



Powering a cleaner and brighter future  
for our customers and communities

**Sustainability Report 2021**

# Contents

<b>CEO Message</b>	3	<b>Delivering World-Class Customer Experiences</b>	41	<b>Environmental Responsibility</b>	81
<b>About Exelon</b>	5	Customer Efficiency and Savings		Habitat and Biodiversity	
Our Business		Customer Satisfaction		Watershed Management and Water Inventory	
Key Sustainability Issues		<b>Safely Powering Reliability and Resilience</b>	46	Waste and Recycling	
Stakeholder Engagement		Reliability Performance and Investments		Environmental Management	
Sustainability/ESG Scores		Reliability and Resilience During COVID-19		<b>A Safe, Innovative and Rewarding Workplace</b>	91
<b>Delivering Sustainable Value as the Premier T&amp;D Utility</b>	15	Disaster Preparedness and Awareness		Diversity, Equity and Inclusion	
Expectations and Trends that Inform Exelon's Strategy		Physical Security, Cybersecurity and Business Continuity		Attracting and Developing Top Talent	
Exelon's Business Strategy		<b>Supporting Communities</b>	54	Workplace Safety Management and Performance	
Building Value through Technology		Economic Development		<b>Corporate Governance</b>	106
Investments to Benefit Customers and Communities		Powering Our Communities through Workforce Development		Board Oversight	
Operational Excellence		Giving Back to Communities		Investor Engagement	
Supporting Clean Energy Policy		<b>Managing Climate Change Risks and Opportunities</b>	64	Sustainability Governance	
Our Ongoing Strategy Commitment		Oversight of Climate-related Risks and Opportunities		Enterprise Risk Management	
<b>Advancing Clean Energy and Affordable Energy Choices</b>	32	Charting Our Path to Clean		Compliance and Ethics	
Creating a Smart Power Grid		Identifying, Assessing and Managing Climate-related Risks		Sustainable Supply Chain	
Green Power Connection		Metrics Used to Assess Our Efforts		<b>Appendix</b>	114
Meeting State Renewable and Alternative Energy Requirements		Progress on Our Path to Clean		About This Report	
Beneficial Electrification and Enabling Electric Vehicles				GRI Index	
Assistance to Low- and Moderate-Income Households				SASB Index	
				Full GHG Inventory and Accounting Protocol	

# CEO Message



**On February 1, 2022, Exelon Corporation (Exelon) affirmed its status as the nation's premier transmission and distribution (T&D) utility when it completed the separation of Constellation Energy Corporation, Exelon's former power generation and competitive energy business.** Our focus at Exelon moving forward is to be a responsible steward of the energy transition while delivering sustainable value for the more than 10 million customers we serve. This Sustainability Report tells the story of our journey in 2021, as we continued to focus on clean, reliable, affordable and equitable energy delivery and energy solutions for all our customers and communities.

Exelon faced a wide range of challenges in 2021. The pandemic is still with us and the U.S. economy experienced ongoing volatility. Racial, social and political divisions continue to impact our communities and the country more broadly. Energy policy and climate change are key public policy issues at every level of government, with very uncertain outlooks. Through this time, the Exelon team worked throughout the year preparing for a successful corporate separation. I am proud that our team rose to the challenges we faced last year, and got the job done under extraordinary circumstances.

Operational excellence is a fundamental expectation and crucial to our business success. All of our utilities maintained top-quartile performance on our key system interruption reliability metric (SAIFI) and on the average minutes of customer interruptions (CAIDI). ComEd SAIFI and CAIDI performance was top decile and PHI SAIFI and CAIDI were best on record. BGE, ComEd and PECO also achieved top decile performance in customer satisfaction, with PHI scoring in the top quartile.

To support operational excellence and customer satisfaction, our utilities also continued to invest capital in our systems as part of our multi-year plan to modernize our energy infrastructure. More than \$6.5 billion was deployed in 2021, with an additional \$29 billion planned for 2022–2025. Benefits of these investments include enhanced system resilience in the face of extreme weather events and greater electric and gas system reliability. Our investments further enable electrification to reduce greenhouse gas emissions, integration of local renewable energy into the energy delivery system, and technology development to improve efficiency within our system and at our customers' homes and businesses.

We also continue to focus on investing in people, both within our workforce and within the communities we serve. Exelon's strong commitment to improving racial equity, social justice and economic opportunity continued in 2021, and included both ongoing Exelon programs, new initiatives such as our \$36 million Racial Equity Capital Fund to support minority-owned businesses in our service territories, and the work of Exelon's Racial Equity Task Force across a variety of work streams. Our workforce development initiatives continue to extend their impact, principally in underserved and under-resourced communities, with more than 65 programs in flight across our footprint. These efforts are anchored by our infrastructure academies and focus on training the next generation of workers for well-paying jobs, whether at Exelon or at other companies. Exelon's spend with diversity-certified suppliers increased in 2021 in total dollar aggregate and accounted for 40 percent of our sourced spending. High-margin spend with diversity-certified suppliers totaled \$193 million in 2021, an increase of \$57 million over the prior year. Exelon remained a member of the Billion Dollar Roundtable.

## “Sustainability and our environmental, social and governance (ESG) priorities continue to be not only the right thing to do, but also a competitive advantage for Exelon.”

As a provider of essential services, a major employer in our service territories and a committed community partner, Exelon is keenly aware of both our impact on and responsibility to customers and communities. That role has been specifically demonstrated throughout the pandemic. In 2021, Exelon connected over 650,000 customers to more than \$450 million in energy assistance. The utilities leveraged the strength of the Exelon platform to support customers and communities through advocating for federal, state and local funding; outreach and mobilization via social media and community partners; and thinking outside the box to facilitate direct access to assistance for historically underserved communities. This work continues as we find more ways to reach and serve all our customers.

Exelon’s utilities and our Foundation donated almost \$42 million to nonprofits throughout our service territories in 2021. Despite the impacts of COVID-19 on our ability to meet in person, our employees remained focused on contributing to their communities, logged 97,800 volunteer hours and donated more than \$5 million through the Employee Giving Campaign and Matching Gifts programs.

Sustainability and our environmental, social and governance (ESG) priorities continue to be not only the right thing to do, but also a competitive advantage for Exelon. We continue to prioritize strong ethics, compliance and governance practices, and have taken steps to further strengthen controls and culture. Advocacy for clean energy and responsibly decarbonizing the economy remains our top policy priority and is aligned with the priorities of our states, communities and regions. Exelon put itself firmly on the Path to Clean by announcing a utility commitment to reduce operations-driven greenhouse gas (GHG) emissions at least 50% by 2030 and to Net-Zero by 2050; this is Exelon’s fourth corporate GHG emissions reduction goal. We also continue to drive the \$20 million Climate Change Investment Initiative (2c2i), nurturing startups working on new technologies to reduce GHG emissions and mitigate the impacts of climate change.

### Looking Forward

I am excited about 2022, with a clear expectation that Exelon will remain the nation’s premier T&D company, even as we continue to grow and improve. We will never take our eyes off of operational excellence, safety, financial health, strong ethical standards and controls, and prudent, customer-focused investment — those are table stakes. With those fundamentals top of mind, we will also:

- Stay ahead of the curve in responding to the growing climate crisis: hardening the most vulnerable parts of our infrastructure, advocating for effective public policy and staying on the Path to Clean.
- Maintain focus on our workforce priorities of health, safety, engagement, development, diversity, equity and inclusion throughout the potential disruptions of social tensions, a continuing pandemic and workplace reentry.
- Keep faith with the needs and priorities of our customers and communities in some of the largest metropolitan areas in the US: economic development, jobs and workforce development, support of education initiatives, energy affordability, social justice and racial equity. These are our obligations and accountabilities, and they are close to our hearts as well.

Sincerely,



**Christopher M. Crane,**  
President and Chief Executive Officer

# About Exelon

**9.1M**

electric utility customers

**1.3M**

natural gas customers

**21.5M**

population of utility service areas

**93.6%**

electricity customers with smart meters

**96.8%**

natural gas customers with advanced meters

**22.8M**

MWh saved during 2021 through utility customer energy efficiency programs

**173,300**

customers with distributed energy resources connected

**18,728**

full- and part-time employees (as of February 28, 2022)

**\$41.9M**

corporate contributions<sup>1</sup>

**\$5M**

employee giving campaign<sup>1</sup>

**100%**

Environmental Management System (EMS) certification<sup>2</sup>

**13,044**

acres managed under Wildlife Habitat Council and/or National Wildlife Federation programs<sup>2</sup>

<sup>1</sup> Corporate and employee giving for 2021 reflects Exelon utility operations and 50% of corporate-level business operations under Exelon's previous structure. Exelon Foundation is included in corporate contributions.

<sup>2</sup> EMS certification and habitat protection data reflects Exelon utility operations as of December 31, 2021.

# Our Business

## Exelon Family of Companies



Exelon Corporation is the nation's largest utility company by customer count, serving more than 10 million customers through six fully regulated 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 our utilities, three of our utilities (PECO, BGE and DPL) also provide natural gas service. In 2021, 91 percent of utility revenues were derived from electric operations and 9 percent from natural gas operations. Exelon trades on the NASDAQ Global Market<sup>SM</sup> under the symbol EXC and is a Fortune 200 company. Post

separation from Constellation Energy, Exelon does not own any electric power generation resources.

### Strategic Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate Exelon's utilities and its competitive power generation and customer-facing energy businesses into two publicly traded companies with the resources necessary to best serve customers and sustain long-term investment and operational excellence. After receiving the necessary regulatory approvals, and approval from Exelon's Board of Directors, the separation was completed on February 1, 2022, with the utilities business retaining the Exelon name. The competitive power and

customer-facing energy businesses company now trades as Constellation Energy (NASDAQ: CEG); more information is available on the Constellation [website](#). Each independent company now has its own core business strategy and financial and strategic focus.

Exelon's purpose endures as a clear articulation of what we stand for and is embraced by our workforce:

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

This 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.



# exelon<sup>SM</sup>

## New Exelon Brand

Exelon has moved to a new brand architecture, which reflects how we are evolving to become a more unified and integrated utility. We call our new logo “the Energy Wave” to represent the energy and vibrancy of our brand and the electricity and gas we deliver to our customers. The lines of the Energy Wave come together organically, evoking the different communities we serve with warm, bright and inviting colors. For more information on Exelon’s new brand, and the changes that customers will see over time, please visit our [website](#).

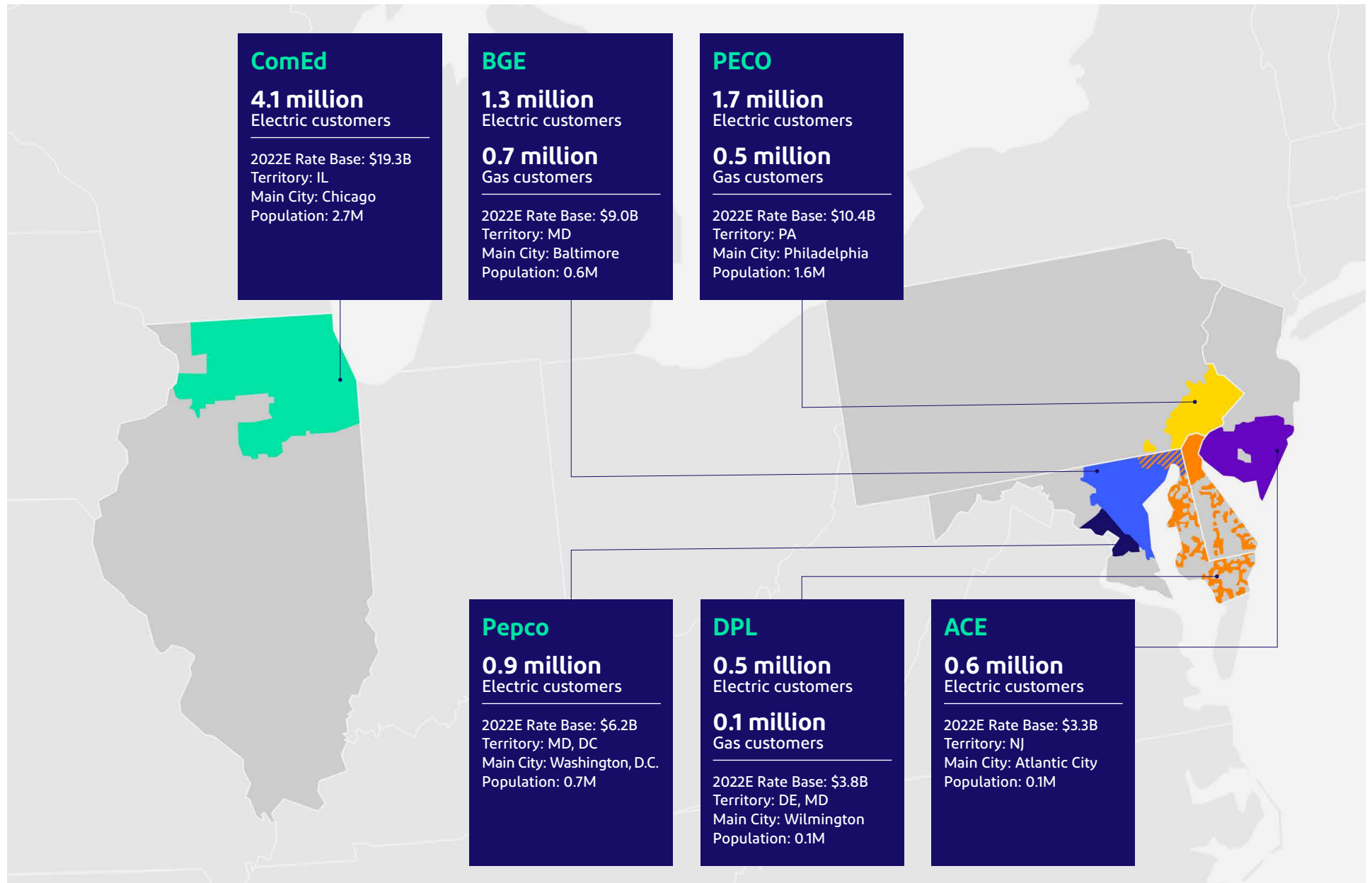
## 2021 Corporate Sustainability Report Approach

