon's key corporate functions, and other aspects of our DEI efforts.

Additionally, we developed our [Environmental Justice \(EJ\) Policy](#) in 2022 to reflect our commitment to helping advance social and racial equity in communities disproportionately impacted by pollution and climate change.

## Continued Commitment to an Inclusive Culture

We will continue growing our culture of accountability for DEI. We track, review and discuss our DEI related efforts on a quarterly basis with our executive leadership team. Quarterly meetings are also held with leaders across the enterprise to review our progress to ensure we continue to advance DEI.

In 2021, we developed and introduced a new individual DEI Performance Goal for all management employees to continue to drive progress at Exelon. Each employee level supports the DEI Performance Goal outcomes in different ways that reinforce our culture of equity and inclusion throughout the company. We continue to provide employees with the resources and tools required to understand and achieve the DEI Performance Goal. The DEI Performance Goal remains a critical component to our DEI accountability model.



**Access to DEI Resources.** All employees have one-click access to tools and educational materials designed to help employees expand their DEI capabilities through a dedicated intranet site. This internal website provides information on DEI partner organizations, Employee Resource Groups (ERGs), event calendars, toolkits, articles and webinars.

**DEI Quarterly Webinars.** For the tenth consecutive year, Exelon offered live DEI quarterly webinars to all employees. The webinar series continued to be a highly attended learning and development offering, where participants gained insights and learned valuable skills in the power of inclusion.

In 2022, Exelon advanced our commitment to an inclusive culture by continuing the enterprise-wide rollout of our Inclusive Leadership Model to mid-level employees. Exelon's Inclusive Leadership Model consists of seven pillars to empower our employees at all levels to turn inclusivity into action. The seven pillars are self-awareness, curiosity, courage, adaptability, collaboration, authenticity and change agent. To further our inclusive leadership journey, in 2022, over 140 leaders completed inclusive leadership training facilitated by an external DEI expert. This training provided an interactive and engaging learning experience to expose participants' thoughts, feelings and mindsets to more in-depth DEI topics, such as unconscious bias awareness; and understanding systemic advantage, leading to changes in behavior and ultimately an improved culture of inclusion.

For more information on Exelon's DEI performance and results, please see our [Diversity, Equity and Inclusion](#) page.



## 2022 Diversity Awards

**Human Rights Campaign (HRC) Best Places to Work (2011–2022).** For 2022, Exelon earned the designation of “Best Place to Work” on HRC’s Corporate Equality Index for the 11th consecutive year. The index rates employers based on their policies and practices related to LGBT workplace equality, and Exelon received a perfect score of 100. To read more, visit [hrc.com](https://www.hrc.com).

**Disability Equality Index Best Places to Work for People with Disabilities (2021).** The nation’s leading disability benchmarking tool focuses on companies who advance disability inclusion as a business imperative. In its first year competing, Exelon was recognized as an employer of choice for individuals with disabilities.

**Chairman’s Award for Workforce Development Leadership** in the Center for Energy Workforce Development (CEWD) 2022 Impact Awards.



## 2022 Employee Resource Groups Update

The increase in virtual events initially driven by COVID-19 restrictions has had an unexpected impact in some cases of creating greater engagement across our geographies and with persons who might not be able to attend in-person events due to travel time. Our 10 ERGs are a critical enabler of the DEI strategy. With 40 chapters across the enterprise, our ERGs delivered over 500 programs and initiatives in 2022. Program offerings included culture chats, leadership panel discussions, education segments, professional development offerings and philanthropic engagements. ERGs play a significant role to ensure we are advancing a culture of inclusion. We are proud of how the ERGs have continued to grow and contribute to our company DEI journey.

## National Diversity Organization Partnerships

We partner with several national diversity organizations to expand our pool of talent and identify talent in the science, technology, engineering and mathematics (STEM) fields, including the Society of Women Engineers (SWE), the Society of Hispanic Professional Engineers (SHPE), National Society of Black Engineers (NSBE) and the Society of Asian Scientists and Engineers (SASE). We engage with these organizations at the regional and local levels and on campuses. These partnerships help us connect with diverse talent to discuss career opportunities, promote Exelon as a diverse and inclusive organization and provide professional development and recognition opportunities for our current employees.



## Military and Veterans Initiatives

In 2022, we continued our focus on Exelon's commitment to hiring candidates with military experience. Our partnerships with organizations including Hirepurpose, RecruitMilitary and Veteran Recruiting connect us to a broad network of job-seeking veterans and help those job seekers connect with Exelon at military bases, career fairs and via online media.

## Disability Outreach

Exelon welcomes the talents and skills that individuals with disabilities bring to our workplace and our communities. Through our enterprise-wide disability outreach strategy, we expand our talent pipeline network and company inclusivity efforts. Our disability outreach strategy comprises three key elements: promoting Exelon's open jobs, increasing brand recognition and creating and supporting a disability-inclusive culture. In 2022, we continued our partnership with Disability:IN, a nonprofit organization providing corporate resources for creating an inclusive culture, to assist with achieving our disability inclusion efforts. We will continue to learn and share best practices through disability focused events and partnerships.

[1] Employees as of 12/31/22. Exelon publishes its annual EEO-1 report on its [corporate website](#).

[2] Based upon self-disclosed information from employees.

[3] Management is defined by EEO Categories "Executive/Senior Level Officials and Managers" and "First/Mid-Level Officials and Managers".

[4] Due to the Constellation separation, we are not reporting employee turnover rate as of 12/31/22. Average turnover rates for years 2020-2022 are available in the Exelon [2022 10-K](#).



## 2022 Employee Diversity<sup>[1]</sup>

Category	Number	% of Total
Female <sup>[2]</sup>	5,300	27.8%
People of Color <sup>[2]</sup>	7,519	39.4%
Age <30	2,026	10.6%
Age 30-50	10,548	55.3%
Age >50	6,489	34.0%
Full-Time	18,911	99.2%
Part-Time	152	0.8%
<b>Total Employees</b>	<b>19,063</b>	<b>100%</b>

## 2022 Management Diversity<sup>[3][4]</sup>

Category	Number	% of Total
Female <sup>[2]</sup>	961	31.7%
People of Color <sup>[2]</sup>	1,086	35.8%
Age <30	29	1.0%
Age 30-50	1,715	56.6%
Age >50	1,286	42.4%
Within 10 Years of Retirement Eligibility	1,787	59.0%
<b>Total Employees in Management</b>	<b>3,030</b>	<b>100.0%</b>

# Attracting Top Talent/Human Resources

At Exelon, we recognize that our employees are one of our most valuable assets and essential to our success. We strive to attract highly qualified and diverse talent who enhance our core competencies and reflect our values as an innovative, forward-thinking and people-focused organization.

## Today's Labor Market

In the early part of 2022, the U.S. job market remained challenging with national job postings more than doubling the number of job seekers. Despite these market forces, Exelon's employee engagement and retention remained strong. We maintained a competitive workplace, valued by existing employees and sought after by job-seeking candidates.



Our efforts in [workforce development](#) and our growing [summer internship program](#) are our most effective pipeline tools. In 2022, we implemented on-the-spot job offers and invested in our partnerships with key universities, including Historically Black Colleges and Universities (HBCUs). We also attended events with the Society of Asian Scientists & Engineers (SASE), Society of Hispanic Engineers (SHPE), Society of Women Engineers (SWE) and the National Society of Black Engineers (NSBE).

## Internships and University Recruitment

In 2022, Exelon hosted more than 230 collegiate summer interns and we expect that number to increase significantly in 2023. Through our internship program, we aim to build a diverse talent pipeline for future entry-level jobs and expose young talent within our communities to valuable applied experience and career opportunities in the energy industry. Exelon has established strategic partnerships with key academic institutions and organizations including NSBE, SWE, SHPE and SASE. Exelon has established additional academic partnerships aligned with its unique markets and needs. As our geographic footprint expands, we continue to explore opportunities for increased automation and efficiency in our student recruitment process.

## Exelon's Talent Management

Exelon's integrated talent management system helps to identify, develop, engage and retain employees to ensure the organization has a robust and diverse pipeline of talent to enable internal career growth and drive business results.

Employee and leadership development was a key talent management focus area in 2022. The organization offered virtual leadership development programs for new-in-role first time supervisors and managers and emerging leaders, as well as open-enrollment professional development webinars for all employees. Employees were also provided the opportunity to customize their professional development with access to thousands of self-paced courses from business to technology to function-specific skills through the on-demand platform, LinkedIn Learning. Employees can search content based on their current role, aspirational role and/or skills of interest. Learning tracks aligned to Exelon's core competencies and key focus areas, like DEI, were also available in LinkedIn Learning. ExecOnline, a virtual leadership development offering from the world's top business schools, was provided to senior managers, directors and leaders in our diversity and equity-based high-potential development programs.

Exelon offers a full suite of development programs to employees at every level to help build leadership, professional and technical capability. These include the Supervisory Development Program, Emerging Leaders Program, Engineering University, 21st Century Leadership Development Series and expanded leadership and technical development programs. We strive to offer resources for leadership, professional and technical development, including in-person and online workshops, webinars, job aids and videos.

Moving into 2023, Exelon will launch its new Powering People brand and one-stop development resource portal, which further solidifies the organization's commitment to employee development and career growth. New and enhanced opportunities for development will include expanded vendor-led professional development offerings, a career management monthly webinar series, a self-paced leadership exploration program, resources to work and lead in a hybrid environment and enterprise mentoring.

## Employee Development and Training

**BGE.** BGE emphasizes equitable talent development and awareness while ensuring we stay dedicated to our DEI efforts in every discussion. Our development approach focuses on ensuring all employees in our organization have accelerated opportunities to succeed. To do so, we leverage virtual and in-person resources to tailor offerings to individual employee needs. BGE employees are supported in their development of the core competencies, technical skills and field training. This model supports classroom, virtual reality and on-the-job training required for our employees to thrive.

**BSC.** BSC offers employee and leadership development opportunities to drive career growth for all levels. Our focus is on ensuring opportunities for targeted skill development, preparing high potential future leaders to continue to expand their impact and setting up new leaders for success as they take on new levels of responsibility. We leverage technology and innovative approaches to engage learners using a variety of mediums like online learning technology, webinars, virtual workshops and sessions to unify teams.

**ComEd.** In 2022, ComEd introduced the "Launching Inclusive Future Talent" program, which is a year-long development and mentorship program designed to accelerate our leadership pipeline of talent of color. Over 600 employees attended the ComEd "Career Expo: Powering Your Future" with two weeks of virtual professional and leadership development workshops and both in-person and virtual tours of our ComEd facilities. We also hosted over 2,000 employees at the Chicago United Center for ComEd's Annual "Career Expo's Career Day: Powering Your Path," with over 85 department booths, fleet vehicle tours and drone demonstrations.

**PECO.** PECO focused on two key areas of employee development in 2022: new leader integration and employee career management. PECO implemented a year-long program aiming to provide new leaders fundamental skills for their new roles. The year-long program focused on skill development in the areas of supervisory skills, performance management and accountability as well as strategies for developing, engaging and retaining the talent on their teams. The program has helped to increase our new leaders' engagements and shorten their times to integrate into their new roles. PECO also reenergized our efforts to support all employees in the management

of their careers through a complete series of webinars, seminars and company-wide events aimed at career planning, Individual Development Plan (IDP) development, mentoring and career exploration. These efforts were highlighted by the Build Your Own Career event, Career Development week and our Managers Collaborative. These leadership sponsored activities supported our employees' career goals and interests.

**PHI.** PHI continues to promote a strong DEI culture driven through leadership. Leaders hone DEI behaviors through Inclusive Leader training with 100 percent leader participation. Through these sessions, leaders had the ability to work with peers to engage and practice the skills learned. We continue to focus on employee development through our ongoing Goal Setting—Resource Education—Ongoing Development—Winning Teams development (GROW) initiative, with focus on PHI wide career development experiences that specifically set out to address employee development, networking, ERG engagement and mentoring. Over 3,900 employees have participated to further their developments. The PHI Opting-in series continues to create space for employees to delve into DEI and racial injustice topics with over 1,400 employees participating in 2022. The PHI Mentoring program continues to be a robust forum for development, engagement and networking with 62 percent of our eligible employees participating.

## Engaging Talent and Listening to Our Employees

To support and retain our talent, we must create an environment where our workforce can perform well and achieve its highest potential. These conditions are necessary for our employees to remain engaged and have a rewarding experience at work. One way that we measure and manage our performance is by frequently collecting employee feedback about their experiences at the company. Periodic surveys help us better understand and address any issues raised by our employees. The surveys measure employee engagement, development, innovation, DEI, safety and other aspects of the employee experience. Our biennial Employee Engagement Survey generates our best research on employee experience. Our most recent Engagement Survey was issued from September 12 to October 7, 2022. The survey had a response rate of 85 percent. We received positive ratings in all of our critical focus areas: engagement, supervisor effectiveness and DEI, with ratings for supervisor effectiveness and DEI increasing since the previous survey issuance. Exelon's employee engagement was rated as 75 percent favorable, which is a one-point decrease since the previous survey issuance and one point below the external norm. As leaders share the results with employees and take action to address the findings, additional Employee Engagement Pulses and surveys will be issued in 2023 and 2024, so we can continue to understand and work to improve the employee experience at Exelon.

## Progressive Workforce Policies

**Paid Leave.** Exelon is committed to offering industry-leading comprehensive paid leave benefits to help employees balance their work and family responsibilities. At Exelon, birthing parents are eligible to receive up to 16 weeks of paid leave, and non-birthing and adoptive parents are eligible to receive up to eight weeks of paid leave when a child arrives in their home. Employees are also eligible to receive up to two weeks of paid leave to care for a family member with a critical illness. Exelon approved 335 employees for bonding leave and/or primary caregiver leave in 2022.