Unless otherwise noted, this report presents information and data that reflects the footprint of the current day T&D utilities business of Exelon. We recognize that many of our stakeholders expect, and 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. 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 Service Areas



Source: Adapted from Exelon Spring 2022 Investor Meetings presentation, page 4



# Exelon Performance Data 2019–2021<sup>1</sup>

	2019	2020	2021
<b>Financial and business results</b>			
Revenue (million USD)	\$16,725	\$16,663	\$17,938
Operating expenses (million USD)	\$14,073	\$14,485	\$15,256
Net income from continuing operations (million USD)	\$1,486	\$1,099	\$1,616
Earnings per average common share from continuing operations (diluted)	\$1.52	\$1.13	\$1.65
<b>Customers</b>			
<b>Exelon utility customer energy efficiency (EE) program savings</b>			
Customer EE savings (million MWh)	22.25	22.33	22.76
GHG avoidance from customer EE (million metric tons CO <sub>2</sub> e)	8.84	8.07	8.75
<b>Green Power Connection</b>			
Customer renewables connected (MW)	1,655	1,995	2,660
Customers with renewables connected (number of customers in thousands)	123.8	150.4	173.3
<b>Customer satisfaction index</b>			
BGE	8.18	8.39	8.25
ComEd	8.17	8.27	8.18
PECO	8.18	8.27	8.35
PHI	7.78	7.98	7.98
<b>Reliability — SAIFI (average number of interruptions per customer)</b>			
BGE	0.76	0.70	0.68
ComEd	0.55	0.47	0.50
PECO	0.79	0.70	0.71
PHI	0.76	0.68	0.65
<b>Reliability — CAIDI (average outage duration in minutes)</b>			
BGE	85	90	87
ComEd	78	68	69
PECO	101	85	95
PHI	90	88	85

	2019	2020	2021
<b>Communities</b>			
Corporate and foundation giving (million USD)	\$39.2	\$33.5	\$42.0
Volunteer hours (in thousands)	146.7	71.8	97.8
Spend with minority suppliers (billion USD)	\$1.7	\$2.2	\$2.4
<b>Workplace safety</b>			
OSHA recordable rate (work-related injuries or illnesses per 100 employees)	0.91	0.87	0.94
OSHA DART rate (work-related injuries or illnesses resulting in days away, restricted work or job transfer, per 100 employees)	0.80	0.96	0.67
<b>Climate change and environment</b>			
Total corporate GHG emissions (Scope 1 and 2, location-based, thousand metric tons CO <sub>2</sub> e)	5,800	5,052	5,335
Total corporate GHG emissions (Scope 1 and 2, market-based, thousand metric tons CO <sub>2</sub> e)	6,108	5,428	5,749
<b>Path to Clean goal breakdown</b>			
2030 Operations-driven GHG reduction goal (Percent Achieved) — reflects market-based accounting	27%	32%	32%
Operations-driven GHG emissions (Scope 1 & 2 market-based, thousand metric tons CO <sub>2</sub> e)	587	538	538
GHG emissions associated with system losses (Scope 2 market-based, thousand metric tons CO <sub>2</sub> e)	5,521	4,890	5,211
Customer energy use emissions (Scope 3, thousand metric tons CO <sub>2</sub> e)	86,962	79,484	86,934
Total water use (million gallons per year)	83.4	79.2	113.8

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 utility operations; 2019-2020 financial, community, safety and environmental data has been recast to reflect the same corporate boundary and may differ from previous reports. See further discussion in [2021 Corporate Sustainability Approach](#) section of this report. Calendar year 2019 avoided GHG emissions from EE programs were slightly understated in the 2019 CSR. The 2020 and 2021 CSRs contain corrected data for avoided GHG emissions from EE for calendar year 2019.

## Key Sustainability Issues

Exelon's commitment to sustainability and addressing ESG issues is central to our mission of providing clean, reliable, affordable and innovative energy products and services. By aiming for the highest ethical standards, operational excellence and environmental stewardship, we strive to conduct business in a way that is sustainable, equitable and inclusive for all customers, employees and our communities.

The [Global Reporting Initiative \(GRI\)](#) defines key issues that reflect an organization's significant social, economic and environmental impacts, or that substantively influence its stakeholders. In 2021, as Exelon prepared to separate its competitive power generation and customer-facing energy businesses into a separate company, we reviewed the 23 key sustainability issues included in our 2020 Corporate Sustainability Report (CSR), with a focus on updating them to match Exelon's forward-looking business model and position as the nation's largest T&D utility. This update was conducted not only to inform Exelon's current CSR, but also to assist Exelon's executive team in its evaluation of key ESG issues and priorities

for Exelon and its stakeholders post-separation. Beneficial electrification and environmental justice were added to the list of key sustainability issues based on the former's potential impact on climate change mitigation and the latter's importance to the community. We also updated the description of why each key issue is important, focusing on significance to today's Exelon and its stakeholders.

As we updated our key issue list, we reviewed:

- 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 and ESG communications
- Electric Power Research Institute (EPRI) Priority Sustainability Issues for the Electric Power Industry
- Media and stakeholder reviews of the company and our sector

- Sustainability disclosure and rating frameworks including GRI, SASB, CDP, TCFD, DJSI, MSCI, Sustainalytics and the Climate Action 100+ Benchmark
- Our annual Ceres stakeholder engagement dialogue

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 further discuss this alignment 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 issues, and why they are important. We list our sustainability issues alphabetically by report section.



Key Issues	Relevant SDGs	Why It Is Important
<b>Advancing Clean Energy and Affordable Energy Choices</b>		
Energy Affordability	7	Reasonably priced electric and natural gas service, with updated regulatory frameworks and investment prioritization to support the grid of the future, enables performance across all sectors of the economy and allows customers to reduce their energy burden while benefiting from smart grid investments and lower carbon energy solutions.
Value of Clean Energy	7, 13	Understanding the relative costs and benefits of investments in transmission, distribution and programs that encourage customer-sited generation and storage helps Exelon decarbonize in the most equitable and cost-effective manner.
<b>Delivering World-Class Customer Experiences</b>		
Innovative Products and Services	7, 9, 13	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.
Service to Customers	7	Providing reliable and resilient service, achieving high customer satisfaction and empowering customers to buy, manage and use energy efficiently and cost-effectively are critical to ensuring we provide value to our customers.
<b>Safely Powering Reliability and Resilience</b>		
Cybersecurity/Physical Security	9	Protection of customer information and Exelon's electronic and physical assets is of paramount importance, as our transmission and distribution assets represent critical national infrastructure.
Energy System Resilience	7, 9, 11	The delivery of reliable, clean and affordable energy supplies can be affected by many factors, including climate change. Resilience is achieved by enabling electricity and diverse fuels delivered through modernized and well-maintained transmission and distribution systems in conjunction with investments in new customer-facing technologies that enable adaptability and flexibility.
Investments in Energy Systems Infrastructure	7, 9, 11	Continued investment in the grid ensures reliable and more efficient transmission and distribution of electricity and gas, providing customers with access to clean and affordable energy choices and a world-class customer experience. This includes enabling investments to prepare the grid for high electrification and distributed energy resources (DER).
<b>Supporting Communities</b>		
Air Quality	3, 11	Exelon recognizes the importance of air quality for our communities and customers, particularly for those that are disproportionately affected by localized pollution. Programs that promote energy efficiency, transportation electrification and hosting of local clean generation supports healthier environments by reducing use of fossil fuels.
Community Empowerment and Workforce Development	4, 8	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, and stakeholder partnerships that grow opportunities for people and city and regional economies, including workforce development.
Environmental Justice	3, 10, 11	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.
Public Health and Safety	3	With operations in multiple states and the District of Columbia, Exelon must protect the public health and safety of those in the communities we serve in the course of our daily operations and in the case of an emergency event. This includes customer and community support during the COVID-19 pandemic.
<b>Managing Climate Change Risks and Opportunities</b>		
Beneficial Electrification	9, 13	Beneficial electrification supports grid management and provides growth opportunities while reducing GHG emissions, aligning with our strategic objectives and enhancing reputational value. These opportunities exist in the transportation, industrial, residential and commercial building sectors.

Key Issues	Relevant SDGs	Why It Is Important
<b>Managing Climate Change Risks and Opportunities (continued)</b>		
Climate Change: Risks and Opportunities	11, 13	Climate change exacerbates many of the system challenges that Exelon has managed for decades, such as storm restoration and energy system resilience. However, the imperative to mitigate climate change also represents business opportunities, such as electrification of the economy. Through evaluation of climate change and electrification scenarios, Exelon has developed and will continue to develop plans to manage risks and pursue opportunities that will benefit customers.
Greenhouse Gas (GHG) Emissions	7, 9, 13	GHG emissions drive climate change and must be dramatically and expeditiously reduced to move the U.S. economy toward net-zero. Through Exelon's Path to Clean goal, our utilities will collectively act to reduce operations-driven emissions 50% from a 2015 baseline by 2030 and achieve net-zero operations by 2050.
<b>Environmental Responsibility</b>		
Habitat and Biodiversity	6, 14, 15	With Exelon utility service areas encompassing 25,600 square miles in Delaware, the District of Columbia, northern Illinois, Maryland, New Jersey and southeastern Pennsylvania, Exelon manages unique habitats that can be enhanced to benefit biodiversity. Our commitment to environmental stewardship is demonstrated through a variety of Wildlife Habitat Council and National Wildlife Federation certified projects across our service territories.
Water Management	6	The effects of climate change and increasing demand for shared water resources require Exelon to engage in water conservation, stewardship and sustainable business practices through managing stormwater proactively, mitigating potential environmental impacts and restoring and enhancing natural habitats and biodiversity to contribute to healthy watersheds.
<b>A Safe, Innovative and Rewarding Workplace</b>		
Diversity, Equity and Inclusion	5, 8, 10	Building and sustaining a diverse and inclusive workplace helps ensure that our employees and supply chain reflect and integrate the varied perspectives of our customer base and society, allowing Exelon to succeed by drawing upon a much larger and broader pool of ideas and resources.
Employee Engagement	8	Our employees are our greatest asset. Employees who are invested in their communities help us succeed in understanding and meeting customer expectations and continuing to innovate into the next-generation energy company.
Health, Safety and Wellness	3	We continually strive to minimize health and safety hazard exposure to employees as they work to ensure public safety. We also support employee wellness (mental and physical) through programs designed to provide assistance when needed. Our health and safety focus builds a desirable work environment, reduces health care costs and improves business performance.
Talent Attraction, Development and Retention	4, 8	Exelon must continue to seek skilled employees, particularly in the science, technology, engineering and math (STEM) areas, to enable our continued evolution and address challenges posed by an aging workforce. Investing in our employees and potential future employees through focused training and development helps Exelon maintain the cutting-edge workforce we need to best serve our customers as the energy company of the future.
<b>Corporate Governance</b>		
Corporate Governance	16	An ethical culture with strong corporate governance and risk management processes is critical to maximizing Exelon's operational results, minimizing risks and ensuring compliance with applicable laws and regulations, in concert with the Corporate Governance Committee's oversight of Exelon's sustainability performance.
Policy Engagement	13	Exelon's businesses are subject to a wide range of laws and regulations. Exelon engages with policymakers to find solutions that provide value to customers, support our business interests 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.
Sustainable Supply Chain	12	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, drives eco-efficiency up through the supply chain, ensures supply chain continuity and upholds human rights.

# Stakeholder Engagement

Through regular engagement with our stakeholders and partners, we improve our understanding of emerging trends affecting our business and address stakeholder needs and concerns. 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.