**Equal Pay.** In 2016, Exelon partnered with the White House as a signatory to the Equal Pay Pledge, an initiative to encourage action and commitment to closing the national gender pay gap. As part of our ongoing commitment, Exelon conducts an analysis on gender and racial pay equity. We also review hiring and promotion processes to neutralize any bias, including unconscious bias, and embed equal pay efforts into broader enterprise-wide equity initiatives. We are devoted to creating an environment that attracts and retains women by enabling them to stay in the workforce, grow with us and move up in the ranks, all with parity of pay.

**Tuition Reimbursement.** Continued education leads to a more engaged, skilled and productive workforce. We support our employees in their educational endeavors to attract and retain people who are committed to personal and professional development. For employees who are pursuing professional credentials, we reimburse up to \$10,000 annually for undergraduate or professional certification courses and up to \$15,000 annually for graduate courses.

**Employee and Labor Relations.** Exelon has a highly engaged, innovative and collaborative workforce. As of December 31, 2022, our utilities and BSC companies had 19,063 employees, of which 8,379 (44 percent) were represented by labor unions. Within the represented population, Exelon has successfully negotiated 10 collective bargaining agreements (CBAs) that help balance the needs of our company with the interests of our employees, two of which were negotiated and renewed in 2022. In 2022, Exelon successfully negotiated and renewed one CBA at Pepco with the International Brotherhood of Electrical Workers (IBEW) Local 1900 covering 890 employees, and negotiated an additional agreement to the current CBA at ACE with IBEW Local 210 covering 16 employees.

## Health and Wellness

At Exelon, we remain committed to helping our employees maintain and improve their physical, emotional and financial wellbeing. We support our employees in their work and personal lives by providing resources to help them manage life situations and their individual wellness journeys. Through our enhanced Employee Assistance Program, employees can access resources to cope with crisis care, addiction, parenting and financial matters, and employees can receive services focused on targeted, verifiable health improvements through virtual physical therapy, expert medical opinion, cancer care guidance and diabetes management. We also offer fitness reimbursement, Telehealth services—for non-emergent medical and behavioral care—and competitive infertility benefits for those enrolled in the company's medical coverage.

# Workplace Safety Management and Performance

## Promoting a Culture of Safety and Health

At Exelon, we integrate safety and health into every level of our company, beginning with each individual employee. Every day, our employees perform a wide array of critical work activities, ranging from routine system maintenance to securing electric transmission and distribution lines after a storm which can be inherently hazardous work. Through the strength of our safety programs and the commitment of our employees and leadership, Exelon achieves a high level of safety performance. Our executive-level Safety Council has been established to assess strategic safety issues, improve safety performance, establish safety priorities and programs, and coordinate resources.



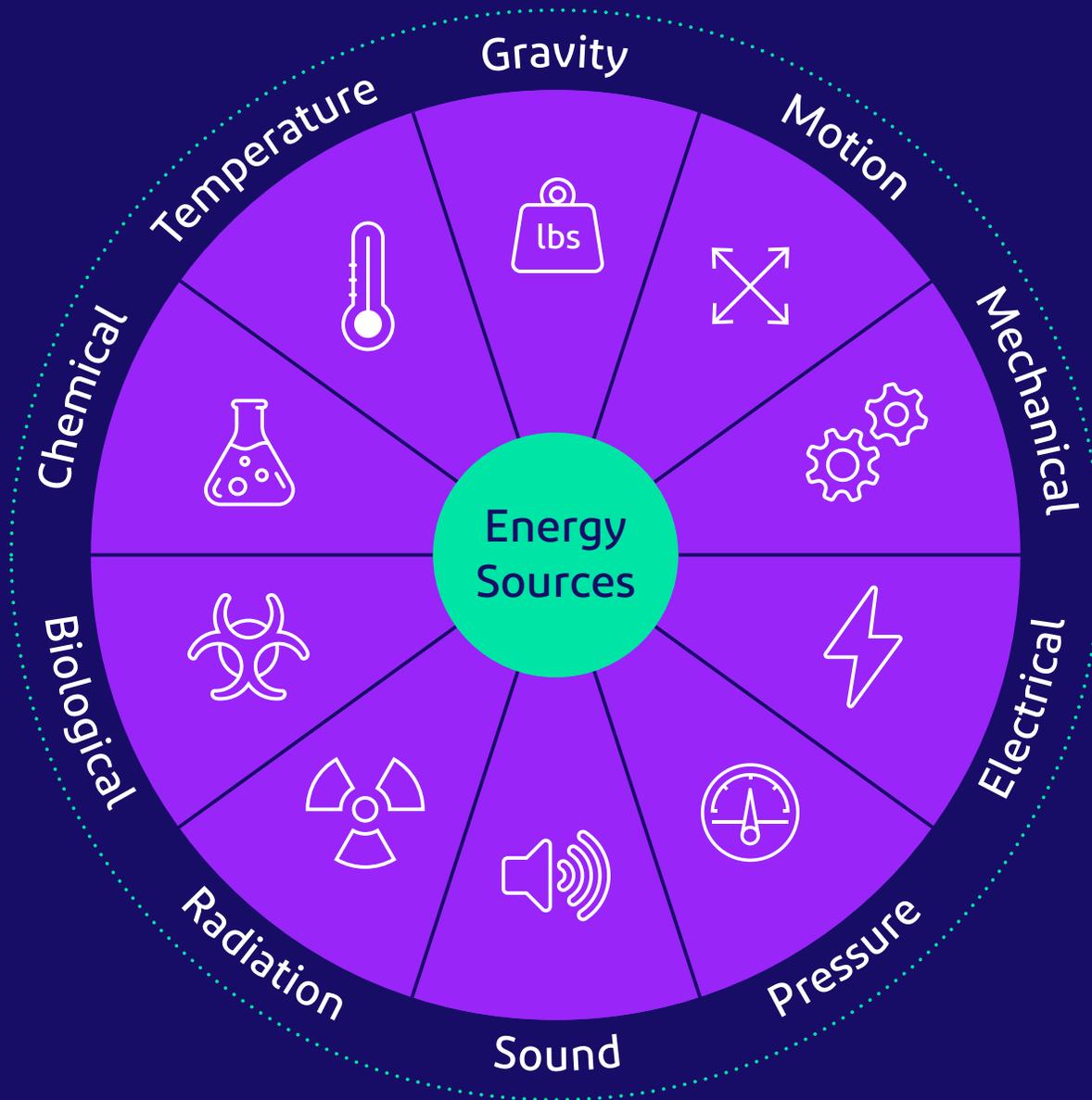
Exelon's [Corporate Safety Policy](#) articulates our dedication to safety. To support implementation at each utility, we have a Safety Peer Group consisting of each utility's safety managers, corporate safety managers, industrial hygienists and legal and medical professionals. The group works collaboratively to seek out and identify successful pilot programs or new practices to be adopted by the entire corporation. We reinforce safe work practices and identify potential risks before an incident occurs through peer-to-peer and manager safety observations, including the Value Based Engagement Program. By recording safety observations, documenting near misses and tracking incident trends, we systematically identify issues and pinpoint improvement opportunities.

Above all else, our most important safety and health goal is to build systems that have the capacity to control hazards and eliminate employee and contractor serious injuries and fatalities. We did not achieve that goal in 2022, as a subcontractor of an Exelon contractor working for PHI was fatally injured by a vehicle intrusion into a work zone where the subcontractor was setting up roadside traffic control for work to be performed by the Exelon contractor. In response, we have leveraged internal Safety Best Practice Program to ensure best practices are not only in place at Exelon but also have continued our concerted efforts to develop new best practices for our industry.

## Continuously Improving Our Safety Culture

In 2022, the employee engagement survey process allowed us to measure and evaluate employee perception of the current state of safety management and safety culture, compare within an operating company and across operating company employee responses by various work groups, identify high performance areas and areas of opportunity and benchmark Exelon employee perceptions with employees in other organizations by operating company and relevant departments within an operating company. Employee perception surveys are a particularly useful vehicle for evaluating a Safety Management System, for action planning and for motivating and monitoring improvement. Surveys have advantages over other safety program measurement criteria such as injury rates because they are more current and are a more correlative and comprehensive indicator of the effect of program changes.

All of our utilities also engage in the Value Based Engagement (VBE) program. The VBE Program is focused on assessing culture using higher-level leaders engaging employees through conversations with the purpose of routinely assessing the alignment of safety values across the workforce and to reconciling differences identified.



## Elimination of Serious Injuries and Fatalities

Throughout utility and construction industries, total injury rates have improved dramatically over the last two decades while serious injury and fatality rates have remained steady. In 2022, Exelon continued to engage with a cross industry team at EEI on the Power to Prevent Serious Injury and Fatality Strategy and the Future of Safety Measurements. The vision of this strategy is to eliminate serious injuries and fatalities.

### Energy Based Safety

Starting in 2019, Exelon engaged with a cross industry team at EEI and the Campbell Institute to develop a new model for learning from safety incidents and safety observations, the Serious Injury Classification and Learning (SCL) model. The SCL model uses the concept of high-energy to determine when a hazard has the likely potential to cause a serious injury or fatality. In 2022, Exelon fully implemented this model across our utility companies.

As part of this implementation, procedural documents such as job briefings, safety observations, incident classification and incident investigation processes were updated. More than 8,800 employees were trained on Energy-Based Hazard Recognition across all our utilities and tracked through Exelon's Learning Management System.

## Safety Management

We prioritize health and safety performance improvements through our comprehensive safety management systems (SMS) and targeted strategic initiatives for continuous improvement in safety programs and safety culture. We conduct risk assessments, track and investigate incidents and implement corrective action programs that ensure learnings are shared and advance our safety programs. The executive level Safety Council and Safety Peer Group review assessments, performance metrics and benchmarking results



and recommend targeted safety initiatives. The Safety and Training Peer Teams, comprised of Exelon Utilities' Safety and Training managers and directors, completed 10 strategic initiatives in 2022 to improve safety programs and safety training with a focus on safety methods and industrial hygiene excellence, training excellence, and fostering a learning organization that continuously seeks to improve. In 2022, Supervisor Safety Leadership Training was conducted across all Exelon utility companies with a total of 800 leaders trained. The training was comprised of a two-hour webinar and an eight-hour classroom training course and tracked via Exelon's Learning Management System.

We continue to enhance our safety program through industry benchmarking with our peers, evaluating new technologies and seeking to better leverage data to mitigate hazardous conditions and prevent injuries. We collaborate closely with the Edison Electric Institute (EEI) and the Electric Power Research Institute (EPRI) on safety initiatives within our industry, and we are expanding our safety benchmarking to include larger companies outside our industry.

Since 2016, Exelon has been a member of the Campbell Institute, a group of leading companies from the National Security Council (NSC) regarded as thought leaders on environmental, health and safety (EHS) issues. Exelon works with the Campbell Institute in five major focus areas—employee well-being, leading EHS indicators and data analytics, serious injury and fatality prevention programs, sustainability and contractor management.

## Safety Performance

While Exelon's Occupational Safety and Health Administration (OSHA) recordable safety performance in 2022 outperformed industry standards, the one fatality previously discussed represents an unacceptable failure of our commitment to ensure that every worker gets home safe each day. We are committed to reenergizing our workforce to anticipate and recognize potential workplace hazards and work with us to build the capacity to control those hazards. In total, Exelon experienced 185 OSHA recordable incidents in 2022.

In 2022, Exelon employees drove more than 74 million miles in a combination of Exelon-owned, employee-owned and rental vehicles. The most common cause of accidents in which Exelon is not at fault is when our motor vehicles are struck by another vehicle while stopped, usually because the non-Exelon driver was driving while distracted. Where Exelon is at fault, the leading cause is striking stationary objects at low speeds. We will continue to work to prevent accidents and near misses that occur due to these types of incidents and pilot new or improved technologies to help improve driver safety. Exelon coordinates benchmark efforts to leverage best practices and improve the safety of our drivers.

Ensuring that our contractors return home safely is as important as our efforts to safeguard our own employees. In 2022, Exelon’s contractors worked more than 28 million hours in support of our operations. We expect our contractors to meet our high standards for safety. We require all contractors to implement safety best practices that go beyond regulatory minimums. Before selecting contracting partners, Exelon evaluates both their safety and environmental performance. We provide contractor safety orientations and employ human performance error reduction tools to minimize incidents. We track contractor OSHA-recordable rates and review them monthly.

Each year, we set a safety performance goal for all major contractors to match or improve prior-year performance. We also periodically conduct audits and assessments to ensure that our contractors adhere to the safety program requirements. When working with contractors that have higher recordable rates, we require them to develop a course of action to address safety deficiencies, monitor their work more frequently and, when necessary, terminate contracts due to poor safety performance. In 2022, our contractor OSHA recordable rate was 0.49, a rate decrease due to continued emphasis on contractor safety.

## Exelon Employee Safety Performance 2020–2022<sup>[1]</sup>

Category	2020	2021	2022
OSHA Recordable Rate <sup>[2]</sup>	0.87	0.94	0.90
OSHA DART Rate <sup>[3]</sup>	0.96	0.67	0.70
OSHA Lost Time Rate <sup>[4]</sup>	38.38	22.88	19.19
Exelon EEI Serious Injury Incident Rate <sup>[5]</sup>	0.08	0.07	0.06
Exelon’s Contractor OSHA Recordable Rate	0.66	0.61	0.49

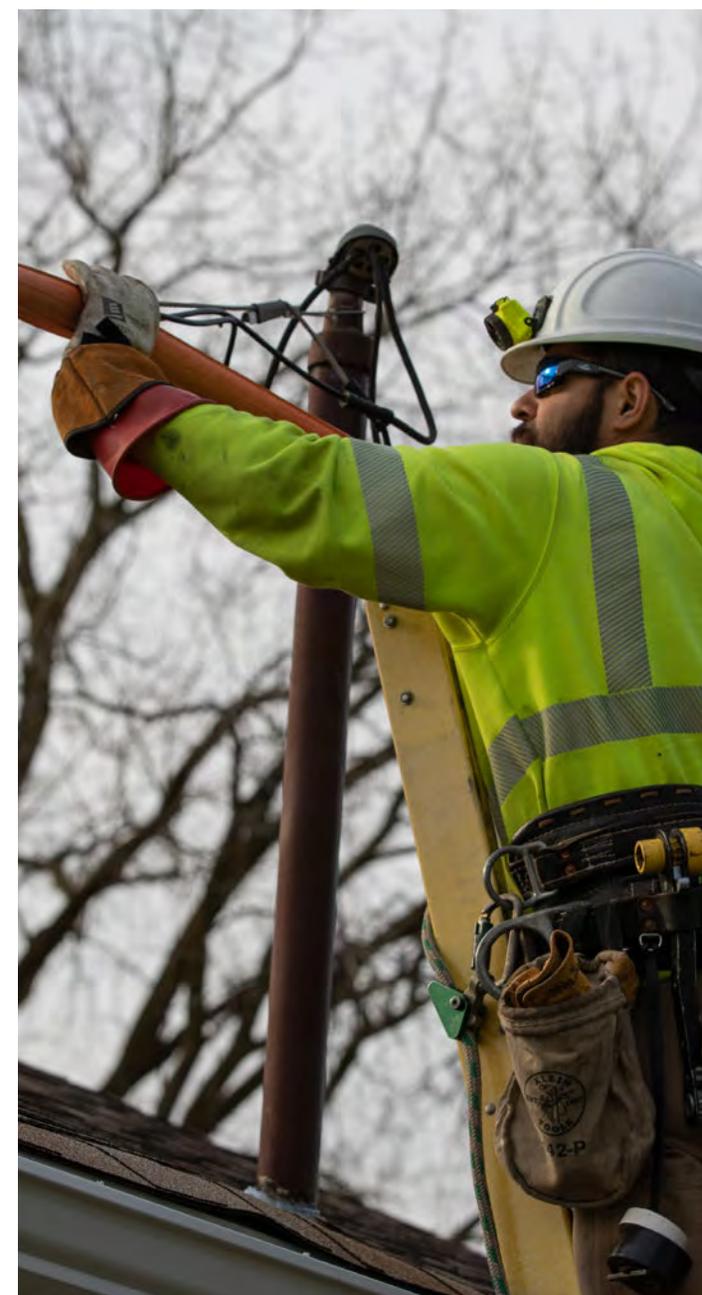
[1] Safety performance data for 2022 is based upon Exelon’s post-separation workforce. Data for 2020 and 2019 reflects incidents and employee headcount for Exelon utility operations and corporate-level workforce under Exelon’s previous structure and may differ from previous reports.

[2] The number of work-related injuries or illnesses requiring more than first-aid treatment per 100 employees.

[3] The number of work-related injuries or illnesses that result in days away from work, restricted work or job transfer, per 100 employees.

[4] The number of days away from as a result of work-related injuries or illnesses, per 100 employees.

[5] The EEI Serious Injury Incident Rate is a benchmarkable metric of significant and fatal injuries shared by EEI member companies.





# Corporate Governance

We designed our governance structure to uphold our dedication to integrity and sustainability in our value chain. Our designated leadership teams actively evaluate and track our efforts to inform our actions, as we continue to strengthen our policies, programs and communications, such as human rights, supplier diversity and investor engagement. By integrating these values from the Board-level throughout our supply chain, we can drive progress, monitor risks and enhance accountability.

About Exelon

Delivering Sustainable Value  
as the Premier T&D Utility

Addressing Climate Change  
Through Transition and  
Adaptation Planning

Advancing Clean Energy and  
Affordable Energy Choices

Delivering a Top Tier  
Customer Experience

Safely Powering Reliability  
and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and  
Rewarding Workplace

→ **Corporate Governance**

Appendix



Effective corporate governance, founded on integrity, successfully executes Exelon’s business strategy and sustainability goals.

# Board Oversight

The Corporate Governance Committee of the Board is responsible for overseeing Exelon’s climate change and sustainability policies and programs and providing reports to the full Board. All members of the Board, with the exception of Exelon’s President and CEO, are independent under applicable law and the listing standards of the NASDAQ Stock Market, LLC, as incorporated into the Independence Standards for Directors in Exelon’s Corporate Governance Principles. Our eight-member Board includes three women and four racially/ethnically diverse members, with an average director tenure of approximately 3.4 years.

Stakeholders and other interested parties may communicate with the Board Chair, or with the non-management directors as a group, through Exelon’s Corporate Secretary. The Corporate Secretary will directly forward communications that raise substantial issues to the Board and ensure all communications are made available to Directors upon request. Stakeholders may communicate with the Board by writing to: Gayle Littleton, General Counsel & Corporate Secretary, Exelon Corporation, 10 South Dearborn St., P.O. Box 805398, Chicago, IL 60680-5398. For more information on Exelon’s governance structure, please see the [Corporate Governance section](#) of our website.

## Board of Directors: 2022 Key Statistics<sup>[1]</sup>

**88%**  
independent

**38%**  
women

**50%**  
ethnically or racially diverse

50% black  
50% white

**3.4**  
average tenure

**61.8**  
average age

[1] As of 4/25/2023 (8 Members).

# Investor Engagement

Exelon engages with its investors regularly and provides information through multiple channels. In addition to quarterly earnings conference calls and press releases, Exelon's Investor Relations staff regularly engages with investment professionals on Exelon's financial and operational performance. This includes facilitating access to members of Exelon's leadership at investor conferences and in other forums, as well as coordinating access to other subject matter experts within the company. Exelon also provides information at the Edison Electric Institute (EEI) annual conference on important financial, policy and market updates.

Exelon leadership regularly connects with investors to discuss Exelon's governance, compensation and sustainability practices. From time to time, these discussions include one of Exelon's independent directors. In 2022, we contacted the holders of nearly 50 percent of our shares outstanding with offers to engage. Portfolio managers and professionals that accepted included a significant cross-section of our shareholder base, representing approximately 36 percent of Exelon's outstanding shares. The feedback received from shareholders and other stakeholder groups is shared with each Board Committee and the Board, as appropriate, on a regular basis throughout the year.



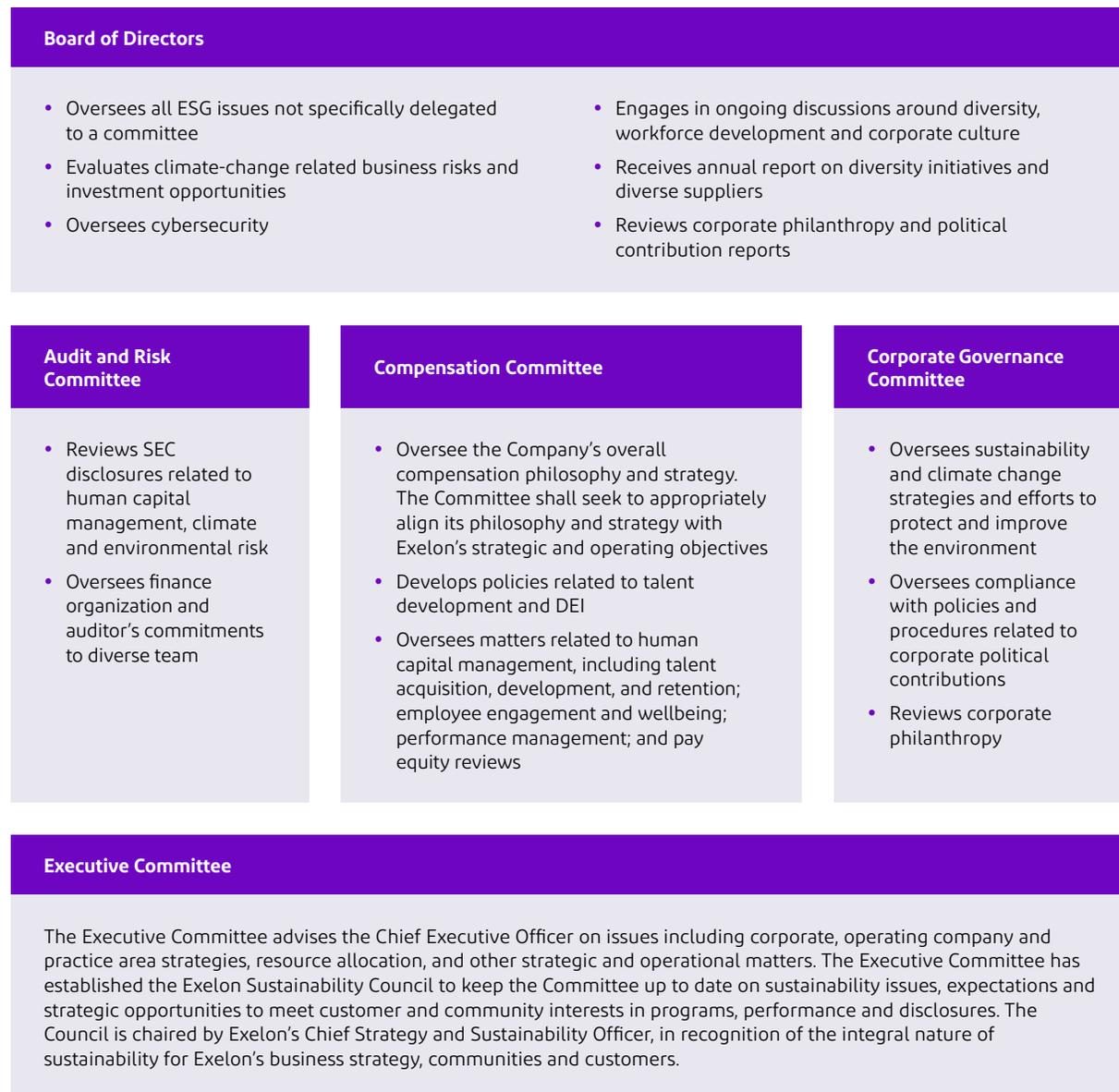
# Sustainability Governance

Sustainability is a key component of Exelon's success as a business, and we manage sustainability at the highest levels of the company. As we continue our journey to deliver sustainable value for our customers and communities, we evaluate our sustainability goals, measure our performance and assess our impacts. We have designated leadership and dedicated team members who ensure we are moving in the right direction. Led by our Chief Strategy and Sustainability Officer, our sustainability team resides in our corporate strategy and innovation function.

In 2022, Exelon created an executive-level Sustainability Council with leaders from across the enterprise, who work together to help guide the development and implementation of Exelon's sustainability strategy, programs and disclosures and who advise and respond to Exelon's Executive Committee on sustainability-related issues. In addition to leading the Sustainability Council, during 2022 the Corporate Strategy team also facilitated a two-day retreat with Exelon's Board of Directors and senior management team focused on issues concerning the company's role in the energy transformation.

Exelon's full Board of Directors and several of the Board's Committees each have identified roles in reviewing Exelon's sustainability disclosure, performance and programs. These roles are summarized in the Sustainability Governance at Exelon chart.

## Sustainability Governance at Exelon



In 2023, the Board Compensation Committee approved an enhanced Annual Incentive Plan (AIP) for executive compensation that adds a new Environmental, Social and Governance (ESG) modifier under which up to ±10 percent of the overall AIP payout for each named executive officer will be affected by environmental and social measures directly aligned to Exelon's progress on its Path to Clean and DEI goals. The Compensation Committee will conduct a holistic evaluation of Exelon's performance based on:

- **Environmental:** goal linked to the quantitative achievement of the 2030 component of Exelon's Path to Clean goal to reduce aggregate total operations-driven GHG emissions by 50 percent from a 2015 baseline by 2030, which will incorporate a qualitative assessment of the performance achieved; and
- **Social:** quantitative goals for measuring DEI initiatives including diverse hiring slates, spend with diverse suppliers, and employee engagement survey scores, which will incorporate a qualitative assessment of the performance achieved.

For more information on these new AIP metrics, as well as other updates to Exelon's executive compensation plans, please view Exelon's [2023 Proxy Statement](#).