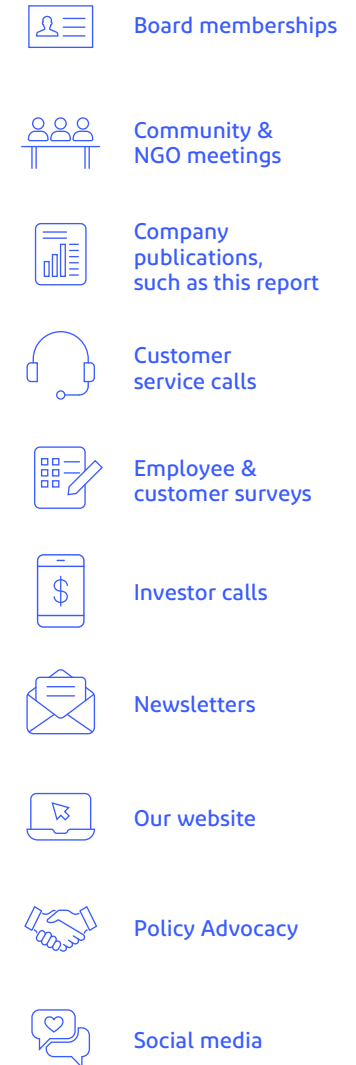
Each year, we facilitate specialized forums with individual stakeholder groups to discuss their sustainability interests and concerns to inform our business and sustainability planning. For example, since 2008 we have engaged with Ceres, a nonprofit organization advocating for sustainability leadership. 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 April 2021 to discuss the topic of Climate Justice, including environmental and health impacts, energy access, workforce transition, and community engagement and communication. Exelon appreciates the feedback received and it is being used as we consider how to evolve our approaches to working with communities on climate change and other broader environmental and social issues that impact the communities that we serve, including our [workforce development](#) programs. In addition, we have appreciated direct engagement with Ceres staff over the last several years as Exelon developed our new [Supplier Code of Conduct](#) and continues to consider opportunities to enhance its sustainability performance.

To explore avenues for improving sustainability performance as measured by the DJSI scorecard, we held discussions with S&P Global, an international investment company with a specific focus on sustainability investments, whose analysis forms the basis for DJSI scores. We also met with CDP on our disclosure results to better understand scoring and opportunities for improvement in the areas of climate change, water and supplier disclosures. Other engagement included our response to the Climate Action 100+ benchmark initiative and discussions with our lead Climate Action 100+ investors, California Public Employees' Retirement System (CalPERS) and the Unitarian Universalist Association.

## Our Stakeholders



## Engagement Mechanisms



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

- Climate mitigation and adaptation management
- Company climate change goals
- 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
- Broader ESG issues
- Support for communities and employees through the COVID-19 pandemic

In 2021, Exelon engaged on these topics with shareholders representing about one third 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 customer base to determine 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.

## 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	Scoring Considerations and Recognitions
<a href="#">Bloomberg</a>	<b>Total ESG: 65</b> <b>Environment: 54</b> <b>Social: 47</b> <b>Governance: 94</b>	Score: 0–100	• Higher score is better
<a href="#">ISS ESG Quality Score</a>	<b>Environment: 2</b> <b>Social: 7</b> <b>Governance: 3</b>	Score: 0–10	• Disclosure scores: scale 1–10 • Lower score is better
<a href="#">CDP Climate</a>	<b>A-</b>	Letter Grade: A to F	• Leadership level score in 2021
<a href="#">CDP Water</a>	<b>B</b>	Letter Grade: A to F	• Management level score in 2021
<a href="#">DJSI Survey (S&amp;P Global)</a>	<b>72 / 82nd percentile</b>	Score: 0–100 / Percentile Rank	• North America Index 16 consecutive years • Sustainability Yearbook 2021 Member
<a href="#">Sustainalytics</a>	<b>24.6</b>	Score: 0–100	• Lower score is better • Top 21% of global utilities
<a href="#">MSCI</a>	<b>A</b>	AAA to CCC ratings	• AAA is best
<a href="#">2021 CPA-Zicklin Index</a>	<b>92.9</b>	Score: 0–100	• Considered a trendsetter company (with a score of 90 percent or higher)
<a href="#">JUST Capital</a>	<b>78.3</b>	Score: 0–100	• 1st in industry • 11th best score overall

<sup>1</sup> Exelon scores updated as of April 20, 2022. Some scores were issued before Exelon's February 1, 2022 separation from Constellation and will be updated in the future by raters.

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



**At Exelon, we are powering a cleaner and brighter future for our customers and communities.** With the separation from Constellation Energy in February 2022, Exelon is now a pure-play T&D utility company that does not own power generation. This allows Exelon to focus on customer and community interest in clean, reliable, resilient and affordable energy delivery systems. As the nation’s largest T&D company we have the size and scale to steward the energy transition and power the economic health and well-being of the large and diverse metropolitan areas that we serve, while advocating for energy equity.

We plan to invest almost \$29 billion over the next four years in our infrastructure, to modernize the T&D system with new technologies to enable increased levels of electrification, integrate renewable energy into the grid system and enhance reliability and resilience in the face of climate change and cybersecurity threats. As we invest, we remain focused on financial discipline and maintaining a strong balance sheet and investment grade ratings.

Foundational to our value proposition is a commitment to, and history of, operational excellence as we maintain top quartile reliability performance at our six utilities and focus on delivering world-class customer experiences. Community support is also foundational to our values, with Exelon focused on advancing social equity and opportunity as it powers the economic health of diverse communities.

In particular, we are working to support our communities’ interest in climate change mitigation and adaptation actions as we collectively work to decarbonize the U.S. economy.

## How Exelon Delivers Sustainable Value

### Industry-Leading Platform

✓ <b>Size and Scale</b>	Largest T&D utility company in the country serving ~10 million customers
✓ <b>Diversified Rate Base</b>	Operate across 7 different regulatory jurisdictions (includes FERC)
✓ <b>Large Urban Footprint</b>	Geographically positioned to lead the clean energy buildout in our densely populated territories

### Operational Excellence

✓ <b>Safely Powering Reliability and Resilience</b>	Track record of top quartile reliability performance
✓ <b>Delivering a World-Class Customer Experience</b>	Helping customers take control of energy usage while delivering top quartile customer satisfaction results

### Leading ESG Profile

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

### Financial Discipline

✓ <b>Strong Balance Sheet</b>	Maintain balance sheet capacity to firmly support investment grade credit ratings
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Source: Adapted from Exelon Spring 2022 Investor Meetings presentation, page 6.



## Expectations and Trends that Inform Exelon's Business Strategy

As the nation's premier electric and natural gas utility, Exelon must be responsive to the changing energy landscape as well as the evolving expectations of our many stakeholders. Our customers, communities, employees and investors expect Exelon to help develop a sustainable and resilient energy system.

Key trends driving our approach to business strategy include:

- **Evolving Customer Expectations.** Customers seek greater control over their energy usage, improved convenience and increased customization along with heightened expectations of electric and natural gas reliability and resilience. These requirements include strong cyber and physical security for energy system operations and infrastructure. Customers also expect that utilities consider climate change, equity and affordability issues as they work to modernize the energy system.
- **Rapid Advances in Technology.** Within the energy sector, the proliferation of utility-scale and local distributed renewable generation, energy storage, alternative fuels, energy efficiency and electrification technologies provide new opportunities for customer choice and cost savings. Technology is also allowing the grid to become a system where customers can both consume and return power to the grid as they install local renewable energy resources.
- **Increased Focus on Clean Energy and Climate Change Policy.** Utility companies are increasing investment in climate change adaptation and mitigation across energy systems. Clean electricity and clean fuel options are expanding, and jurisdictions across the country are considering climate change and clean energy policies such as renewable energy standards and transportation electrification measures. GHG emission reduction goals have become common, and the United States has announced a target of 50-52 percent reduction in U.S. Greenhouse Gas emissions by 2030.



## Exelon's Business Strategy

Our ongoing work to drive sustainable value is guided by our purpose to power a cleaner and brighter future for our customers and communities. Each of our utilities invests in infrastructure to support safe, reliable and resilient service for customers, while advancing clean and affordable energy choices and more equitable outcomes for communities. Our business strategy has been designed to provide a common set of strategic expectations, while different jurisdictional circumstances, customers and communities will influence each utility to take its own pathway to achieve results. Our individual utilities work with stakeholders in each jurisdiction (five states and the District of Columbia) to optimize our support for clean energy priorities in each area. The table below summarizes the elements of our overall strategy, the intent of the strategy area, and the benefits of each strategy element. We also link each of our strategy areas to the related [UN SDGs](#). Later chapters in this report cover our utilities' actions and results in more detail across these strategy areas.

Strategy Area	Exelon's Aims	How We Achieve Them
<p data-bbox="100 159 394 215">Advancing Clean and Affordable Energy Choices</p> <p data-bbox="100 240 285 269">UN SDG 7 and 13</p>	<p data-bbox="443 159 779 334"><b>We provide clean energy solutions and technologies to combat climate change, reduce local air pollution and power a healthy, sustainable, equitable future.</b></p>	<ul data-bbox="842 159 1999 418" style="list-style-type: none"> <li>• We are working to reduce local air pollution to improve the health of the communities we serve, especially communities of color, which disproportionately suffer the effects of poor air quality.</li> <li>• We are building a smarter, cleaner energy grid that connects customers with options like solar and battery storage and ensures that clean energy is available when customers need it.</li> <li>• We are expanding digital communications networks to automate our grid to benefit customers.</li> <li>• We advance clean electric transportation, charging options and energy-efficient buildings.</li> <li>• We support research initiatives and upgrade our infrastructure to further reduce natural gas emissions and pilot new technologies.</li> </ul>
<p data-bbox="100 451 352 508">Delivering World-Class Customer Experiences</p> <p data-bbox="100 532 212 561">UN SDG 7</p>	<p data-bbox="443 451 779 568"><b>We empower customers by providing affordable services and by helping them take charge of their energy needs.</b></p>	<ul data-bbox="842 451 1999 763" style="list-style-type: none"> <li>• We meet new and evolving customer needs through world-class customer experiences, affordable services and solutions.</li> <li>• We provide customers the tools, innovative programs and education to take control of their energy usage, save money and reduce their environmental impact.</li> <li>• We harness the power of data to better understand and meet customer needs.</li> <li>• We strive to meet our customers where they need us, recognizing that all customers — residential, small business, commercial and industrial, new business and others — have unique needs and require customized solutions.</li> <li>• We provide natural gas options and incentives for customers who prefer this affordable, safe, cleaner and reliable energy option to alternatives like propane or oil.</li> </ul>
<p data-bbox="100 799 394 855">Safely Powering Reliability and Resilience</p> <p data-bbox="100 880 285 909">UN SDG 9 and 11</p>	<p data-bbox="443 799 779 915"><b>We are modernizing our energy infrastructure, making it stronger, safer and more secure.</b></p>	<ul data-bbox="842 799 1999 1058" style="list-style-type: none"> <li>• Investment in new technologies and in our energy infrastructure, from our power grid to our natural gas systems, provides a strong foundation of safe, reliable and affordable energy for all customers.</li> <li>• We are proactively preparing the grid to adapt to changing conditions and withstand more extreme weather and disruptive events.</li> <li>• We are making our systems more secure, to protect against physical and cyber-attacks.</li> <li>• We are developing and deploying innovative technology, building a smarter energy grid.</li> <li>• We are investing in our natural gas infrastructure, modernizing our gas mains and upgrading critical equipment to maintain safe and reliable service for customers.</li> </ul>
<p data-bbox="100 1094 373 1123">Supporting Communities</p> <p data-bbox="100 1148 285 1179">UN SDG 8 and 11</p>	<p data-bbox="443 1094 779 1237"><b>We help power the economic health and well-being of the diverse communities we serve, and advocate for equity.</b></p>	<ul data-bbox="842 1094 1999 1347" style="list-style-type: none"> <li>• We partner with communities to eliminate barriers to economic empowerment through workforce development.</li> <li>• We advocate for equitable access to clean energy opportunities, ensuring all customers benefit.</li> <li>• We help communities meet their sustainability and climate goals, ensuring new technologies and their benefits are fair and equitable in the communities we serve.</li> <li>• We partner with women-owned businesses and minority business suppliers to ensure equitable opportunities and access.</li> <li>• We volunteer and give back to the communities where we live and work.</li> </ul>

# Enabling Decarbonization is Central to Exelon's Strategy



**Exelon is strategically positioned to support a diversified approach to decarbonization.** Where we deliver electricity, our utilities are advancing electrification, infrastructure and controls to effectively and reliably manage increased loads, distributed resources and power flow management. Where Exelon delivers natural gas, we are also the local electric provider and can provide integrated energy solutions that bring forward the best of both our wires and pipes to an affordable, reliable clean energy future by providing customers access to a range of energy solutions.

The wires and pipes of Exelon's electric and natural gas utility systems are, and will increasingly be, essential to a decarbonized future. They are direct conduits to, and connections between, our over 10 million utility customers, and will deliver the clean energy required to decarbonize the U.S. economy. This includes integrating distributed energy resources and enabling greater energy resilience within customer and utility systems to better withstand the impacts of climate change on the environment, including the effects of increasing numbers of severe weather events.

Exelon is pursuing a portfolio approach to decarbonization because no single technology or strategy will achieve net-zero in isolation. Our focus is on moving towards net-zero outcomes and seeking to avoid prematurely ruling out options

that could play a valuable role. We are pursuing net-zero outcomes side-by-side with other critical objectives: energy affordability, reliability, resilience, risk management and fuel diversity. We recognize that end-use energy requirements differ and can be matched with the best technologies and energy sources available while driving economy-wide emissions to net-zero.