## Example of Key Sustainability Councils and Committees

### Sustainability Council

- Leads the development of an integrated sustainability strategy for Exelon and its utilities
- Recommends internal and external ESG KPIs and goals that can serve as the foundation for an integrated sustainability program

### Racial Equity Task Force

- Focuses on six key areas: Culture & Accountability, Customers, Community Empowerment, Policy Reform, Workforce Development and Environmental Justice
- Meets biweekly and periodically briefs the Executive Committee on ongoing work and progress in each of these areas

### Environmental Review Council

- Manages and aligns strategic operational environmental issues, improves operational environmental performance and coordinates the allocation of resources to ensure Exelon's overall environmental objectives are met
- Coordinates Exelon's responses to strategic environmental public policy and regulatory issues

### Safety Council

- Identifies and evaluates emerging strategic safety issues, considering regulatory and legislative developments, stakeholder input, market opportunities, brand/reputation, customers
- Reviews enterprise-wide safety programs and performance and provides input to the Executive Committee

### Departments Involved in Exelon's Sustainability Governance

- Office of the CEO
- Office of the COO
- Business Services Company
- Compliance, Audit and Risk
- Corporate Affairs and Communications
- Corporate Strategy and Sustainability
- Federal and State Government & Regulatory Affairs
- Finance
- Human Resources
- Legal
- Utility Operations (BGE, ComEd, PECO, PHI)



# Enterprise Risk Management

Managing business risks of all types, from operational, financial and regulatory risks to global risks like climate change, is central to Exelon's success. Our Enterprise Risk Management team, in collaboration with our operating companies, is responsible for coordinating Exelon's risk management program. The program incorporates the [Three Lines Model](#) of governance developed by the Institute of Internal Auditors and is designed to anticipate strategic and emerging risks, integrate risk into business planning, minimize unexpected performance variances and support growth initiatives within Exelon's risk threshold.

The Enterprise Risk Management team works collaboratively with business teams to help them identify and assess risks, and to better understand how to manage risks and establish tolerances that allow for growth while staying within our risk appetite. It also provides an enterprise-wide view of risks and risk management practices. Regular risk assessments deepen our understanding of risks, enable effective action to mitigate risks and strengthen our risk culture. We align our key risk

indicators with our risk appetite and industry-leading practices. A summary of Exelon's top enterprise risks, information regarding oversight activities and management of those risks, and information about emerging enterprise risks, is presented to the Exelon Board's Audit and Risk Committee twice annually.

Successful risk management requires participation from teams across our businesses. Each operating company has a Risk Management Committee tasked with identifying and evaluating the most significant risks of the business and the actions needed to manage and mitigate those risks. The senior executives of the business unit discuss risks with the Audit and Risk Committee of the Exelon Board of Directors.

Exelon is continually assessing and mitigating our environmental risk as part of both the Enterprise Risk Management program and Exelon's ISO 14001:2015-certified Environmental Management System (EMS).

# Compliance and Ethics

At Exelon, we know that how we operate our business is just as crucial as the results we achieve. Integrity is fundamental to our mission and shapes how we work with, and are viewed by, our customers and communities. Exelon is committed to maintaining a robust, comprehensive compliance and ethics program and recognizes that a successful program must constantly evolve in the face of changing risks.

Exelon's Compliance & Ethics Office provides governance and oversight of Exelon's compliance with its regulatory obligations and is the primary resource for ethics advice and interpretation of the Code of Business Conduct and Supplier Code of Conduct. Our Compliance & Ethics Office conducts an annual risk assessment to identify compliance risks across the organization and assess controls for those risks. It works with business teams to ensure the appropriate design, implementation and testing of controls concerning compliance obligations.

Exelon maintains a detailed [Code of Business Conduct](#), which is applicable to all employees, officers and directors across the enterprise. The Code of Business Conduct sets out Exelon's core values, which include acting with integrity, and addresses a wide range of topics, including conflicts of interest, workplace conduct, safety, protecting confidential information and other company assets, interactions with public officials, bribery and corruption, competing with integrity and environmental protection. The Code of Business Conduct highlights the importance

of speaking up and strictly prohibits any form of retaliation for raising questions or concerns about potential violations of the Code or compliance with applicable laws and regulations.

All employees must participate in annual Code of Business Conduct training. Additionally, non-represented employees are required to complete an annual certification disclosing potential conflicts of interest and certifying their understanding of the Code. Completion of the training and certifications is tracked, and new employees are required to complete Code of Business Conduct training when they join Exelon.

Exelon also provides tools for our employees to meet those expectations. In addition to annual Code of Business Conduct training, the Compliance & Ethics Office delivers mandatory training for all employees addressing Security Awareness, Harassment Prevention and other important topics.

Both the Code of Business Conduct and the annual all-employee training address the identification and mitigation of conflicts of interest, as does the annual process of obtaining and reviewing conflict of interest certifications.



Exelon maintains a 24-hour Ethics Helpline which allows employees, suppliers, and the public to report ethics concerns as well as potential legal or regulatory violations and to pose questions. The Helpline has both a phone and web portal option for reporting concerns, and reporters have the option to remain anonymous. Individuals who make reports through the Helpline have the option to report anonymously. Exelon has a strong policy prohibiting retaliation against employees who raise concerns about compliance, ethics, safety, or other matters.

Concerns reported to Compliance & Ethics through the web and phone portals or other channels are logged in a case management platform for tracking purposes and screened by Compliance & Ethics. If the report alleges a potential Code of Business Conduct violation, Compliance & Ethics assigns responsibility for the investigation to the proper investigation organization based on the nature of the reported allegations. Most investigations are assigned to Human Resources, ComEd Security, or are retained by Compliance & Ethics. Certain investigations are conducted by, or under the direction of, counsel from Exelon's Legal Department and/or outside counsel.

In 2020, Exelon established a dedicated team that investigates most allegations relating to workplace conduct issues, including sexual harassment, discrimination, and employee relations. An important part of this team's mission is identifying opportunities for strengthening Exelon's workplace culture and partnering with business teams on both specific actions and broader initiatives to address cultural issues.

All investigations, regardless of who conducts them, are guided by written procedures, and the disposition must be recorded in the case management platform. A template exists for investigation reports, which are maintained in the case management platform. When an investigation concludes that a Code of Business Conduct violation occurred, the outcome is documented in the case management platform, as are decisions about discipline. Discipline for violations varies with the nature and circumstances of the violation, and ranges from coaching to termination.

On an annual basis, Compliance & Ethics shares with the Exelon Board's Audit & Risk Committee, as well as the Risk Management Committees of ComEd and Exelon's other utilities, an analysis of the data concerning matters referred to Compliance & Ethics, and provides information about trends in, among other things, the nature of allegations, the rates at which they are substantiated, and time to resolution. This data is analyzed both organization-wide and separately for each utility and Exelon's Business Services Company. In addition, Compliance & Ethics shares available benchmarking data.

In 2022, Exelon implemented a [Supplier Code of Conduct](#), which focuses on the responsibilities of all suppliers, contractors and agents. The Supplier Code of Conduct outlines Exelon's expectations and standards for ethical conduct, which all suppliers, their subcontractors and their respective workforces must comply with during their work for or on behalf of Exelon. It addresses a wide range of obligations for suppliers relating to, among other things, compliance with all applicable laws and regulations,

maintenance of high ethical standards, public and workplace safety, human rights and labor standards, diversity, the environment, conflicts of interest, bribery and corruption, fair competition, accurate recordkeeping and retaliation.

In July 2020, Exelon's ComEd subsidiary entered into a Deferred Prosecution Agreement (DPA) with the U.S. Attorney's Office for the Northern District of Illinois (USAO) to resolve the USAO's investigation into Exelon's and ComEd's lobbying activities in the State of Illinois. Exelon was not made a party to the DPA, and the investigation by the USAO into Exelon's activities ended with no charges being brought against Exelon. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts and payments associated with those jobs and subcontracts for the benefit of the Speaker of the Illinois House of Representatives and the Speaker's associates, with the intent to influence the Speaker's action regarding legislation affecting ComEd's interests. The DPA provides that the USAO will defer any prosecution of that charge and any other criminal or civil case against ComEd in connection with the matters described in the DPA for a three-year period subject to certain obligations of ComEd, including the following: (i) payment to the U.S. Treasury of \$200 million (this amount was paid in full during 2020); (ii) continued full cooperation with the government's investigation; and (iii) ComEd's adoption and maintenance of remedial measures involving compliance and reporting undertakings as specified in the DPA. A Securities and Exchange Commission investigation arising out of ComEd's and Exelon's lobbying activities is continuing.

Exelon cooperated fully with the government's investigation and prior to its resolution implemented four new companywide ethics policies that substantially increased oversight of our interactions with public officials, implemented a series of new controls and enhanced guidance and training. Among other things, the policies ([accessible here](#)) require tracking and review of requests, referrals and recommendations from public officials; strengthen due diligence and supervision of lobbyists and political consultants; and require regular reporting to the Audit and Risk Committee of Exelon's Board of Directors and to utility boards of directors regarding interactions with public officials. Employees whose roles regularly involve interactions with public officials annually receive additional training to support compliance with these policies.

In addition, in 2020 Exelon created the new role of Executive Vice President (EVP) for Compliance and Audit to oversee both the Compliance & Ethics and internal audit programs. In 2022, Exelon added Enterprise Risk Management to that reporting structure. This role reports to Exelon's Chief Executive Officer and to the Chair of Exelon Board's Audit and Risk Committee and serves as a member of Exelon's Executive Committee. The EVP for Compliance, Audit, and Risk also provides regular reports to the Audit and Risk Committee of Exelon's Board of Directors. This structure increases independence, ensures central oversight of compliance activities and facilitates sharing of insights regarding compliance, ethics, audit and enterprise risk matters across operating companies.



## Conflict Minerals

Exelon has reviewed the conflict minerals reporting requirements of Section 1502 of the Dodd-Frank Act. The company has determined that conflict minerals are not necessary to the production or functionality of any product that we manufacture or that we contract for manufacture. As a result, we have concluded that Exelon does not have any reporting requirements under Section 1502.

## Human Rights Policy

In 2022, Exelon adopted a corporate [Human Rights Policy](#), which reaffirms respect for human rights as a fundamental value and affirms the company's commitment to supporting, respecting, and protecting human rights in our relationships with our employees, suppliers and business partners. The policy is guided by the United Nations Guiding Principles on Business and Human Rights and is published on Exelon's website.

## Political Participation and Advocacy

Our public policy participation and advocacy activities are guided by our Corporate Governance Principles, our policies for interactions with federal, state and local officials, our corporate and political contribution guidelines. These policies and guidelines, as well as our semi-annual political contribution reports, can be found on Exelon's [Corporate Governance webpage](#). As we work to advance public policy, we work with many associations and business groups, such as EEI, AGA and Business Roundtable, on a wide variety of matters, including clean energy, cybersecurity, supply chain, tax policy, workforce development and other related business issues. In many cases, we are in alignment with the advocacy positions of these organizations, but not always. When our views diverge, we may advocate for change in the association's positions. In addition, we may voice our positions separately or in conjunction with stakeholders who are more closely aligned with us, for example, in areas related to the promotion and expansion of clean energy alternatives.

# Sustainable Supply Chain

Exelon's utilities work with approximately 7,000 suppliers to procure a wide range of materials and services that support our company operations. Our suppliers help us successfully deliver electricity and natural gas to our customers and maintain superior service. Our operations span the value chain from procurement to delivery through our subsidiaries and support services. We actively engage, evaluate and monitor our suppliers to better understand our supply chain and proactively identify and address potential business continuity or related risks. In addition to managing our supply chain from a risk and performance perspective, we also work to align Exelon's sourcing practices with company objectives in environmental responsibility, safety, supplier diversity and local economic development.

## Supply Chain Policies and Risk Management

Exelon employs a risk management process developed by our Supply and Enterprise Credit Risk Management team to identify, communicate and mitigate risks. Our semi-annual review of all suppliers determines supplier criticality to our business. This team conducts in-depth risk reviews of our critical suppliers. The team evaluates suppliers based on third-party credit reports, criticality of the supplier to Exelon's business functions and company objectives (such as diversity and sustainability), probability of a risk event, the potential severity of impacts and our resilience to a disruption through alternate suppliers. The team regularly communicates the results of these risk reviews to management.

In December 2022, Exelon conducted its semi-annual detailed risk assessment that identified 79 critical Tier 1 suppliers for its utilities. These Tier 1 suppliers represent 16 percent of total spend. As part of this process, we identified no high-risk critical Tier 1 suppliers that needed to implement risk mitigation strategies. Exelon actively works with all suppliers on a watchlist or performance improvement plan to implement corrective action strategies and remediate any performance issues. Exelon's watchlist is reviewed and updated on a quarterly basis. As of fourth quarter 2022, there were nine suppliers on our watchlist and no suppliers on a performance improvement plan.

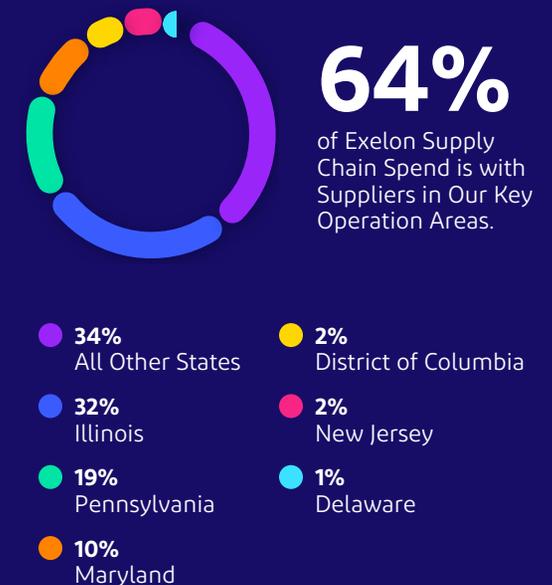
## Spend Analysis

Exelon sourcing professionals manage approximately 69 categories of supply spend. At a high level across our utilities in 2022, 39 percent is on construction, 34 percent of this spend is on services, 23 percent is on materials and 4 percent is on IT hardware and services. Over half of Exelon's supply chain spend is with suppliers in our key operating geographies, where our businesses are most heavily concentrated. This spend analysis excludes goods and services not managed by Exelon's Supply organization.