New technologies and energy options continue to emerge that allow us to leverage our delivery systems to further drive decarbonization. Renewable natural gas and hydrogen offer opportunities to adapt our existing natural gas distribution systems into clean-fuel networks that can be optimized and coordinated with our co-located electric distribution systems to drive an integrated approach to decarbonization.

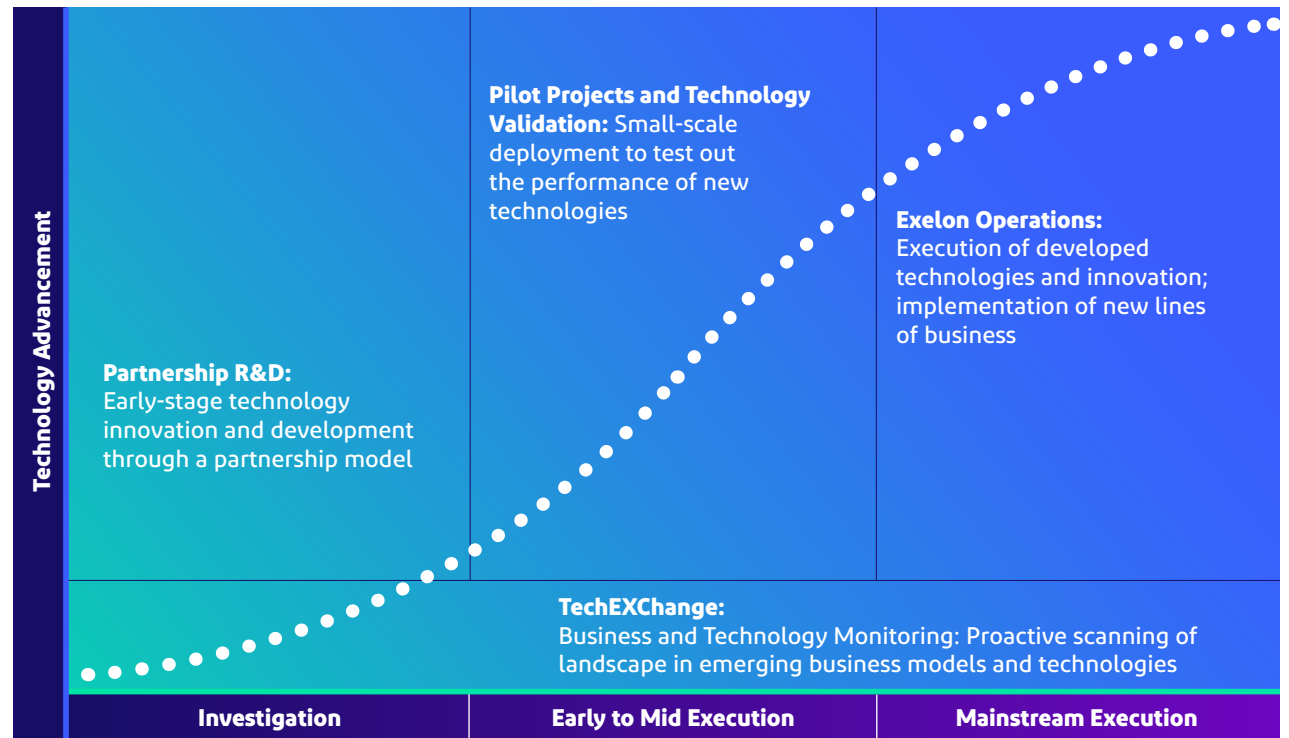
In all our jurisdictions, we are driving toward greater levels of efficiency in our operations and through customer programs. We seek to achieve emissions reductions in the most cost-effective and equitable way for each territory and recognize the differences across our territories. We work with stakeholders and partners to test and advance a range of technologies, solutions and plans that are tailored to local needs and conditions and we drive progress using the assets and opportunities available to us at each utility.

## Building Value through Technology

Exelon's culture of embracing and empowering innovation and new technologies enables us to help shape new solutions and deliver sustainable value while building the integrated energy system of the future. We gather passionate employees and external experts to develop innovative solutions to address our biggest business challenges. New technologies and business models drive operational excellence and accelerate the development of new products and services for our customers. The adjacent graphic 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.

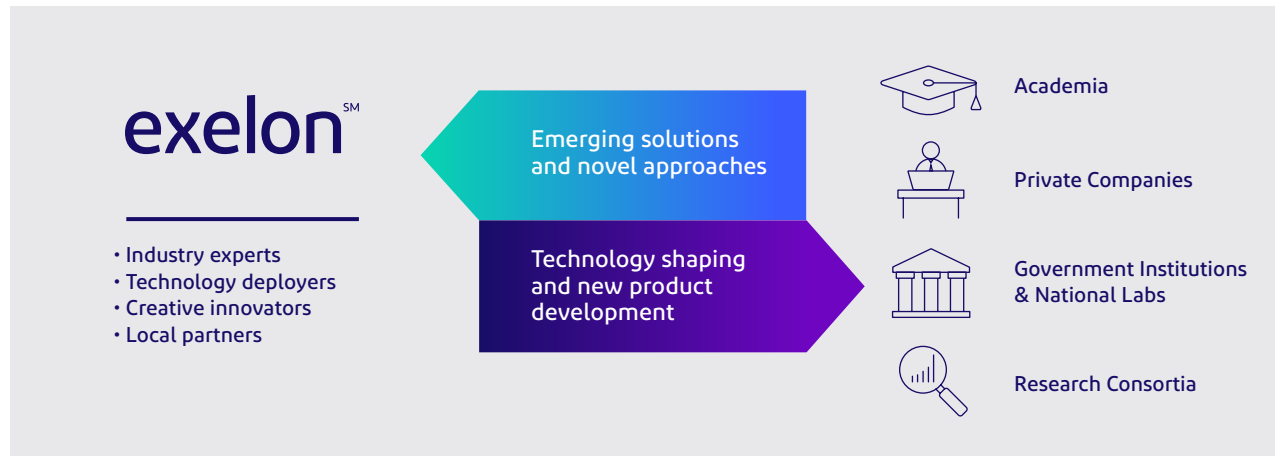
## Emerging Technology Engagement at Exelon

Several of our internal groups are responsible for identifying and evaluating emerging technology and innovation. Once these ideas mature, teams across our operating companies integrate them throughout our business, and in some cases create new lines of business in the process.



## Technology Collaboration and Partnerships

Exelon cultivates strategic partnerships with the external 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 & Development Program

Exelon cultivates strategic partnerships with the external technology ecosystem, through our Partnership Research and Development (R&D) Program framework. This program enables Exelon to directly engage with early-stage technology innovation by funding and collaborating on projects at leading research institutions, including Argonne National Laboratory, Massachusetts Institute of Technology (MIT), Northwestern University and the University of Illinois. We also partner with third parties such as Otherlab, an independent research and design firm. The Partnership R&D Program screens dozens of technologies each year. Over the last five years, the program has invested in 28 transformative projects, supporting the co-creation of novel technologies

in strategic areas such as electrification, DER enablement, grid flexibility and low-carbon fuels. 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 the Partnership R&D program, Exelon works with external partners that are developing technologies that will revolutionize the industry. This two-way collaboration benefits researchers who desire industry feedback and inputs to ensure that their work is relevant. As researchers draw on data, expertise and leadership from our subject matter experts, they ensure that Exelon actively produces transformative technology that will benefit customers.



Exelon has partnered with Prysman Group to pilot Prysman's E3X<sup>®</sup> Robot System that is designed to apply heat-dissipating coatings to existing power lines to enhance transmission efficiency and safety.

## TechEXChange

Through the TechEXChange, cross-enterprise teams evaluate technologies and emerging trends that have the potential to affect the enterprise and transform the industry. 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. TechEXChange results in recommendations on how Exelon should best engage with the technology, including through partnership R&D, utility pilots, or development of an implementation plan around how the technology can provide sustainable value for our business. TechEXChange has evaluated opportunities across electrification, alternative fuels, battery storage and hydrogen among others.

# Technology Case Study: Heat Pumps

**Exelon has explored the potential of heat pumps to provide energy efficient solutions to buildings.** Air Source Heat Pumps are not a new technology, but ongoing design improvements have led to greater efficiency and operability in colder climates in recent years. Heat pumps circulate a refrigerant to absorb heat from the outdoors and move it indoors. As the majority of useful heat is not generated by the device itself, the overall efficiency of a heat pump — unit of energy in for energy out — is greater than 100 percent, making heat pump conversion a prime opportunity to support lower energy use and emissions reductions.

Exelon has explored a range of heat pump varieties by engaging with external experts. For example, we evaluated air source and cold climate air source heat pumps with [Northeast Energy Efficiency Partnerships](#) and explored smart-enabled heat pump water heater

case studies with the [National Rural Electric Cooperative Association](#). More recently, we have explored emerging thermal (gas-fired) heat pumps and dual-purpose space and water heat pumps with the Gas Technology Institute (GTI) [Operations Technology Development](#) program and hybrid electric heat pumps with gas back-up options. Thermal heat pumps may offer a 40 percent efficiency gain relative to legacy gas furnaces, while hybrid heat pumps may provide advantages in terms of electric winter peak mitigation and overall energy system reliability.

Exelon is actively exploring how each of these heat pump technologies can contribute to energy efficiency and decarbonization as we develop integrated energy delivery solutions. As a diverse utility company serving six jurisdictions — each with unique customer needs, building stock and local energy resource availability — we see opportunities for the full range of heat pumps to be utilized throughout our territory.

# Building our Cleaner Fuels Toolkit



Aerial photo of the Bioenergy Innovation Center — Jessup, MD. Courtesy of Stewart and Tate Construction.

**As an energy T&D company, Exelon is preparing to deliver a range of clean 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 clean fuels such as hydrogen and biomethane, also known as renewable natural gas (RNG). These fuels have the potential to reduce the overall methane or carbon dioxide equivalent (CO<sub>2</sub>e) content of 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. BGE was the first utility in Maryland with an approved interconnection for RNG.

Bioenergy Devco has developed Howard County, Maryland's flagship anaerobic digestion facility that will produce RNG from food waste.

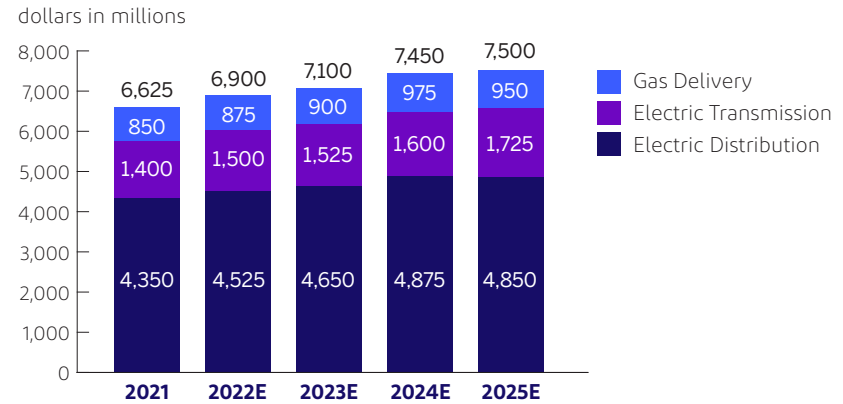
We are supporting thought leadership and exploring the technical aspects of hydrogen blending in our gas distribution system through various partnership R&D efforts. For example, with the support of a \$1 million ARPA-E grant from the U.S. Department of Energy, our experts are supporting the University of Maryland to develop a novel approach for applying protective coatings to gas distribution pipelines that could prolong their service life and support hydrogen blending in legacy pipelines. We participate in the HyBlend consortium of national lab and industry partners that is addressing the technical barriers to blending hydrogen in natural gas infrastructure and is studying life-cycle emissions of hydrogen blends. In addition, Exelon is an anchor sponsor in the EPRI-GTI Low Carbon Research Initiative that is researching lower carbon fuels along the value chain.

## Investments to Benefit Customers and Communities

Exelon invested more than \$6.6 billion across our regulated utilities in 2021 and plans to invest almost \$29 billion from 2022 through 2025. 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 10.2 million smart electric and gas meters over the last 10 years across the Exelon utilities, enabling a wide range of system and customer benefits. These new 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.



## Exelon Capital Expenditures<sup>1</sup>



Source: Adapted from Exelon Spring 2022 Investor Meetings presentation, page 21.

1 Rounded to nearest \$25M and may not sum due to rounding.

## Maintaining Investment Grade Debt Ratings

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

1 Senior unsecured ratings as of February 10, 2022, for Exelon and BGE and senior secured ratings for ComEd, PECO, ACE, DPL and Pepco.