## Supply Spend Breakdown by Major Category for 2022



## Supply Spend by State



## Improving Sustainability With Our Suppliers

In addition to meeting contract terms and conditions tailored to manage each supplier's engagement, all Exelon business partners, including our suppliers, were required to comply with Exelon's Code of Business Conduct in 2022. Starting in 2022, Exelon implemented a new [Supplier Code of Conduct](#) that sets forth expectations for all suppliers, contractors and agents.

Exelon participates in industry and government efforts to evaluate and improve the environmental and social performance of our supply chain operations. As an industry leader in sustainability, we are conscious of the influence we have over our supply chain and understand our responsibility to encourage sustainable practices across our suppliers. Exelon makes a concerted effort to minimize any potential negative impacts of the goods and services we procure and to motivate our suppliers to improve their operational performance. Suppliers looking to work with Exelon are required to provide information on their environmental programs and performance by responding to a list of [Environmental RFP Questions](#). Exelon's Supplier Code of Conduct also requires that our suppliers work to support Exelon's commitments to sustainability.

We advance sustainability in our supply chain through both our direct relationships with our suppliers and our engagement with the Electric Utility Industry Sustainable Supply Chain Alliance (SSCA), of which Exelon was a founding member. SSCA, or "the Alliance," is an organization of utilities and suppliers working together to advance sustainability best practices in utility supply chain activities and supplier networks. Exelon continues to pursue progress against the Alliance's sustainability maturity model by creating more rigor around the scoring of sustainability aspects of supplier proposals in bids, and by recognizing top suppliers with awards related to their environmental performance. Exelon continues to recommend supplier participation in the Alliance and the SSCA Supplier Affiliate Membership program.

Exelon has continued to work with the Alliance to refine the company's estimates for two categories of Scope 3 GHG emissions: "purchased goods and services" and "capital goods". Beginning in 2022, we were able to present emissions for the past three years using this refined methodology and are continuing supplier engagement around GHG emissions to develop a more Exelon-specific hot spot analysis. The calculation methodology developed by the SSCA translates money spent in this category into equivalent Scope 3 GHG emissions. Exelon intends to continue work with the Alliance to advance opportunities to quantify, understand and, where possible, seek to reduce supply chain GHG emissions. Exelon's Chief Supply Officer continues to serve on the SSCA executive committee, continuing Exelon's long-standing executive level support for the work of this organization.

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## Exelon Supplier Code of Conduct— Provisions on Environmental Performance

Exelon's commitment to the environment is integral to meeting customers' expectations and reducing Exelon's environmental impact on future generations, while also ensuring that we meet or exceed all environmental laws and regulations. Exelon utilities set a Path to Clean Goal for 50 percent GHG emissions reduction by 2030 and strives to achieve net-zero Operations by 2050. This includes a commitment to support customers and communities in reaching their clean energy and emissions reduction goals. We expect Suppliers to share these goals by identifying and implementing opportunities to reduce or eliminate energy usage, greenhouse gas emissions, waste and pollution at its source, and continually improving efficiency of resource and materials use.

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# Appendix

About Exelon

Delivering Sustainable Value  
as the Premier T&D Utility

Addressing Climate Change  
Through Transition and  
Adaptation Planning

Advancing Clean Energy and  
Affordable Energy Choices

Delivering a Top Tier  
Customer Experience

Safely Powering Reliability  
and Resilience

Supporting Communities

Environmental Responsibility

A Safe, Innovative and  
Rewarding Workplace

Corporate Governance

→ **Appendix**

# Sustainability/ESG Scores

Exelon participates in several voluntary reporting initiatives and is rated by a number of third parties that provide investors with information on Exelon's ESG performance. In most cases, Exelon scores in the top quartile or better among our peers. For more information on Exelon's ESG profile and performance from an investor perspective, please see our Investor Relations [ESG resources webpage](#).

Rater	Exelon Score <sup>[1]</sup>	Scale	Comment
<b>Bloomberg</b>	<ul style="list-style-type: none"> <li>Environment: 89.70</li> <li>Social: 29.00</li> <li>Governance: 67.70</li> </ul>	Score: 0–100	Higher score is better
<b>ISS ESG Quality Score</b>	<ul style="list-style-type: none"> <li>Environment: 2</li> <li>Social: 5</li> <li>Governance: 5</li> </ul>	Score: 0–10	Disclosure scores: scale 1–10 Lower score is better
<b>CDP Climate</b>	A-	Letter Grade: A to F	Leadership level score in 2022
<b>DJSI Survey (S&amp;P Global)</b>	70	Score: 0–100/Percentile Rank	North America Index 17 consecutive years
<b>Sustainalytics</b>	23.53	Score: 0–100	Lower score is better Top 21% of global utilities
<b>MSCI</b>	A	AAA to CCC ratings	AAA is best
<b>2022 CPA-Zicklin Index</b>	92.9	Score: 0–100	Considered a trendsetter company (with a score of 90 percent or higher)
<b>JUST Capital</b>	64.2	Score: 0–125	10th in industry Industry Leader 2022, 2019
<b>GRESB</b>	A	Percent: 0–100	100% maximum

[1] Scores updated as of April 6, 2023.

# GRI Index

The indicators below are from the 2021 GRI Standards and the Electric Utilities Sector Standard. This report has been prepared in accordance with the 2021 GRI Standards.

Framework	Disclosure	Location/Response
<b>General Disclosures 2021</b>		
<b>The Organization and Its Reporting Practices</b>		
GRI 2	2-1 Organizational details	<a href="#">About Exelon</a> <a href="#">10-K</a> , pages 6–7
	2-2 Entities included in the organization’s sustainability reporting	<a href="#">About Exelon</a> , <a href="#">Our Family of Companies</a> <a href="#">10-K</a> , page 7
	2-3 Reporting period, frequency and contact point	<a href="#">About Exelon</a> , <a href="#">2022 Corporate Sustainability Report Approach</a> , <a href="#">Comments</a>
	2-4 Restatements of information	Any updates to prior year data are footnoted where applicable. Exelon’s practice when reporting corporate giving for the calendar year is to include amounts actually paid during the calendar year. The charitable giving total presented for calendar year 2022 in the initial July 2023 publication of the ESR 2022 inadvertently included some giving that was accrued in 2022, but not paid until February 2023. Exelon issued an updated ESR 2022 on September 1, 2023 with the corrected corporate giving total for 2022.
	2-5 External assurance	<a href="#">About Exelon</a> , <a href="#">2022 Corporate Sustainability Report Approach</a>
<b>Activities and Workers</b>		
GRI 2	2-6 Activities, value chain and other business relationships	<a href="#">10-K</a> , pages 7–9 <a href="#">About Exelon</a> , <a href="#">Sustainable Supply Chain</a>
	2-7 Employees	<a href="#">Accelerating Our Commitment to Diversity, Equity and Inclusion</a> , <a href="#">Employee Diversity Table</a>
GRI 2	2-8 Workers who are not employees	<a href="#">Sustainable Supply Chain</a> Exelon utilizes a wide range of outside services to perform work in areas such as general business support, information technology, and construction. We do not report on the number of workers used by third-parties that work on behalf of Exelon.

Framework	Disclosure	Location/Response
<b>Governance</b>		
GRI 2	2-9 Governance Structure and composition	<a href="#">Corporate Governance</a>
	2-10 Nomination and selection of the highest governance body	<a href="#">Proxy Statement</a> , page 17
	2-11 Chair of the highest governance body	<a href="#">Sustainability Governance</a>
	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Sustainability Governance</a> , <a href="#">Enterprise Risk Management</a>
	2-13 Delegation of responsibility for managing impacts	<a href="#">Sustainability Governance</a>
	2-14 Role of the highest governance body in sustainability reporting	<a href="#">2022 Corporate Sustainability Report Approach</a>
	2-15 Conflicts of interest	<a href="#">Exelon Code of Conduct</a> , pages 28–33 <a href="#">Exelon Corporate Governance Principles</a>
	2-16 Communication of critical concerns	<a href="#">Compliance and Ethics</a>
	2-17 Collective knowledge of the highest governance body	<a href="#">Sustainability Governance</a>
	2-18 Evaluation of the performance of the highest governance body	<a href="#">Sustainability Governance</a> <a href="#">Proxy Statement</a> , pages 34–35
	2-19 Remuneration policies	<a href="#">Proxy Statement</a> , pages 43–54
	2-20 Process to determine remuneration	<a href="#">Proxy Statement</a> , pages 43–74
2-21 Annual total compensation ratio	<a href="#">Proxy Statement</a> , page 75	
<b>Strategy, Policies and Practices</b>		
GRI 2	2-22 Statement on sustainable development strategy	<a href="#">CEO Message</a>
	2-23 Policy commitments	<a href="#">Compliance and Ethics</a> , <a href="#">ESG Resources webpage</a>
	2-24 Embedding policy commitments	<a href="#">Compliance and Ethics</a> , <a href="#">ESG Resources webpage</a>
	2-25 Processes to remediate negative impacts	<a href="#">Compliance and Ethics</a>
	2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Compliance and Ethics</a>

Framework	Disclosure	Location/Response
GRI 2	2-27 Compliance with laws and regulations	<a href="#">Environmental Management, Monitoring Compliance Performance</a>
	2-28 Membership associations	<a href="#">Supporting a Clean Energy Policy Transformation, Sustainable Supply Chain, ESG Resources webpage</a>
<b>Stakeholder Engagement</b>		
GRI 2	2-29 Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
	2-30 Collective bargaining agreements	<a href="#">Attracting Top Talent/Human Resources, Progressive Workforce Policies</a> 10-K, page 12
<b>Material Topics</b>		
GRI 3	3-1 Process to determine material topics	<a href="#">Key Sustainability Topics</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Key Sustainability Topics</a>
<b>Topic Specific Disclosures</b>		
<b>Advancing Clean Energy and Affordable Energy Choices</b>		
GRI 3: Material Topics 2021	3-3 Management of Economic Performance	<a href="#">About Exelon, 10-K, page 95</a>
	3-3 Management of Climate Adaptation, Resilience and Transition	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning</a>
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<a href="#">About Exelon, Economic Development, Giving Back to Communities</a>
	201-2 Climate change financial implications	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning, Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a>
	201-4 Financial assistance received from government	Information unavailable/incomplete
GRI 3: Material Topics 2021	3-3 Management of Indirect Economic Impacts	<a href="#">Supporting Communities</a>
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	<a href="#">Economic Development</a>
GRI 3: Material Topics 2021	3-3 Management of Procurement	<a href="#">Sustainable Supply Chain</a>

Framework	Disclosure	Location/Response
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	<a href="#">Sustainable Supply Chain</a>
GRI 3: Material Topics 2021	3-3 Management of Energy	<a href="#">Exelon 2022 CDP Climate Change Response</a> , C1.2a, C1.3a
GRI 302: Energy 2016	302-1: Energy consumption within the organization	<a href="#">Exelon 2022 CDP Climate Change Response</a> , C4.2b
	302-4: Reduction of energy consumption	<a href="#">Exelon 2022 CDP Climate Change Response</a> , C1.3a, C4.1a, C4.3c
	302-5: Reduction in energy requirements of products and services	<a href="#">Customer Efficiency and Savings</a>
<b>Delivering Top Tier Customer Experience</b>		
GRI 3: Material Topics 2021	3-3 Management of Public Policy	<a href="#">Political Participation and Advocacy</a>
GRI 415: Public Policy	415-1 Political contributions	<a href="#">Political Participation and Advocacy</a> , <a href="#">ESG Resources webpage</a>
<b>Safely Powering Reliability and Resilience</b>		
GRI 3: Material Topics 2021	3-3 Management of Customer Health and Safety 3-3 Management of Emissions	<a href="#">Disaster Preparedness and Awareness</a> , <a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
GRI 416: Customer Health and Safety 2016	416-1 Assessment of health and safety impacts	<a href="#">Disaster Preparedness and Awareness</a>
<b>Supporting Communities</b>		
GRI 3: Material Topics 2021	3-3 Management of Local Communities	<a href="#">Supporting Communities</a>
GRI 413: Local Communities 2016	413-1 Local community engagement	<a href="#">Supporting Communities</a>
<b>Addressing Climate Change and Leading the Clean Energy Transition</b>		
GRI 3: Material Topics 2021	3-3 Management of Emissions 3-3 Management of Climate Adaptation, Resilience and Transition	<a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a> <a href="#">Addressing Climate Change Through Transition and Adaptation Planning</a>

Framework	Disclosure	Location/Response
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning, Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
	305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning, Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
	305-3 Other indirect (Scope 3) GHG emissions	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning, Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
	305-5 Reduction of GHG emissions	<a href="#">Addressing Climate Change Through Transition and Adaptation Planning, Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Exelon does not own power generation facilities and does not create significant air emissions from our operations.
<b>Environmental Responsibility</b>		
GRI 3: Material Topics 2021	3-3 Management of Water and Effluents	<a href="#">Watershed Management and Water Inventory</a>
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	<a href="#">Watershed Management and Water Inventory</a>
	303-2 Management of water discharge-related impacts	<a href="#">Watershed Management and Water Inventory</a>
	303-3 Water withdrawal by source	<a href="#">Watershed Management and Water Inventory</a>
	303-5 Water consumption by source	<a href="#">Watershed Management and Water Inventory</a>
GRI 3: Material Topics 2021	3-3 Management of Biodiversity	<a href="#">Habitat and Biodiversity</a>