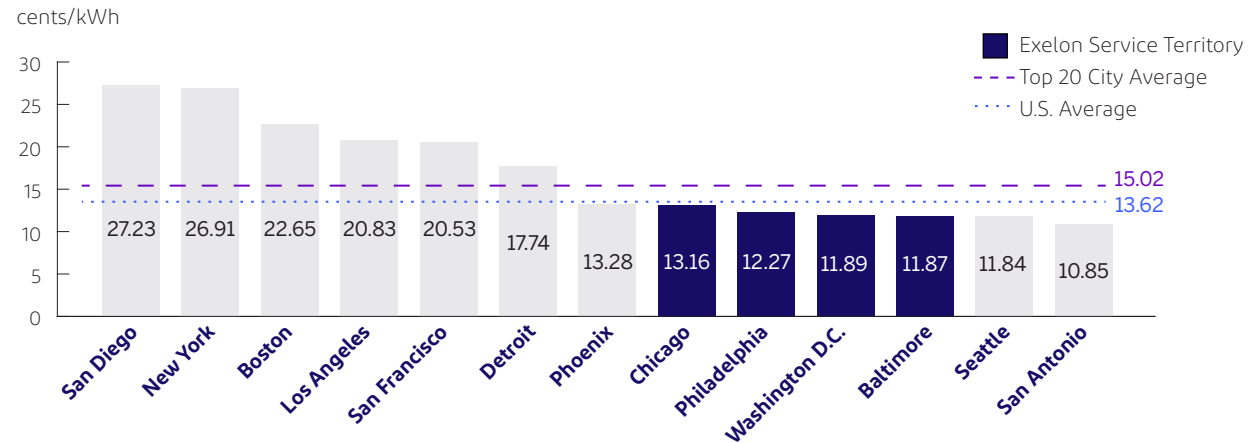


The adjacent table describes the key focus areas of Exelon’s future investment plan. While most of the listed activities relate to capital expenditures, some operations and maintenance (O&M) spending is also included in the table, the largest example of which would be programs to enable and promote energy efficiency with our customers. Much of this investment benefits our customers and communities across multiple focus areas.

Focus Area	Objective	Benefits
Strengthening Infrastructure	Enhance our existing distribution and transmission systems	<ul style="list-style-type: none"> <li>• <b>Resilience:</b> Investments to prepare for and adapt to changing environmental conditions, including to withstand, recover and minimize the magnitude and/or duration of disruptive extreme weather events.</li> <li>• <b>Reliability:</b> Investments to withstand sudden disturbances (outages) or unanticipated loss of system components, including upgrading older electric and gas T&amp;D equipment; cable and gas line replacement and distributed automation, communications and other technologies that enable the grid to better withstand potential system interruptions.</li> </ul>
Modernizing Our Energy Delivery Systems	Bring modern technologies to our distribution and transmission systems	<ul style="list-style-type: none"> <li>• <b>Electrification:</b> Investments to introduce and enable the process of electrifying equipment, vehicles, processes and systems that have historically been powered by fossil fuels.</li> <li>• <b>DER Enablement:</b> Investments required to support high distributed energy resource (DER) penetration rates for local customer and community solar installations and increased hosting capacity, including upgrades to older, lower voltage distribution lines and deployment of enabling technologies.</li> <li>• <b>Clean Fuels Enablement:</b> Investments required to support use or blending of clean fuels into gas delivery systems to reduce GHG emissions associated with combustion, including infrastructure to support injection of clean fuels into our systems and system upgrades to safely deliver fuels that may be blended into delivered gas, such as hydrogen.</li> </ul>
Optimizing Our Energy Consumption	Incorporate energy efficiency to reduce system losses and promote reduced energy consumption	<ul style="list-style-type: none"> <li>• Investments that deliver energy cost savings to our customers in addition to managing grid system voltage and T&amp;D system energy losses, through actions such as system voltage optimization enabled by new technologies and customer energy efficiency programs.</li> </ul>
Cleaning Our Environment	Limit our environmental impact	<ul style="list-style-type: none"> <li>• Investments to reduce GHG emissions across our systems (including electric vehicle and charging infrastructure), support habitat management and address legacy environmental issues.</li> </ul>
Enhancing Our Customer Experience	Improve the experience of our customers	<ul style="list-style-type: none"> <li>• Investments in systems and new technologies, customer education initiatives, customer incentives and rebates, customer payment plans and other actions.</li> </ul>
Investing in Our Communities	Benefit the communities in which we serve	<ul style="list-style-type: none"> <li>• Investments focused on supporting the communities which we serve including jurisdictional carbon commitments, workforce development programs, diverse supplier programs, STEM commitments and other measures.</li> </ul>



## Exelon's Electric Rates 18% Below Largest U.S. Metro Cities



Source: Edison Electric Institute Typical Bills and Average Rates report for Summer 2021; reflects residential average rates for the 12-month period ending 6/30/2021. High-population cities that do not provide data (e.g., Houston) are excluded from the analysis. Please see the "Exelon Spring 2022 Investor Meetings, Page 30" for additional information.

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 18 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 energy efficiency offerings and energy usage reports and alerts.

We have also worked in recent years with our public service commissions to seek constructive 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 77 percent of Exelon's electric and gas distribution revenues are decoupled from volumetric risks caused by weather and customer usage patterns, which allow our utilities to focus on making the investments required to support the energy system of the future including measures, such as energy efficiency, that reduce sales volume. Revenue decoupling currently exists at ComEd, BGE, Pepco, DPL (in Maryland only) and ACE.

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. However, our utilities do enable renewable energy investment and deployment in our service territories by third parties. For example, we are making significant investments to upgrade distribution systems to integrate local generation into the energy system and we continue to make other physical grid improvements. As described in the [Green Power Connection](#) section of this report, Exelon's utilities enabled more than 173,000 customers to connect almost 2,700 MW of local renewable generation to the emerging smart grid.

Additional investments aim to make our existing infrastructure more resilient. We describe these efforts in detail in the [Reliability Performance and Investments](#) and [Reducing Emissions from Natural Gas Systems](#) sections in this report.

## Operational Excellence

Operational excellence is foundational for our company. Our more than 10 million utility customers depend on us to provide affordable, reliable and clean energy safely every day of the year. 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’s utility management model focuses on the continuous pursuit of operational excellence in areas such as system reliability, customer service and safety. Over the years, as Exelon incorporated new utilities into our portfolio, we identified, developed and shared best practices to drive continually higher levels of operational performance. As depicted in the adjacent table, each Exelon utility had top quartile performance in 2021 across the presented metrics, with BGE, ComEd and PECO achieving top decile performance in customer satisfaction, and PHI earning top quartile. Of note, SAIFI performance was top quartile across all utilities and our utilities continued to demonstrate

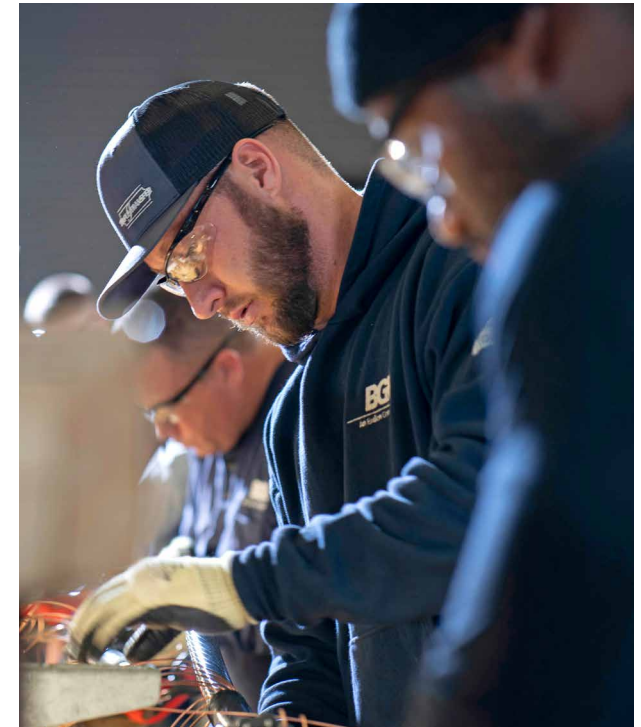
outstanding performance in customer operations with all utilities achieving best on record customer satisfaction scores, even in the face of many extreme weather events in 2021 and the impacts of COVID-19 on customers and communities. Please see the [Promoting a Culture of Safety](#) section of this report to learn more about what Exelon is doing to enhance safety performance.

### Exelon Utilities Operational Metrics vs. Industry Peer Group (results compared to 2019 benchmark)

Operations	Metric	2021			
		BGE	ComEd	PECO	PHI
Electric Operations	2.5 Beta SAIFI (Outage Frequency)	Q1	Q1	Q1	Q1
	2.5 Beta CAIDI (Outage Duration)	Q1	Q1	Q1	Q1
Customer Operations	Customer Satisfaction	Q1	Q1	Q1	Q1
	Abandon Rate	Q1	Q1	Q1	Q1
Gas Operations	Gas Odor Response	Q1	No gas operations	Q1	Q1

Performance Quartiles

Q1	Q2
Q3	Q4



## Supporting Clean Energy Policy

While Exelon continues to work effectively at multiple levels of government and in all our jurisdictions to advance a decarbonized, resilient and equitable energy future, a comprehensive, meaningful national climate program remains Exelon's preferred pathway to address GHG emissions.

The current policy direction across the various levels of government in which we operate is very much aligned with Exelon's business strategy and investment plans. At the federal level, the Biden Administration has announced goals to transform the U.S. economy to drive decarbonization, expand access to clean and affordable energy, modernize and harden the underlying energy system and supporting communications networks, and create new opportunities for under-resourced and under-represented communities. 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. As recently as March 2022, the Maryland General Assembly passed legislation that would cut economy-wide GHG emissions by 60 percent from 2006 levels by 2031 and achieve net-zero by 2045 — one of the most ambitious state net-zero targets in the nation. We expect to continue to see this convergence of energy and climate policy in the years to come.

## National Level Policies

Exelon supported the Bipartisan Infrastructure Investment and Jobs Act (IIJA) that was enacted in 2021. The IIJA includes key provisions focusing on accelerating the buildout and connection of renewable and other clean energy resources, transportation electrification, increasing energy efficiency, 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. With the passage of this Act, Exelon began to engage with industry, legislators and the U.S. Department of Energy (DOE), the U.S. Department of Transportation, the National Telecommunications Information Agency and others on implementation. We have been working with various trade associations such as EEI, the American Gas Association (AGA), the Electric Drive Transportation Association, GridWise Alliance, the Alliance for Transportation Electrification and the Utility Broadband Alliance, all of which were actively engaged in aspects of the IIJA and several of which are developing comments related to the various grant programs funded by the IIJA. These include programs supporting transmission system build out and modernization, creation of hydrogen hubs, increasing distribution system resilience and automation, the expansion of the transportation electric charging and deployment of middle-mile and rural broadband.

Exelon has also supported Congress' Build Back Better legislation that included \$550 million in funding for clean energy and climate change investments. Exelon expects that the Biden Administration and federal agencies will continue to use their full authority to advance policies that drive further decarbonization across the U.S. economy and build resilience for the future, both through implementation of federal laws and the issuance of executive orders, such as the *Justice40* and *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability* orders that were issued in 2021.

Exelon is a member of the Clean Energy Group and a founding member of a coalition of power companies that have supported and argued before various federal courts in defense of the U.S. EPA's authority under the Clean Air Act to regulate GHG emissions from power plants. A number of other parties have challenged that authority in the *West Virginia vs. EPA* case, which is pending before the U.S. Supreme Court at the time of this writing. We also actively engaged in 2021 in support of legislation to establish a national Clean Energy Performance Program that would have directed the U.S. DOE to issue grants to electric utilities that achieve designated annual clean electricity targets and collect payments from electric utilities that underachieve targets.

## Jurisdictional Level Policies

At the state level, the convergence of energy and climate policy is occurring, with our six utilities operating in jurisdictions with leading policies to accelerate the deployment of clean energy technologies and combat climate change. For example, our jurisdictions have goals related to decarbonization, advancing renewables and clean energy, transportation electrification, deploying distributed energy resources and energy efficiency. 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.

## System Planning and Regulation

On the regulatory front, grid resilience and reliability 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. We are actively engaging at the Federal

Regulatory Energy Commission (FERC) in response to its *Advanced Notice of Proposed Rulemaking (ANOPR) on Building for the Future through Regional Transmission Planning and Cost Allocation and Generator Interconnection*, both as Exelon and through the WIREs coalition. We also participated in the PJM stakeholder process to reform the generator interconnection queue. Exelon expects FERC to advance elements of this ANOPR in 2022. 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 competition in transmission where appropriate as well as of modifying existing elements of FERC Order 1000 to enable the more rapid buildout of needed transmission upgrades for reliability and generator interconnection purposes.

Exelon is also working with stakeholders on FERC Order 2222, which enables the participation of DER through aggregation into the wholesale electricity market. Order 2222 provides unique opportunities and challenges for the distribution system and its operators both for customers and for grid reliability. For example, distribution utilities will need new processes and tools to evaluate the reliability of the new registration applications from DER aggregators. In addition, aggregators and distribution utilities will

need to design and implement new monitoring and control schemes to better manage the reliability of the grid as greater levels of aggregated DERs integrate into the grid. In the future, states and utilities will need to ensure that DER interconnection processes, rates and distribution system technology requirements anticipate participation in wholesale aggregations, which could change the operational profile of these systems.

Regulatory planning and certainty over multiple years provides opportunities for more efficient procurement, enables hiring and longer-term contracting with our local, diverse suppliers, and allows us to attract capital at lower cost. It also provides transparency to our customers about what future energy costs will be and opportunities for all stakeholders to understand the investments we intend to make before making them. This forward-looking approach to regulation can take many forms. For example, Pepco and BGE have multi-year plans in effect for their jurisdictions, while ComEd will transition to a form of forward-looking ratemaking as a result of the Clean Energy Jobs Act. In Pennsylvania, PECO uses a fully projected future test year, while ACE and DPL have capital trackers that execute on an agreed-upon multi-year category of investments. This move toward multi-year rate mechanisms utilized in many states across the country will enable greater levels of transparency, certainty and engagement for us and our customers alike.

## Electrification Policies

As states and companies make commitments to cleaner, renewable generation sources, the electrification of end uses continues to grow as a key source of decarbonization. Examples of our actions to promote electrification policies include recent activity in Washington D.C., Illinois, Pennsylvania, Maryland and New Jersey.

**Washington D.C.** Pepco's Climate Solutions Plan for the District of Columbia is an overarching blueprint for how the grid can enable the District to meet its leading decarbonization and broader climate change and clean energy goals. The Climate Solutions Plan, filed with the Public Service Commission of the District of Columbia, was created as a result of legislation that set forth the District's established goals, policies and studies, and proposes a range of energy efficiency- and electrification-based actions across four portfolios and through 62 programs that leverage the unique role of the electric grid as an enabler of decarbonization. As reliability is foundational to the broad electrification envisioned within the District's policies, Pepco's plan approaches decarbonization and electrification in a manner that maintains the ability to continue to provide safe and reliable service to all Pepco customers.

**Illinois.** In 2021, Illinois enacted the Climate and Equitable Jobs Act (CEJA), a historic clean energy law to decarbonize the state's energy sector and transition it to clean and renewable energy with a focus on equitable job creation. As the largest electric utility in Illinois, ComEd is committed to implementing the new law that puts the state on a path to 100 percent clean energy by 2050. Many of the law's policies align in important ways with the priorities of ComEd and

its customers, including support for the expansion of renewable energy, energy efficiency and electric vehicles, as well as programs to prepare diverse workers to join Illinois' future energy workforce.

**Pennsylvania.** PECO is a leading advocate of legislation to authorize utilities to recover the costs of EV infrastructure incentives and support the deployment of charging infrastructure on essential public access corridors and in underserved communities. We support legislation introduced in the Pennsylvania state senate (SB 435) that will further these aims. In addition, in November 2021, PECO obtained approval from the Pennsylvania Public Utility Commission for its transportation electrification pilot programs to encourage the deployment of EV infrastructure for public transit and commercial customers. The pilot authorized more than \$1.5 million in funding for these programs and customer education efforts.

**Maryland.** BGE and the PHI Maryland utilities have been executing some of the nation's earliest and most innovative EV infrastructure and incentive programs since their 2019 launch of EVsmart initiatives in the state. From building an expansive network of utility-owned and -operated public EV chargers, to providing incentives to consumers and businesses to purchase and install smart EV chargers, to BGE's implementing a first-of-its-kind EV-Only Time-of-Use rate without having to set a second meter at customers' homes — the Exelon Maryland utilities have pushed Maryland to be in the top 10 of all states in rankings of EV readiness and friendliness. The Exelon Maryland utilities plan to expand EV offerings for fleet customers and drive school bus electrification with grid support services through a program that



Exelon plans to electrify 50 percent of its over 7,000 vehicle fleet by 2030.

may provide up to \$50 million in incentives to school districts in each utility's territory. This potential school bus program is part of a much larger suite of electrification and decarbonization programs and targets enacted by Maryland's Climate Solutions Now Act of 2022, which also includes building electrification standards for larger commercial structures and other provisions.

**New Jersey.** Over recent years the state of New Jersey has advanced policies to decarbonize and electrify the New Jersey economy (Energy Master Plan, Clean Energy Act, E.O. 92). One of these strategies aims at reducing energy consumption and emissions from the building sector through decarbonization and electrification of new and existing buildings, including expansion of statewide net-zero carbon homes incentive programs, development of EV-ready and Demand Response-ready building codes and establishment of a long-term building decarbonization roadmap. Additionally, ACE is improving access to clean electric transportation options for all communities across our service area. The EVsmart program provides rebates and incentives to support the development of 3,250 EV charging ports in public spaces, businesses and residences across South Jersey.

See the section on [Beneficial Electrification and Enabling Electric Vehicles](#) for more discussion of Exelon's activities.

## Natural Gas Delivery

We are 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. For example,

we submitted comments, both as Exelon and as part of the Clean Energy Group, on EPA's Proposed *Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review*. 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.

## Political Participation and Advocacy

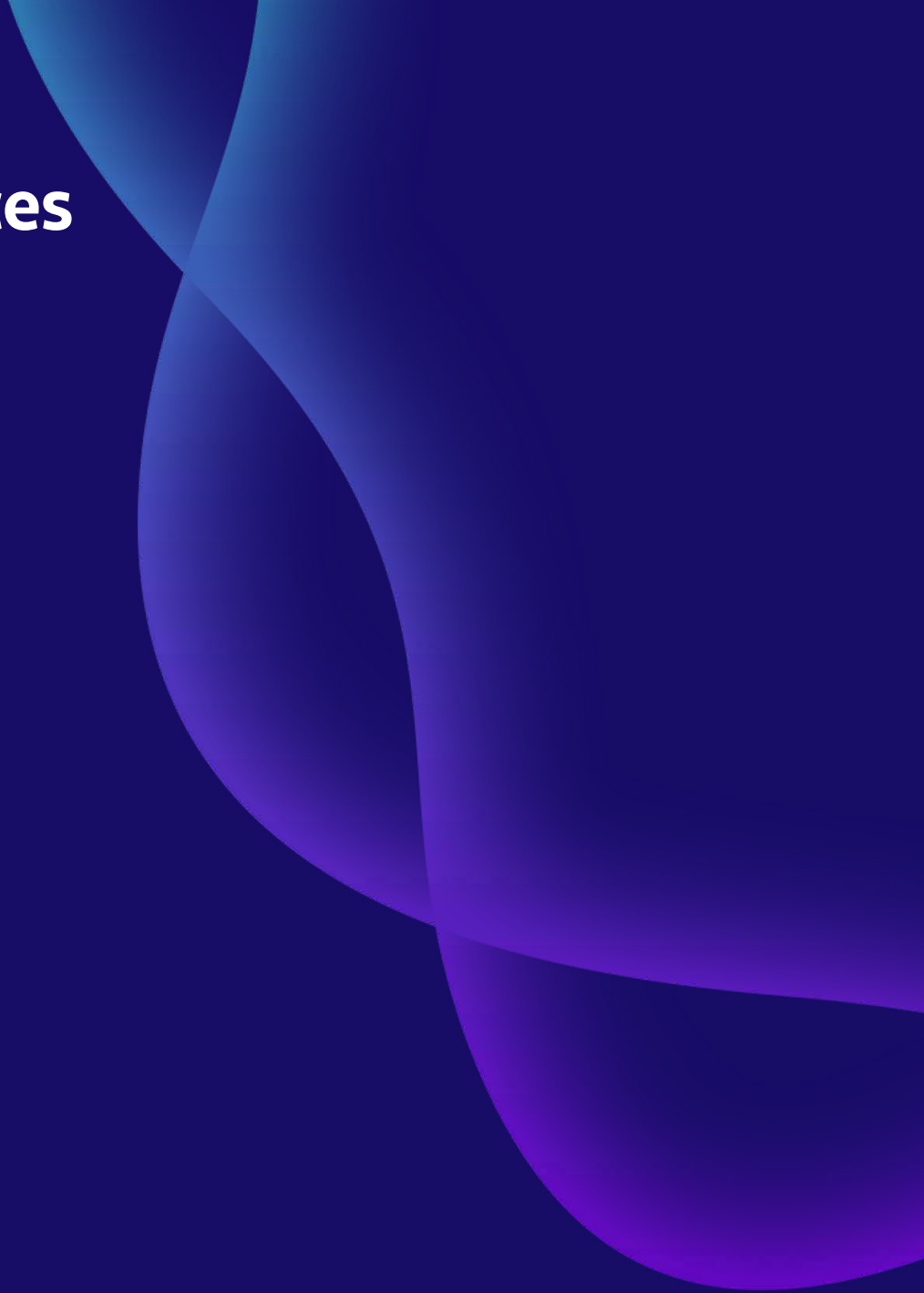
Our Corporate Governance Principles, our policies for interactions with federal, state and local officials, corporate and political contribution guidelines and our semi-annual political contributions reports can be found on Exelon's [Corporate Governance](#) webpage. Additional information on Exelon's governance program is in the [Corporate Governance](#) section of this report. 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. In cases where our views diverge, we typically 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.

## Our Ongoing Strategy Commitment

Exelon's strategy is focused on our customers, through investing in and modernizing our energy infrastructure for safe, reliable and resilient service; clean and affordable energy choices; and more equitable communities. As we execute our strategy, we will work with our community partners to address our shared challenges and opportunities related to climate change, economic development and improved quality of life. We will harness the strength and capabilities of our six utilities to deliver clean-energy services and technology solutions that enhance our customers' lives and help our communities thrive. We must remain open to new technologies, policies and strategy approaches that are nascent or may not even exist today, but that may emerge in the future as lower cost and more efficient approaches to achieving shared priorities. Exelon is committed to engaging with industry, academia, government agencies and non-governmental organizations around new approaches to solving energy challenges.

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







## 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 8.86 million electric smart meters and 1.37 million advanced gas meters. Smart meter technology provides many benefits for customer convenience and operational efficiency:

- Customers require fewer service calls when smart meters and remote sensing can diagnose problems. This technology helped us avoid more than one million truck trips during 2021.
- Smart meter technology provides the underlying data for our innovative demand response program, Peak Time Savings, across the Exelon operating companies.
- We provide services using smart meter data to help customers 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 reports that summarize their past week's usage.
- Customers with smart meters can view their daily and hourly usage data online and learn about ways to reduce energy consumption.
- An enhanced high temperature monitoring program, made possible by smart electric meter data, ensures the safety of meter entrance equipment.
- Data metrics that track outage restoration, interruption frequency and interruption duration enable more reliable service.

### Smart Electric and Natural Gas Meter Deployment Across Exelon Utilities as of Dec. 31, 2021

Electric	BGE	ComEd	PECO	PHI	Total
Smart Meters Installed (in thousands) <sup>1</sup>	1,306	4,251	1,807	1,505	8,869
Percent of Total Meters <sup>2</sup>	97.2%	99.8%	100%	72.8%	93.6%
Total Electric Meters Installed (in thousands)	1,344	4,258	1,807	2,067	9,476
Avoided truck trips related to service connect/disconnect transactions (in thousands, for 2021 only)	130	454	423	80	1,087
<b>Natural Gas<sup>3</sup></b>					
Smart Meters Installed (in thousands)	671	N/A	560	140	1,371
Percent of Total Meters	94.0%	N/A	100%	98.6%	96.8%
Total Gas Meters Installed (in thousands)	714	N/A	560	142	1,416

1 Exelon utilities, with the exception of ACE, have completed their planned major smart meter program deployments. ACE gained approval from the BPU to deploy smart meters for its New Jersey customers. Deployment is scheduled to begin in July 2022 and will carry through 2023.

2 While each utility is close to 100% 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%.

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 common 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 of 2021, Exelon utilities had a total of 173,284 customers with 2,660 megawatts (MW) of renewable energy generation resources installed, primarily solar photovoltaic systems, with a limited amount of wind and other resources.



Exelon enables distributed energy integration into the grid of the future.