Framework	Disclosure	Location/Response
GRI 304: Biodiversity 2016	304-2 Impacts on biodiversity	<a href="#">Habitat and Biodiversity</a>
	304-3 Habitats protected or restored	<a href="#">Habitat and Biodiversity</a>
GRI 3: Material Topics 2021	3-3 Management of Waste	<a href="#">Waste and Recycling</a>
GRI 306: Effluents and Waste 2016	306-4 Waste diverted from disposal	<a href="#">Waste and Recycling</a>
<b>A Safe, Innovative and Rewarding Workplace</b>		
GRI 3: Material Topics 2021	3-3 Management of Employment	<a href="#">Accelerating Our Commitment to Diversity, Equity and Inclusion</a>
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<a href="#">Accelerating Our Commitment to Diversity, Equity and Inclusion</a>
	401-3 Parental leave	<a href="#">Progressive Workforce Policies</a>
GRI 3: Material Topics 2021	3-3 Management of Occupational Health and Safety	<a href="#">Workplace Safety Management and Performance</a>
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	<a href="#">Workplace Safety Management and Performance</a>
	403-2 Hazard identification, risk assessment, and incident investigation	<a href="#">Workplace Safety Management and Performance</a>
	403-3 Occupational health services	<a href="#">Workplace Safety Management and Performance</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety	<a href="#">Workplace Safety Management and Performance</a>
	403-5 Worker training on occupational health and safety	<a href="#">Workplace Safety Management and Performance</a>
	403-6 Promotion of worker health	<a href="#">Workplace Safety Management and Performance</a>
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Workplace Safety Management and Performance</a>
	403-8 Workers covered by an occupational health and safety management system	<a href="#">Workplace Safety Management and Performance</a>

Framework	Disclosure	Location/Response
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	<a href="#">Safety Performance</a> <b>OSHA Lost Time Injury Frequency Rate (LTIFR)</b> <ul style="list-style-type: none"> <li>• 2020: 0.41</li> <li>• 2021: 0.61</li> <li>• 2022: 0.55</li> </ul> <p>The number of lost-time injuries per million hours worked.</p>
	403-10 Work-related ill health	<a href="#">Safety Performance</a>
GRI 3: Material Topics 2021	3-3 Management of Training and Education	<a href="#">Employee Development and Training</a>
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills	<a href="#">Employee Development and Training</a>
GRI 3: Material Topics 2021	3-3 Management of Diversity and Equal Opportunity	<a href="#">Accelerating Our Commitment to Diversity, Equity and Inclusion</a>
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<a href="#">Accelerating Our Commitment to Diversity, Equity and Inclusion</a>
GRI 3: Material Topics 2021	3-3 Management Approach of Freedom of Association and Collective Bargaining	<a href="#">Progressive Workforce Policies</a>
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Exelon's <a href="#">Human Rights Policy</a> establishes expectations for Exelon and its suppliers with regard to freedom of association and collective bargaining.
<b>Corporate Governance</b>		
GRI 3: Material Topics 2021	3-3 Management of Corporate Governance	<a href="#">Compliance and Ethics</a> , <a href="#">Code of Business Conduct</a> , <a href="#">Supplier Code of Conduct</a>
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	<a href="#">Compliance and Ethics</a> , <a href="#">Code of Business Conduct</a> , <a href="#">Supplier Code of Conduct</a>
	205-2 Communication and training about anti-corruption policies and procedures	<a href="#">Compliance and Ethics</a> , <a href="#">Code of Business Conduct</a> , <a href="#">Supplier Code of Conduct</a>
	205-3 Confirmed incidents of corruption and actions taken	<a href="#">Compliance and Ethics</a>
GRI 3: Material Topics 2021	3-3 Management of Anti-Competitive Behavior	<a href="#">Compliance and Ethics</a>
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior	Exelon was not involved in any legal actions related to anti-competitive behavior, anti-trust, or monopoly practices and did not incur any fines or settlements related to anti-competitive practices in the past five fiscal years.

Framework	Disclosure	Location/Response
<b>Electric Utility Sector Disclosures</b>		
GRI EU	EU1 Installed capacity, broken down by primary energy source and by Regulatory regime	<a href="#">Full GHG Inventory and Accounting Protocol, Relevant Scope 3—Customer-Driven Supply Chain Emissions, Exelon 2022 CDP Climate Change Response</a>
	EU2 Net energy output broken down by primary energy source and by Regulatory regime	Not applicable
	EU3 Number of residential, industrial, institutional and commercial Customer accounts	<a href="#">By the Numbers</a>
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	<a href="#">10-K</a> , page 34
	EU5 Allocation of CO <sub>2</sub> e emissions allowances or equivalent, broken Down by carbon trading framework	Not applicable
	EU 6 (former) Management approach to ensure short and long-term electricity availability and reliability	<a href="#">Advancing Clean Energy and Affordable Energy Choices</a>
	EU7 (former) Demand-side management programs including residential, commercial, institutional and industrial programs	<a href="#">Exelon's Business Strategy, Expansion of Fiber Optic Cable for Utility Networks</a>
	EU8 (former) Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Please see the <a href="#">Partnership Research and Development Program</a> section for information about our approach to this topic. We are continuing to assess related additional data needs for future disclosures.
	EU9 (former) Provisions for decommissioning of nuclear power sites	Not applicable
	EU10 Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Not applicable

Framework	Disclosure	Location/Response
GRI EU	EU11 Average generation efficiency of thermal plants by energy source and by regulatory regime	Not applicable
	EU12 Transmission and distribution losses as a percentage of total energy	<a href="#">FERC Form 1</a>
	EU13 Biodiversity of offset habitats compared to the biodiversity of the affected areas	<a href="#">Habitat and Biodiversity, Terrestrial Habitats and Wildlife Management</a>
	EU14 (former) Programs and processes to ensure the availability of a skilled workforce	<a href="#">Attracting Top Talent/Human Resources</a>
	EU15 Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and region	<a href="#">Management Diversity</a>
	EU16 (former) Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	<a href="#">Workplace Safety Management and Performance</a>
	EU17 Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	<a href="#">Safety Performance</a>
	EU18 Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Please see the <a href="#">Safety Performance</a> section for information about our approach to this topic. We are continuing to assess related additional data needs for future disclosures.
	EU19 (former) Stakeholder participation in the decision making process related to energy planning and infrastructure development	<a href="#">Stakeholder Engagement, Delivering Sustainable Value as the Premier Utility Company</a>
	EU20 (former) Approach to managing the impacts of displacement	Not applicable
	EU21 (former) Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	<a href="#">Disaster Preparedness and Awareness</a>
	EU22 Number of people physically or economically displaced and compensation, broken down by type of project	Not applicable
	EU23 (former) Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	<a href="#">Partnership Research and Development, Advancing Clean Energy and Affordability</a>
	EU24 (former) Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	<a href="#">Assistance to Low- and Moderate-Income Households</a>
	EU25 Number of injuries and fatalities to the public involving company Assets, including legal judgments, settlements and pending legal cases of diseases	<a href="#">Assistance to Low- and Moderate-Income Households</a>

Framework	Disclosure	Location/Response
GRI EU	EU26 Percentage of population unserved in licensed distribution or service areas	Exelon provides electric and gas service in each jurisdiction, pursuant to public service commission requirements.
	EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	<a href="#">SASB IF-EU-240a.3</a>
	EU28 Power outage frequency	<a href="#">Reliability Performance and Investments, Exelon Performance Data 2020-2022</a>
	EU29 Average power outage duration	<a href="#">Reliability Performance and Investments, Exelon Performance Data 2020-2022</a>
	EU30 Average plant availability factor by energy source and by regulatory regime	Not applicable, Exelon does not own power generation.

# SASB Index

The accounting metrics and disclosures in this Sustainability Accounting Standards Board (SASB) Index are from both the Electric Utilities & Power Generators Standard and Gas Utilities & Distributors Standards, published in October 2018.

Topic	Accounting Metric	Code	Location/Direct Answer
<b>Electric Utilities and Power Generators Standard</b>			
Greenhouse Gas Emissions and Energy Resource Planning	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	IF-EU-110a.1	<a href="#">Metrics Used to Assess Our Efforts</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a> <a href="#">LRQA Independent Assurance Statement—Scope 1 and 2 Emissions</a>
	Greenhouse gas (GHG) emissions associated with power deliveries	IF-EU-110a.2	<a href="#">Metrics Used to Assess Our Efforts</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a> <a href="#">LRQA Independent Assurance Statement—Scope 3 Emissions</a>
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	IF-EU-110a.3	<a href="#">Managing Climate Change Risks and Opportunities</a> <a href="#">Full GHG Inventory and Accounting Protocol</a> <a href="#">Exelon 2022 CDP Climate Change Response</a>
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	IF-EU-110a.4	<a href="#">Meeting State Renewable and Alternative Energy Requirements</a>
Air Quality	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	IF-EU-120a.1	Exelon does not own power generation facilities and does not create significant air emissions from our operations.
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	IF-EU-140a.1	<a href="#">Watershed Management and Water Inventory</a>
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	IF-EU-140a.2	<a href="#">Monitoring Compliance Performance</a>
	Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-EU-140a.3	<a href="#">Watershed Management and Water Inventory</a>

Topic	Accounting Metric	Code	Location/Direct Answer
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	IF-EU-150a.1	N/A
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	IF-EU-150a.2	N/A
Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	IF-EU-240a.1	<a href="#">Investments to Benefit Customers and Communities, Energy Affordability</a>
	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	IF-EU-240a.2	<a href="#">Investments to Benefit Customers and Communities, Energy Affordability</a>
	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	IF-EU-240a.3	Reported to jurisdictional public service commissions for each utility, as required.
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	IF-EU-240a.4	<a href="#">Energy Affordability</a>
End-Use Efficiency and Demand	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	IF-EU-320a.1	<a href="#">Safety Performance</a>
	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	IF-EU-420a.1	<a href="#">Exelon Analyst Day Meeting</a>
	Percentage of electric load served by smart grid technology	IF-EU-420a.2	<a href="#">Smart Meters</a>
	Customer electricity savings from efficiency measures, by market	IF-EU-420a.3	<a href="#">Customer Efficiency and Savings</a>
Nuclear Safety and Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	IF-EU-540a.1	N/A
	Description of efforts to manage nuclear safety and emergency preparedness	IF-EU-540a.2	N/A
Grid Resilience	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	IF-EU-550a.1	<a href="#">Corporate Governance—Enterprise Risk Management Overview, Safely Powering Reliability and Resilience—Physical Security, Cybersecurity and Business Continuity</a>
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	IF-EU-550a.2	<a href="#">Exelon Performance Data</a> <a href="#">Reliability Performance and Investments</a>

Topic	Accounting Metric	Code	Location/Direct Answer
<b>Gas Utilities &amp; Distributors Standard</b>			
Energy Affordability	Average retail gas rate for (1) residential, (2) commercial, (3) industrial customers, and (4) transportation services only	IF-GU-240a.1	<p><b>BGE</b></p> <ul style="list-style-type: none"> <li>Gas Tariff Link: <a href="#">Gas Service Rates &amp; Tariffs   Baltimore Gas and Electric Company (bge.com)</a></li> </ul> <p><b>DPL</b></p> <ul style="list-style-type: none"> <li>Gas Tariff Link: <a href="#">Delaware (Gas)   Delmarva Power—An Exelon Company</a></li> </ul> <p><b>PECO</b></p> <ul style="list-style-type: none"> <li>Gas Tariff Link: <a href="#">Current Gas Rate Information   PECO—An Exelon Company</a></li> <li>Gas Tariff Link—Transportation: <a href="#">Gas Transportation Rate Resources   PECO—An Exelon Company</a></li> </ul>
	Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per month	IF-GU-240a.2	<p><b>Gas Commodity Price Information</b></p> <ul style="list-style-type: none"> <li><a href="#">BGE Gas Price Comparison</a></li> <li><a href="#">DPL Yearly Gas Pricing Report</a></li> <li><a href="#">PECO Natural Gas Price to Compare</a></li> </ul>
	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	IF-GU-240a.4	<a href="#">Energy Affordability</a>
End-Use Efficiency	Percentage of gas utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	IF-GU-420a.1	PECO and DPL natural gas service revenues are not decoupled.