### Customers Connected to Renewable Resources at Exelon Utilities

Utility	2019		2020		2021	
	Participating Customers (in thousands) <sup>1</sup>	Renewable Generation Capacity (in MW) <sup>2</sup>	Participating Customers (in thousands) <sup>1</sup>	Renewable Generation Capacity (in MW) <sup>2</sup>	Participating Customers (in thousands) <sup>1</sup>	Renewable Generation Capacity (in MW) <sup>2</sup>
<a href="#">BGE</a>	33.1	358	35.0	373	37.6	400
<a href="#">ComEd</a>	9.7	280	20.1	462	29.1	636
<a href="#">PECO</a>	10.2	113	11.8	127	13.0	138
<a href="#">PHI</a>	79.8	914	83.5	1,032	93.6	1,486
<b>Total</b>	123.8	1,655	150.4	1,995	173.3	2,660

1 Number of customers participating in Green Power Connection programs at each utility.

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

## 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.

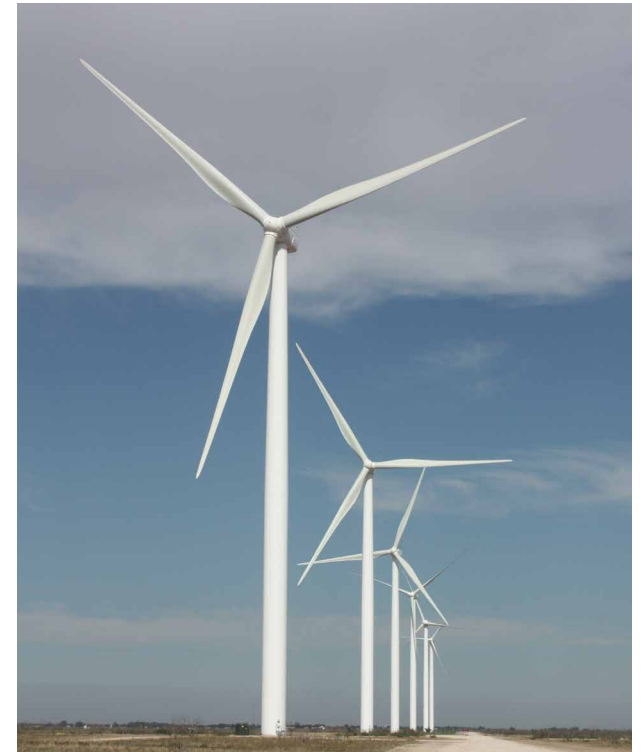
**BGE.** Approximately 3.8 million renewable energy credits (RECs) were needed to satisfy Maryland's Renewable Portfolio Standard (RPS) requirements at BGE for 2021, for default Standard Offer Service (SOS) and large Hourly Priced Service (HPS) customers. BGE purchased RECs for HPS customers and incremental 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 33.3 percent REC requirement, an increase over the 30.5 percent REC requirement in 2020.

**ComEd.** In 2021, ComEd received and retired approximately 2.5 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% by 2025" would be reached). This puts the utility 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. In 2021, under the Illinois Zero Emission Standard, ComEd received and retired 14.6 million Zero Emission Credits. 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. Under Illinois Power Agency guidance, ComEd is expected to continue to contract for the annual procurement of RECs from projects through the Adjustable Block Program, Illinois Solar for All Program, Index REC procurements and Coal to Solar procurements to meet the Illinois renewable energy goals. As of the end of 2021, ComEd had contracts for the annual delivery of 5.3 million RECs.

**PECO.** PECO is meeting Pennsylvania's Alternative Energy Portfolio Standards (AEPS) requirements that increased through 2021. Over the PJM reporting year (June 2020 to May 2021), PECO retired for compliance more than 2.4 million alternative energy credits (AECs) to satisfy the AEPS 18.3 percent requirement. PECO also continued to retire solar AECs that meet the requirements of Pennsylvania Act 40 (signed into law December 2017), which requires all credits for the AEPS solar component to be generated within Pennsylvania. In addition, PECO will comply with new legislation passed in late 2020, which requires all Tier II credits to be generated within Pennsylvania.

**PHI.** ACE, DPL and Pepco met the RPS requirements in all four jurisdictions in 2021. 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 expect to retire approximately 5.7 million RECs to meet RPS obligations in 2021.



Exelon's utilities procure millions of RECs each year to meet state RPS requirements.

# 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 jurisdictions 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

## Benefits of Electrification

Save customers money over the long run



### Benefits to Customers

- Economic
- Efficiency
- Sustainability

Reduce negative environmental impacts



### Benefits to Society

- Environmental
- Public Health
- Equity
- Workforce Development

Enable better grid management



### Benefits to Exelon

- Modernized Grid
- Strategic Alignment
- Growth Opportunities

## 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/Lyft Partnership

**BGE has partnered with Lyft to deploy 100 EVs in the Baltimore area for ride-hailing services, using U.S. DOE grant funds to promote electrification.** BGE is also installing 20 high-powered fast chargers through this grant to support recharging of the ride-hailing vehicles: 10 chargers at BWI Airport and the remaining 10 chargers in Baltimore City. The first set of 25 vehicles are expected to be on the road in second quarter 2022. These EVs will replace gas vehicles on the road, avoiding carbon emissions and other tailpipe pollution. The project also promotes EV adoption by giving both Lyft drivers and riders the opportunity to experience driving or riding in an electric vehicle.

## Exelon Smart Charge Management Pilot Program

**The Exelon Smart Charge Management pilot program will allow the company and our vendors 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 four-year pilot, which launched in 2021, is partially funded through a DOE grant and will showcase managed charging of both residential and commercial fleet customers at Exelon's Maryland utilities, BGE and PHI. The project will demonstrate coordination among Exelon utilities, an electric vehicle supply equipment partner (Greenlots), an EV telematics provider (WeaveGrid) and EV owners participating in the pilot.

As EV adoption continues to increase, charging of EVs will need to be planned and managed to avoid a negative impact on the electric T&D system from adding demand during peak loading

times. Unmanaged, EV charging load could strain existing electric infrastructure and increase the ratepayer capital investments required to ensure electric system reliability. The Smart Charge Management pilot will provide innovative solutions to reduce these impacts and lessen the investment needed to manage charging demand as EV ownership continues to grow.



## Assistance to Low- and Moderate-Income Households

All Exelon 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 aid more than 42,000 limited-income households 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 nearly \$1.3 million in matching credits to leverage an additional \$2.6 million in grants and payments for more than 8,400 Maryland residents. BGE continued a program to help customers with serious illnesses who struggle to pay their bills, and successfully supported legislation to expand the program statewide. BGE continues to pursue a cross-functional Limited Income Project Team that has begun to implement initiatives in five key areas: Proactive Assistance, Community Outreach, Community Partnerships, Regulatory/Policy and Education/Awareness. For more information on BGE's assistance programs, visit the [BGE website](#).

**ComEd.** Since 2007, ComEd's CARE programs have 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. As part of the Energy Infrastructure Modernization Act enacted in 2011, ComEd agreed to set aside \$10 million per year to fund customer assistance programs over a five-year period, starting in 2012. The passage of the Future Energy Jobs Act in December 2016 provided an additional \$50 million to extend the ComEd CARE programs, providing \$10 million a year from 2017 through 2021. More than 200,000 customers were enrolled in CARE programs or received energy management information between 2012 and 2021. Including the CARE programs, ComEd partnered with state and community partners to connect approximately 225,000 limited income customers with a record \$146 million. 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 2021. CAP provides a monthly credit 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](https://www.pECO.com/Help).



Exelon's utilities each have programs focused on working with low- and moderate-income households to help customers meet their energy needs.

**PHI.** PHI offers a variety of programs across our utilities to assist customers who have difficulty paying their energy bills. In 2021, 42,000 PHI customers received LIHEAP assistance. PHI successfully advocated for ACE, DPL and Pepco customers to be able to receive federal and state COVID-19 utility assistance funds without onerous application processes. In Maryland, PHI supported the distribution of \$20 million of state funds to eligible customer accounts without those customers needing to fill out an application. We also continued to drive awareness of energy assistance throughout the year. Virtual summits with our community partners were conducted in each of our operating companies to share important program and policy updates. In-person outreach events were held where health and safety protocols allowed. Marketing strategies were deployed across all brands which included email campaigns, postcard mailings, social media and fact sheet distribution at food distribution and faith-based sites.

**ACE.** Customers may be eligible to receive LIHEAP assistance and help through the Universal Service Fund (USF). 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. 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 provides assistance 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 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](#).

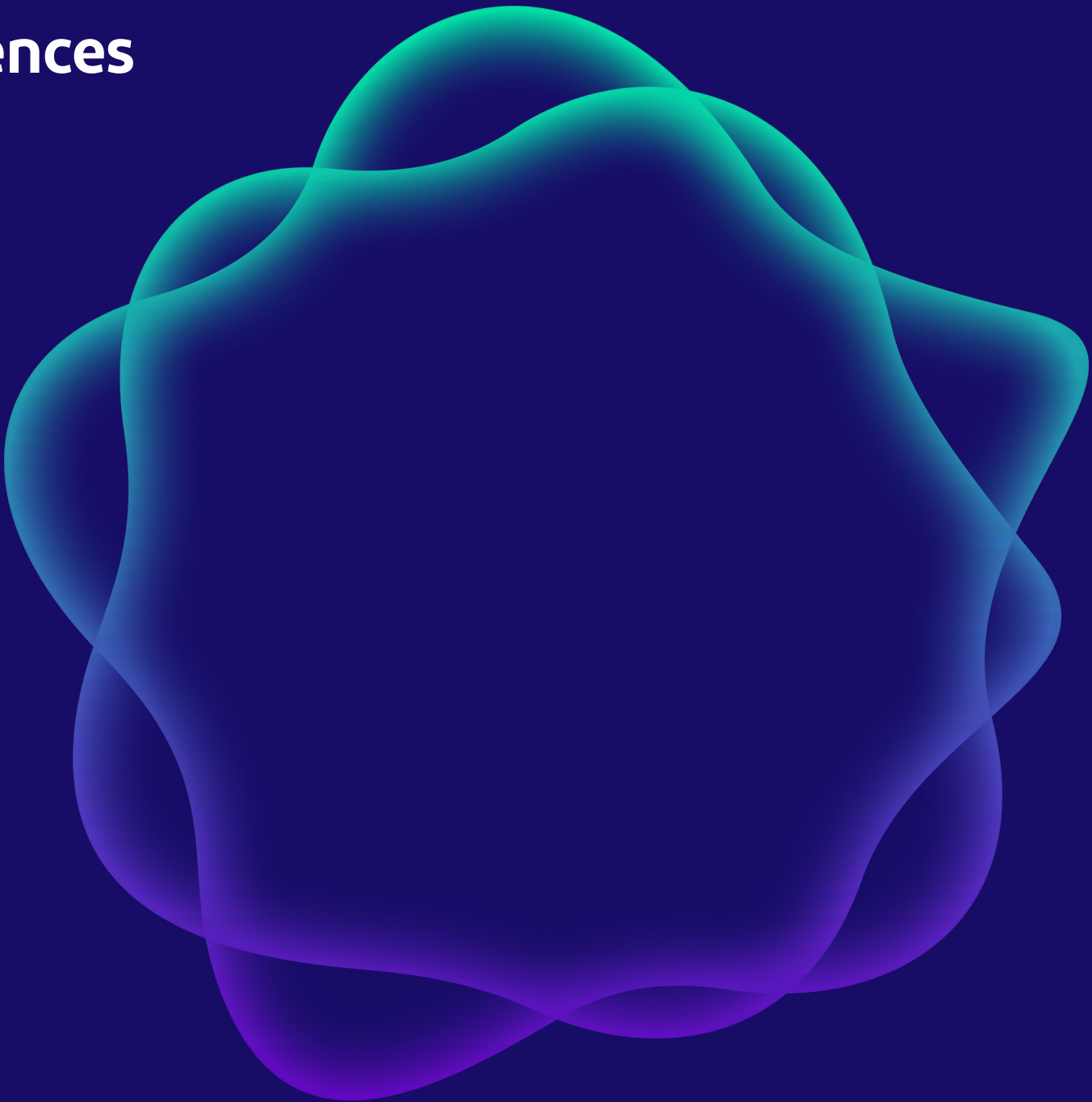
**Pepco.** Customers may apply for the Maryland Energy Assistance Program (MEAP) or the District of Columbia LIHEAP program. District of Columbia customers can also apply for the Residential Aid Discount Program, which provides eligible customers with the Residential Aid Credit, a monthly credit toward 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 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](#).



Exelon is committed to helping customers understand their energy use options.



Delivering World-Class  
**Customer Experiences**



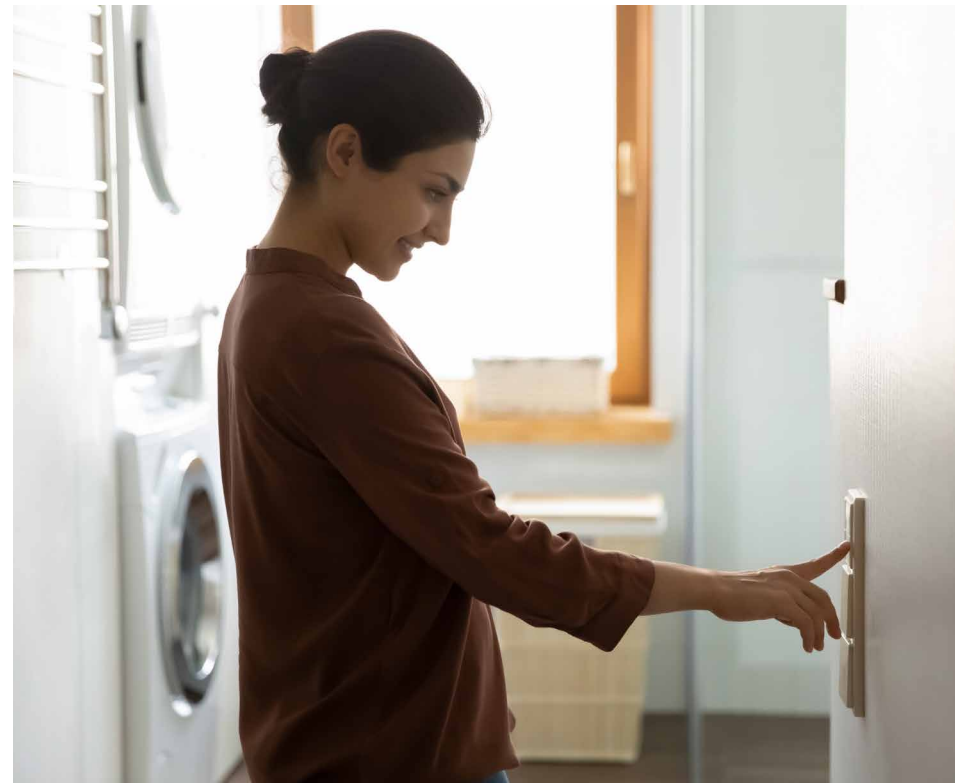
**We take pride in providing our customers with world-class customer experiences, innovative program solutions, and tools to control energy usage, save money and reduce environmental impacts.** As we work towards an equitable energy future, we are taking actions to harness the power of data to better understand and meet the needs of our residential, commercial and industrial customers.