Topic	Accounting Metric	Code	Location/Direct Answer
Integrity of Gas Delivery Infrastructure	Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	IF-GU-540a.2	<p><b>Cast and/or wrought iron</b></p> <ul style="list-style-type: none"> <li>• BGE: 12.3%</li> <li>• DPL: 0.6%</li> <li>• PECO: 6.3%</li> </ul> <p><b>Unprotected steel</b></p> <ul style="list-style-type: none"> <li>• BGE: 0.2%</li> <li>• DPL: 0.0%</li> <li>• PECO: 2.9%</li> </ul> <p>Reducing Emissions from Natural Gas Systems  <a href="#">Miles of Gas Pipelines as of Year-End 2022</a>  <a href="#">Exelon Gas Utility Main and Service Replacement Program Details</a></p>
	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	IF-GU-540a.4	<p><a href="#">Managing Climate Change Risks and Opportunities—Progress on Our Path to Clean</a>  <a href="#">Exelon Gas Utility Main and Service Replacement Program Details</a>  <a href="#">Leak Detection Equipment</a></p>

Topic	Accounting Metric	Code	Location/Direct Answer
Activity Metrics	Number of: (1) residential, (2) commercial, and (3) industrial customers served	IF-GU-000.A	Exelon Natural Gas Customer Counts as Reported to EIA 176 Deliveries of natural gas in 2022 (owned and not owned) to end-use consumers (numbers of customers), as <a href="#">reported</a> on the DOE Energy Information Agency (EIA) 176 Survey. See the EIA website for definitions and industry datasets at: <a href="https://www.eia.gov/Survey">https://www.eia.gov/Survey</a>
Activity Metrics	Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party	IF-GU-000.B	Exelon Natural Gas Customer Counts as Reported to EIA 176 Deliveries of natural gas in 2022 (owned and not owned) to end-use consumers (numbers of customers), as <a href="#">reported</a> on the DOE Energy Information Agency (EIA) 176 Survey. See the EIA website for definitions and industry datasets at: <a href="https://www.eia.gov/Survey">https://www.eia.gov/Survey</a>
Activity Metrics	Length of (1) gas transmission and (2) distribution pipelines	If-GU-000.C	<p><b>Transmission (miles)</b></p> <ul style="list-style-type: none"> <li>• BGE: 149.4</li> <li>• DPL: 7.6</li> <li>• PECO: 6.0</li> </ul> <p><b>Distribution (miles)</b></p> <ul style="list-style-type: none"> <li>• BGE: 7,562.0</li> <li>• DPL: 2,209.3</li> <li>• PECO: 7,228.9</li> </ul> <p>Gas system information as reported to the U.S. Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) for calendar year 2022 pursuant to 49 CFR Part 191.</p> <p><a href="#">Reducing Emissions From Natural Gas Systems</a></p> <p><a href="#">Miles of Gas Pipelines as of Year-End 2022</a></p>

# TCFD Index

TCFD Reporting	Report Section	Location/Response
<b>Governance</b>		
(a) Describe the board's oversight of climate-related risks and opportunities.	<a href="#">Governance: Oversight of Climate-Related Risks and Opportunities</a>	CDP C1.1
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	<a href="#">Governance: Oversight of Climate-Related Risks and Opportunities</a>	CDP C1.2, 1.3
<b>Strategy</b>		
(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a>	CDP C2.1, C2.2, C2.3
(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a> <a href="#">Strategy: Integrating Climate Change Considerations Into Business Strategy</a>	CDP C2.3, 2.4
(c) Describe the resilience of the organization's strategy, taking into consideration different climate scenarios, including a 2-degree C or lower scenario.	<a href="#">Strategy: Integrating Climate Change Considerations Into Business Strategy</a>	CDP C3.2
<b>Risk Management</b>		
(a) Describe the organization's processes for identifying and assessing climate-related risks.	<a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a>	CDP C2.1, C2.2
(b) Describe the organization's processes for managing climate-related risks.	<a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a>	CDP C2.2
(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<a href="#">Risk Management: Identifying, Assessing and Managing Climate-Related Risks</a>	CDP C1.1, C2.2
<b>Metrics and Targets</b>		
(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<a href="#">Metrics and Targets: Metrics Used to Assess Our Efforts</a>	CDP C4.1, C4.2
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	<a href="#">Metrics and Targets: Metrics Used to Assess Our Efforts</a>	CDP C6.1, C6.3, C6.5, C2.2, C2.3
(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<a href="#">Metrics and Targets: Metrics Used to Assess Our Efforts</a>	CDP C4.1, C4.2

# Full GHG Inventory and Accounting Protocol

## Direct and Indirect Emissions

Exelon calculates its GHG emissions inventory in conformance with The World Resource Institute (WRI) GHG Protocol, which allows for the use of EPA mandatory Reporting Rule (40 CFR Part 98) requirements where applicable. Where not specified by definition, we use publicly available emissions factors including PJM independent system operator (ISO) annual grid emissions rates, average for our location-based accounting and residual for market-based accounting, as well as the EPA emissions factor hub for other sources. The inventory is also third-party verified to these standards each year to assure its correctness. Our third-party verifier for the 2022 inventory verification was LRQA. Emissions include stationary and mobile combustion of fossil fuels, fugitive emissions of GHGs (e.g., methane, SF<sub>6</sub>, CO and hydrofluorocarbons) and indirect emissions associated with the purchase of electricity from external sources. Exelon uses the global warming potentials (GWPs) from the Fourth IPCC Assessment Report (AR4) to align with the November 2013 regulatory revisions to the EPA GHG regulations (40 CFR Part 98). For our primary inventory reporting operational-share and equity-share reporting are equivalent.

As customary in traditional GHG WRI accounting methodology, Exelon's GHG inventory and GHG emissions reduction goal program currently recognize biogenic CO<sub>2</sub> emissions as having carbon neutral benefits for GHG emissions accounting. This is because biogenic fuels capture and remove methane emissions already considered part of the carbon cycle, that would have otherwise impacted the atmosphere in the form of methane with more significant near-term climate forcing functions. Although this methane is repurposed as an energy fuel—the end-use combustion of the fuel, while still generating CO<sub>2</sub>, is reported separately as biogenic emissions and no longer part of the Scope 1 inventory. This has been historically done to allow for the action of specifying the biofuel to get credit for GHG mitigation since the end-user is taking on the cost premium for the biogenic fuel, creating market-demand, and typically are the primary reporters of GHG emissions and actions. As more and more upstream fuel suppliers get into GHG emissions accounting, there is the potential for double counting of the GHG benefit associated with biofuels. This is why Exelon still reports these emissions, but as a separate category that can be viewed discretely.

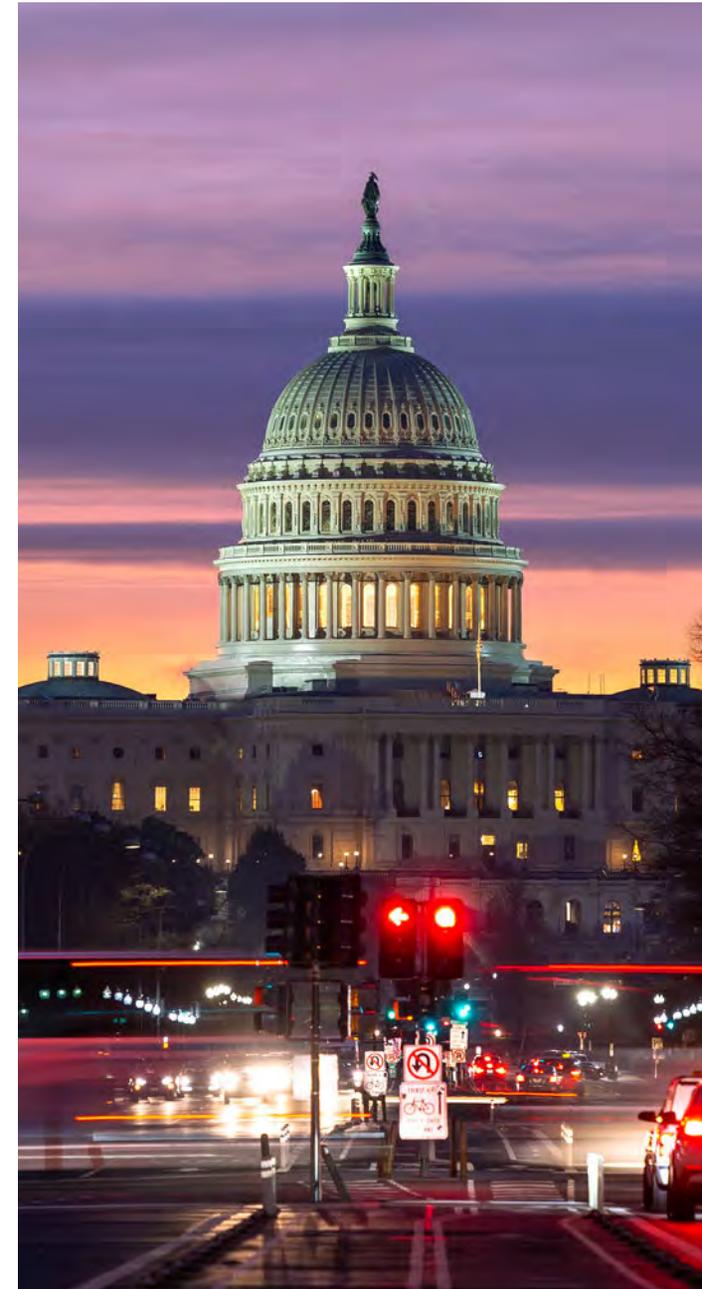
While GHG accounting is standardized via the WRI protocol, there are multiple utility business models that can affect how the WRI GHG Protocol is applied and into which Scope of emissions certain sources will fall. We are providing additional details on this comparability issue since it can be confusing for many stakeholders that want to score and rank performance relating to GHG mitigation efforts. The nexus of business model and GHG accounting differences between models can make it challenging to compare emissions, and emissions reduction performance and opportunities, between companies in the energy industry. The three major business models for electric utilities and electricity suppliers in the United States include:

**Vertically Integrated Utilities.** This is the most common business model, with the state public service commission requiring that the utility own (and/or contract for) power generation resources sufficient to meet all T&D utility customer demand over a long-term planning horizon, and the utility typically having a long-term, public service commission approved, integrated resource plan. In this business model, the utility has direct control over the power generation resources that supply its customers, subject to alignment with each relevant state's public service commission. With respect to GHG emissions accounting, electricity used or lost in the process of delivering that electricity or needed to fulfill customer load is already accounted for as part of electric generation emissions (Scope 1).

**T&D Only Utilities (Exelon's business model).** Under this model, found in retail choice states, the utility is not allowed to own, or invest in, power generation resources. To promote price competition, competitive energy suppliers sell electricity and natural gas to end-use customers, with the T&D Only utility simply providing the "wires and pipes" of its T&D system to deliver the energy that end use customers have purchased from competitive suppliers. In cases where customers (primarily smaller commercial and residential) have not contracted with a competitive energy supplier, the T&D Only utility is required to competitively procure "default" energy, at least cost, through competitive auctions or other mechanisms. The T&D Only Utility in this case, unlike the vertically integrated utility, cannot invest in, or agree to pay more for "cleaner" energy since the focus of state retail choice laws was on creating energy price competition. Other considerations with this model include challenges with predicting mid- and long-term volumes of "default" electricity demand when customers have the ability to shift back and forth between competitive energy suppliers and default utility power based upon price-to-compare considerations. With respect to GHG emissions accounting, electricity used or lost in the process of delivering that electricity is considered that utility's consumption (Scope 2) and electricity procured or acquired to fulfill customer load is considered as Scope 3.

**Independent/Competitive Power Producers.** Competitive power producers sell into wholesale power markets such as PJM and/or sell directly to end customers in states with retail choice laws. Competitive power producers are not subject to public service commission regulations and are free to own and invest in any form(s) of power generation, at any volume, including low- and zero-carbon generation. The primary constraint on their investment in power generation is competitive market dynamics and shareholder expectations for financial returns. Post-separation from Exelon on February 1, 2022, this is Constellation's business model. With respect to GHG emissions accounting, emissions associated with their electric generation is Scope 1 and electricity used or lost in the process of delivering that electricity, which is managed by separate T&D Only utilities, is considered as Scope 3.

Companies in each of the listed business model have different levels of control and potential solution sets with regard GHG emissions reduction opportunities and implementation of long-term strategies and energy system planning, all of which affect the types of GHG performance goals they can set. The adjacent example shows two companies delivering the same amount of electricity having the same GHG emissions rate per MWh generated. However, the way that the total 125 million metric tons of emissions is distributed across Scopes 1, 2 and 3 is very different because of how the companies are structured.



Company A is vertically integrated, thus the emissions from the generation it delivers is Scope 1, and the emissions associated with the electricity lost during distribution has already been captured in Scope 1 emissions. Company B is delivery only, like Exelon, in a deregulated electric market (such as found in retail choice states). Thus, emissions associated with electric generation is Scope 3 (coming from an independent power producer through either a direct purchase or via a competitive retailer’s provided supply) and the emissions associated with the electricity lost during distribution is Scope 2 emissions.

Company A can set a goal on emissions associated with electric generation directly. Company B can advocate for policies that drive clean electricity and can engage with suppliers to set and achieve goals associated with their supply, but Company B must ultimately deliver whatever electricity is supplied to the grid.

Aside from the difference in the Scope of emissions where the electric delivered for customers is reported, it is also important to note that Company A can include in its rate base the source of its generation and have a long-term plan to retire, exit, build or arrange for power purchase agreements. Company B is limited to purchasing its power through competitive procurement processes. The difference between the two business models goes beyond just categorization, but also includes a difference in the ability to affect change.

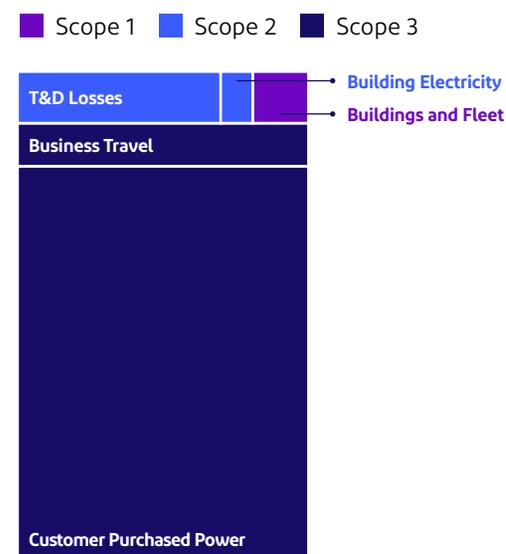
## Emissions Sources

Sources	Type		
	Vertically Integrated Utilities	T&D Only Utilities	Independent/Competitive Power Producers
Emissions from owned generation	Scope 1	N/A	Scope 1
Emissions from owned vehicles, vessels or aircraft	Scope 1	Scope 1	Scope 1
Fugitive emissions from company owned equipment	Scope 1	Scope 1	Scope 1
Emissions from purchased/acquired power for resale to customers	Scope 3	Scope 3	Scope 3
Emissions from T&D line losses from purchased or wheeled power	Scope 2	Scope 2	Scope 3
Waste generation (in operations)	Scope 3	Scope 3	Scope 3
Employee commuting; business travel	Scope 3	Scope 3	Scope 3

### Company A: Vertically-Integrated Utility Profile



### Company B: Delivery-Only Utility Profile



As shown in the tables on the next page, Exelon segregates its GHG inventory into operations-driven and customer-driven sources. Operations-driven emissions relate to emissions sources that Exelon controls related to the equipment and systems used in its operations. The operations-driven segment of our inventory is currently 100 percent covered by a goal to reduce emissions 50 percent by 2030 and achieve Net-Zero by 2050. This boundary captures 100 percent of our Scope 1 emissions and 12 percent of our Scope 2 emissions. The balance of our Scope 2 emissions relates to electric system distribution losses which we manage as part of our customer-driven emissions, which also include Scope 3 categories associated with the supply sources for the energy

deliver and the use of that energy by end users. Customer-driven emissions relate to emissions that vary based on how much energy customers buy, and this can be affected by weather, market and economic conditions outside of Exelon's control. We track operations-driven emissions separately from customer-driven emissions so that we can best manage these emissions over time based on how we can best affect change.

Efforts to reduce the customer-driven segment of our inventory are covered by our Path to Clean commitment to support our customers and communities in achieving their clean energy goals. Our current actions include our customer

programs for energy efficiency EE, customer tools for demand management and customer access to clean energy. These actions indirectly relate to our Scope 3 emissions, but result in customer abatement, emissions displacement and avoided emissions—each of which relate to overall GHG emissions associated with grid-level electric generation and distribution as opposed to our direct Scope 3 emissions performance. These customer programs result in real GHG benefits, apply to the broader electricity sector level and cannot always be tied directly to immediate reduction of our own GHG inventory. Thus they are not currently covered by a formal absolute emissions reduction goal, but rather a commitment to partner with our customers and communities in achieving their goals.



## Exelon Corporate GHG Inventory Breakdown

Customer-Driven Emissions	2020	2021	2022
<b>Scope 1—Direct Emissions</b>			
<i>Exelon's utilities do not own any electric generation operations</i>			
<b>Total Customer-Driven Scope 1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Scope 2—Indirect Emissions</b>			
T&D Line Losses <sup>[1]</sup> (Location-Based, As-Delivered)	4,474	4,765	4,748
<b>Total Customer-Driven Scope 2 (After Low-Carbon Purchases)</b>	<b>4,890</b>	<b>5,211</b>	<b>5,193</b>
<b>Total Customer-Driven Scope 1 and 2 Emissions</b>	<b>4,890</b>	<b>5,211</b>	<b>5,193</b>
<b>Relevant Scope 3—Customer-Driven Supply Chain Emissions<sup>[2]</sup></b>	<b>79,484</b>	<b>86,934</b>	<b>83,154</b>
Electricity purchased and distributed by our Utilities <sup>[3]</sup>	67,317	74,659	69,760
Upstream production of Natural Gas Delivered	1,969	1,995	2,167
Natural Gas Distributed by our Utilities (as used by the customer) <sup>[4]</sup>	10,198	10,280	11,226

Total Exelon GHG Emissions	2020	2021	2022
Scope 1	479	467	452
Scope 2 (Location-based)	4,572	4,868	4,855
<b>Total Scope 1 and 2 (Location-Based)</b>	<b>5,052</b>	<b>5,335</b>	<b>5,307</b>
Scope 2 (Market-based)	4,948	5,282	5,268
<b>Total Scope 1 and 2 (Market-Based)</b>	<b>5,428</b>	<b>5,749</b>	<b>5,720</b>
Supplemental Biogenic Emissions	8.6	49.2	8.8
Relevant Scope 3 Categories	81,326	88,625	84,825

Operations-Driven Emissions	2020	2021	2022
<b>Scope 1—Direct Emissions</b>			
Stationary Combustion—Support Operations	20	26	22
Natural Gas Distribution and LNG Import (Fugitive Methane)	324	305	299
Electrical Equipment (Fugitive SF <sub>6</sub> )	49	43	41
Fugitive Refrigerants, Bulk CO <sub>2</sub> , Coal Pile	0	0	0
Vehicle Fleet Operations	86	92	90
<b>Total Operations-Driven Scope 1</b>	<b>479</b>	<b>467</b>	<b>452</b>
<b>Scope 2—Indirect Emissions</b>			
Building Electric, District Heating and Cooling (Location-based, As-Delivered)	99	103	107
<b>Total Operations-Driven Scope 2 (After Low-Carbon Purchases)</b>	<b>59</b>	<b>71</b>	<b>75</b>
<b>Total Operations-Driven Scope 1 and 2 Emissions</b>	<b>538</b>	<b>538</b>	<b>527</b>
<b>Relevant Scope 3: Operations-Driven Supply Chain Emissions<sup>[4]</sup></b>	<b>1,842</b>	<b>1,691</b>	<b>1,671</b>
Employee Business Travel <sup>[5]</sup> and Leased Assets <sup>[6]</sup>	7	4	6
Waste Generated in Activities	26	26	25
Purchased Goods, Services, Upstream Shipping and Capital Goods	1,808	1,662	1,640

[1] T&D Line Loss emissions adjusted to reflect establishment of location-based Scope 2 accounting.

[2] There are 17 potential Scope 3 categories. Exelon currently tracks and reports those most pertinent to our business and where we can most effectively take action today. Additional information on Scope 3 accounting can be found at <http://ghgprotocol.org/scope-3-technical-calculation-guidance>.

[3] Includes electricity our Utilities purchase for Provider of Last Resort customers and that which we acquire for delivery.

[4] These are emissions associated with the end use of the natural gas as delivered.

[5] Scope 3 Business Travel emissions only—owned corporate aircraft is included under Scope 1 mobile emissions.

[6] New category for the table, 2021 and 2020 values have been adjusted accordingly.

## Scope 2 Accounting

We present our inventory under both the location-based Scope 2 accounting and the market-based accounting as defined by the WRI GHG Protocol Scope 2 Guidance. Location-based accounting reflects how electricity is delivered over wires and is calculated using the latest independent system operator (ISO) or regional transmission organization (RTO) average emissions rates (which for all of our utilities is PJM). Market-based accounting is calculated using emission factors relative to the way electricity is purchased, substituting zero emissions

where renewable or nuclear power sources were specified in procurement contracts and using the PJM published residual emissions rates (which remove clean energy attributes retired by others).

Under the market-based Scope 2 accounting view, Exelon is recognizing the following market-based elements: Green-e® certified RECs (renewable generation emissions attributes) and PJM-issued EFECs (nuclear generation emissions attributes). All other electric use is currently assigned the PJM

published residual emissions rate (the emissions rate of generation after all retired attributes are removed). EPA eGRID sub-regional average emissions rates are used for CH<sub>4</sub> and N<sub>2</sub>O, as these emission factors are not currently available from PJM.

We hope to expand our reporting next year to include the new metrics of percent average time match and percent minimum time match to increase disclosure around this next level of effort to match zero-carbon electricity with the time of day when it is used.

## Exelon Side by Side Scope 2 Accounting<sup>[1]</sup>

Category	2020 (Inventory as Owned)			2021 (Inventory as Owned)			2022 (Inventory as Owned)		
	MWh Use	Location-Based Emissions (mtCO <sub>2</sub> e)	Market-Based Emissions (mtCO <sub>2</sub> e)	MWh Use	Location-Based Emissions (mtCO <sub>2</sub> e)	Market-Based Emissions (mtCO <sub>2</sub> e)	MWh Use	Location-Based Emissions (mtCO <sub>2</sub> e)	Market-Based Emissions (mtCO <sub>2</sub> e)
<b>System Uses and Unaccounted for Electric</b>	12,373,331	4,473,501	4,889,569	12,393,127	4,764,942	5,210,714	12,368,978	4,747,693	5,192,597
<b>Building Electric</b>	264,398	98,008	57,946	268,353	103,094	70,706	278,307	106,844	74,471
<b>District Heating and Cooling</b>	2,394	613	633	2,455	778	793	1,949	422	422
<b>Fleet Electrification</b>	0	0	0	0	0	0	138	53	23
<b>Exelon Total</b>	<b>12,640,123</b>	<b>4,572,123</b>	<b>4,948,148</b>	<b>12,663,935</b>	<b>4,868,814</b>	<b>5,282,213</b>	<b>12,649,372</b>	<b>4,855,012</b>	<b>5,267,513</b>

[1] Historical years have been adjusted to align with PJM actual year emissions rates and remove interplay with previously owned electric generation that is now part of Constellation.

## Scope 3 Accounting

There are 15 potential Scope 3 categories. Additional information on Scope 3 accounting can be found at [ghgprotocol.org/scope-3-technical-calculationguidance](https://ghgprotocol.org/scope-3-technical-calculationguidance). Exelon currently tracks and reports the Scope 3 emissions for those categories that are most relevant for our business. We report WRI Scope 3 supply chain categories such as business travel, capital goods, purchased goods and services, upstream freight, electricity purchased or acquired to fulfill customer load (customer use of electricity), use of natural gas delivered by utilities (customer use of natural gas) and production of natural gas used by customers. We plan to expand our Scope 3 reporting to include employee commuting once we develop a repeatable methodology for estimating and addressing this emissions category. Scope 3 categories that do not apply to our business (for which we would have zero emissions) include downstream transportation and distribution, processing of sold products, end-of life treatment of sold products, downstream leased assets, and franchises. We are still evaluating the applicability of the investments category.

## Carbon Offsets and Net-Zero Accounting

With the establishment of Exelon's Path to Clean goal, Exelon is now in the process of developing a GHG offset strategy that aligns with emerging standards. With our primary focus now being on our 2030 50 percent reduction goal, our current efforts are first on reducing emissions where we can, and on supporting new technologies that can reduce emissions even further. We are beginning to explore GHG offsets and recognize that there will be a need to meet our 2050 Net-Zero goal for emissions that cannot be otherwise reduced (currently estimated at 20 percent of our inventory). We also are observing that the science and guidance around the use of GHG offsets is still emerging (with a current focus being placed on carbon removal and/or sequestration offsets). Therefore, we plan to continue to engage with stakeholders in that conversation as it develops and incorporate it as a piece of our longer-term strategy once there is more certainty around the methodology and expectations around the accounting.

Currently one of our utilities uses Climate Reserve Tonnes (CRTs) offsets to offset on-site steam use for a LEED certification and another is exploring the creation of offsets for Prairie Grass restoration projects taking place on its Rights-of-Way. None of these offsets are currently incorporated into our 2030 50 percent reduction goal accounting. Additional disclosure will be provided as we develop a more comprehensive internal standard for offsets that will be counted long-term toward our Net-Zero by 2050 target.

## Customer Abatement

Customer abatement refers to customer programs that result in reduced GHG emissions associated with customers' use of electricity. These include the BGE Smart Energy Savers Program®, ComEd and PECO Smart Ideas programs and the PHI Home Energy Savings program. All these programs help our customers reduce their electricity use through EE measures in conformance with state-mandated requirements. Our utilities are also procuring and retiring RECs for retail customer supply, in compliance with state-mandated renewable supply requirements, which similarly have GHG benefits that may only in part or indirectly translate into our overall Scope 3 emissions accounting and performance.

The customer EE estimates for GHG abatement are based on the MWh reported to the Energy Smart Savers in Maryland for BGE, to the Illinois Commerce Commission by ComEd, to the Pennsylvania Public Utility Commission by PECO and to the regulatory commissions associated with the PHI utilities. When estimating emissions avoided by these efforts, Exelon is using the PJM system mix average (lb/MWh) for the program year being reported. These are the emissions that may have been generated but for rebates and incentives of these programs. As customers may simultaneously add new electric uses, we do not always see these EE efforts as direct reductions to our Scope 3 emissions.

## Avoided Emissions and Offsets<sup>[1][2]</sup>

Category	2020	2021	2022
<b>Clean Attributes and Offsets (as mtCO<sub>2</sub>e)</b>			
Zero Carbon Electricity Attributes Purchased for Corporate Buildings	-40	-32	-33
Verified Offsets Retired	-1	-1	-1
<b>Customer Abatement and Avoided Emissions (as mtCO<sub>2</sub>e)</b>			
Mandated Utility Customer Programs	-8,074	-8,747	-9,517
Utility Renewable Portfolio Obligations	-5,172	-4,428	-5,350
Enabled Distributed Generation	-1,254	-1,782	-1,986

[1] All years reflect emissions associated with the PJM average emissions rate.

[2] All years revised to reflect emissions based on the latest eGRID regional average emission rate.

### Avoided Emissions Through Enabling Distributed Renewable Energy Resources

Exelon presents estimations for avoided emissions associated with distributed renewable electric generation sources that our distribution systems help enable by permitting and supporting with distribution grid services. Avoided emissions are calculated based on the estimated generation based on photovoltaic system size at a 20 percent

capacity factor, using the PJM system mix average (lb/MWh) for the program year being reported. Avoided emissions are estimates designed to give a sense (order of magnitude) of the amount of additional emissions that would be created if that amount of generation had not been produced and thus replaced by the remaining grid supply. This projection is one possible outcome, as actual replacement of generation would ultimately be driven by market function, fuel prices and viable and available technologies at a given time.



## Comments

We welcome your comments and questions regarding this report. Please e-mail us at [responsibility@exeloncorp.com](mailto:responsibility@exeloncorp.com) or write to:

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