## Customer Efficiency and Savings

We are committed to assisting our customers in managing their energy use to save money and reduce emissions. Though our customers desire to reduce emissions from energy use, we understand that affordability will always be a critical component of their decisions.

### Hourly Pricing and Smart Usage Rewards

Each of the Exelon utilities offers hourly pricing or smart usage rewards programs so that customers can manage their costs and reduce load during peak times. 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 use 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.

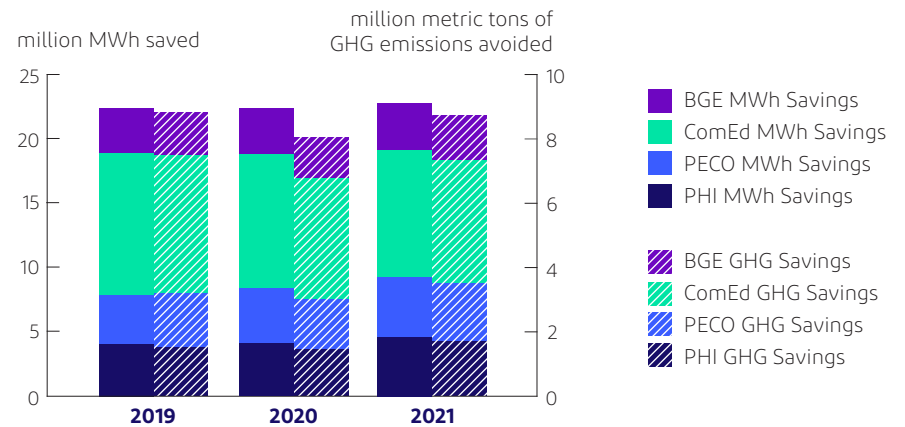




## Energy Efficiency Programs

In 2021, through a combination of new and prior-year investments, our Exelon utilities helped customers save over 22 million MWh of energy through the ComEd Smart Ideas® programs, PECO Energy Efficiency programs, BGE Smart Energy Savers Program® and PHI Home Energy Savings Program®. This equates to more than 8.7 million metric tons of CO<sub>2</sub>e emissions avoided, the equivalent energy use of over one million homes for one year or the carbon sequestered by 10.4 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 presentation of MWh saved and GHG emissions avoided over the past three years as a result of these programs. While Exelon's utilities achieved a slightly greater reduction in MWh in 2021 from 2019, associated GHG emissions avoided were slightly lower. This is due to the decreasing carbon intensity of the grid as higher carbon resources on the grid continue to be displaced by low- and zero-carbon technologies. While a positive trend, this results fewer emissions avoided per MWh saved.

## Annual Utility Savings from Customer Programs



## 2021 Awards for Customer Efficiency Programs



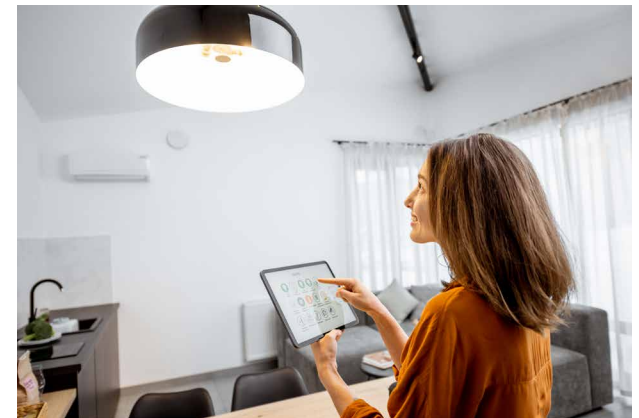
**In 2021, Exelon utilities received numerous recognitions for our commitment to providing energy-saving products, programs and services to our customers.**

**BGE.** BGE received the EPA ENERGY STAR® Partner of the Year — Sustained Excellence Award for the 11th consecutive year in 2021. BGE also received four American Marketing Association Marketing Excellence Awards for various campaigns, four silver and one bronze Telly Awards, and two American Advertising Awards (ADDY® Awards). BGE also received two Public Relations Society of America Awards for the BGE Fairy Tale Campaign and Connected Rewards Campaign, a Gold and Honorable mention dotCOMM Award, a National Capital Chesapeake Bay Chapter Award, and the Chartwell Best Practices Award — Bronze Program Marketing Award, for BGE's Connected Rewards Campaign. Lastly, BGE received the ENERGY STAR Residential New Construction Market Leader Award.

**ComEd.** ComEd received the ENERGY STAR Partner of the Year — Sustained Excellence Award. This is ComEd's ninth year in a row for the sustained excellence recognition and its 12th year of earning recognition in at least one award category.

**PECO.** PECO received the 2021 ENERGY STAR Partner of the Year — Sustained Excellence recognition for the fourth 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.** Pepco and DPL Maryland both received the ENERGY STAR Partner of the Year Award — Sustained Excellence, for the sixth and fifth years in a row, respectively. Additionally, DPL's Appliance Recycling Program was awarded the 2021 Responsible Appliance Disposal (RAD) Championship award by the U.S. EPA.



Exelon's energy efficiency programs saved customers over 22 million MWh in 2021.

# Customer Satisfaction

Our Customer Satisfaction Index monitors our progress and captures our performance in three survey metrics among residential and small business customers: overall satisfaction, meeting expectations and overall favorability. PECO had record Customer Satisfaction Index scores in 2021 and achieved top decile, ComEd and BGE achieved top quartile results and PHI was in the second quartile. Customer care center satisfaction continues to improve, and all utilities exceeded targets in 2021. We attribute this performance primarily to a focus on improving first call resolution, self-service enhancements and standardized training and process improvements.

Customer Satisfaction Index			
	2019	2020	2021
BGE	8.18	8.39	8.25
ComEd	8.17	8.27	8.18
PECO	8.18	8.27	8.35
PHI	7.78	7.98	7.98

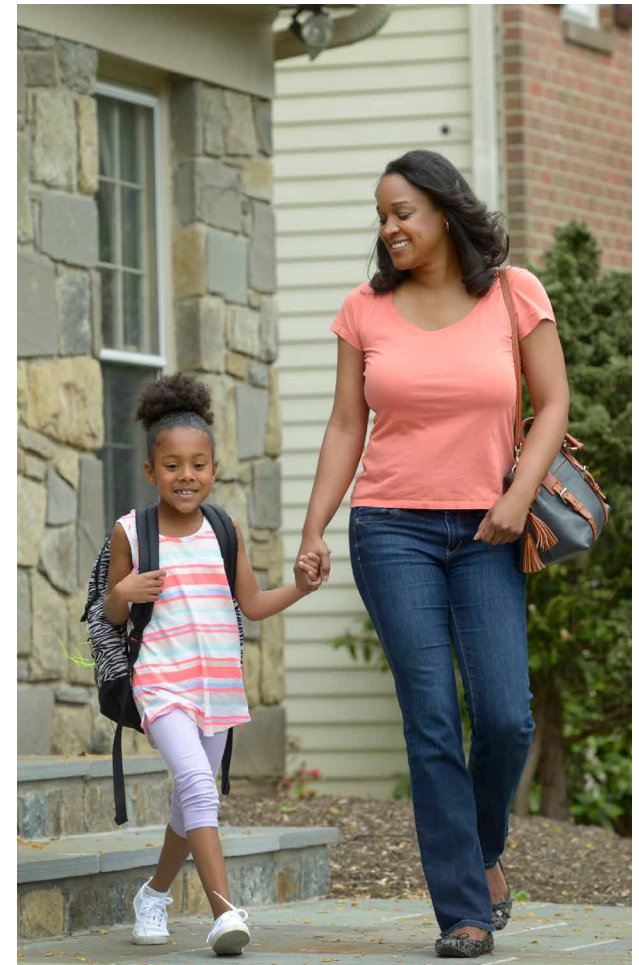
## Customer Satisfaction Recognitions



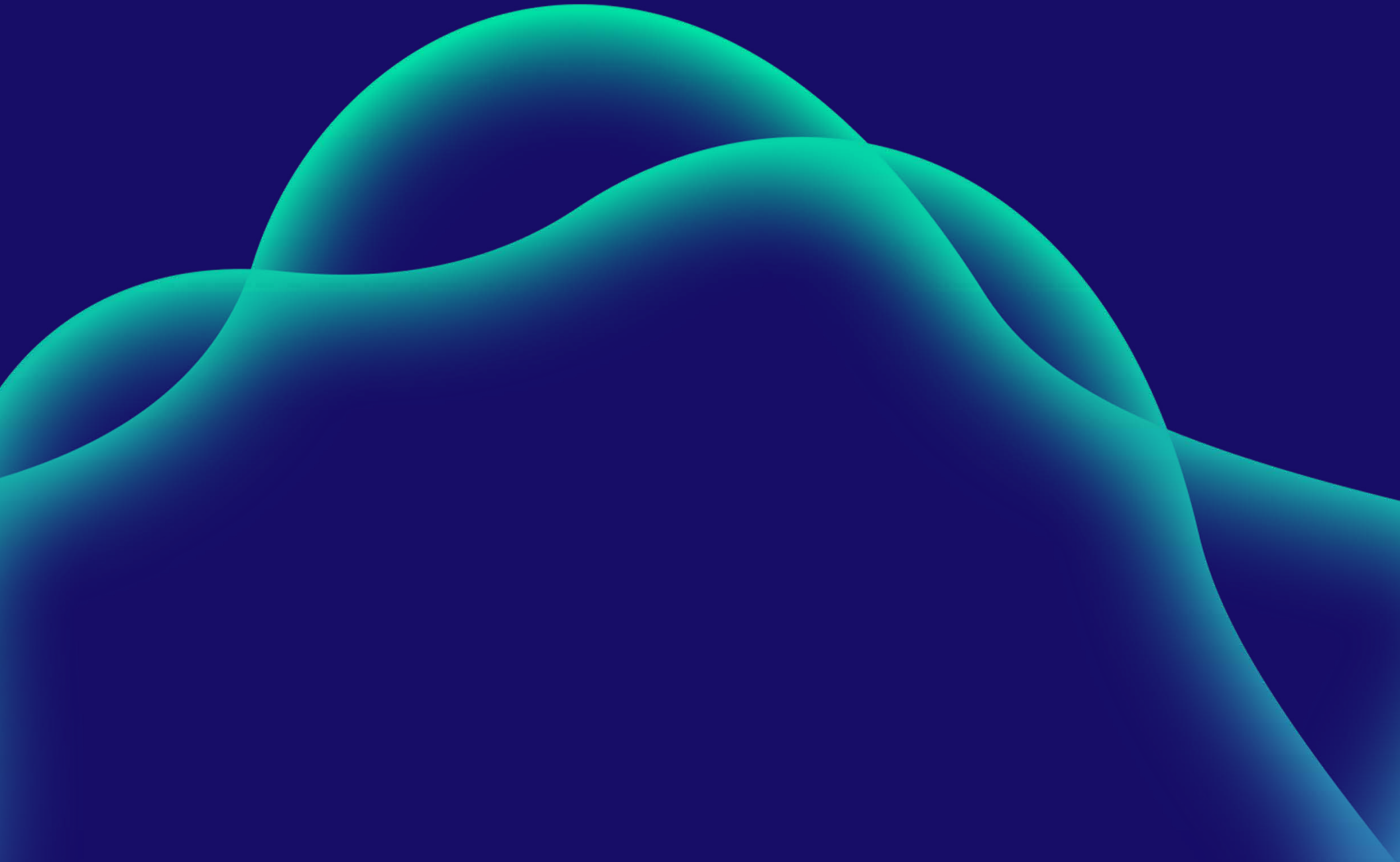
**Pepco, DPL and BGE were named 2021 Customer Champions** in the 2021 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study by Escalent. BGE was also named a 2021 Customer Champion in the 2021 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Business study by Escalent.

**DPL, Pepco and PECO were also named as 2021 Environmental Champions** with high scores on the Environment Dedication Index in the 2021 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study by Escalent.

**PECO and Pepco** were also recognized by Escalent in the category of Easiest to Do Business With in the 2021 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential study.



Safely Powering  
**Reliability** and **Resilience**



**Exelon’s utilities are proactively preparing the grid to adapt to changing conditions and withstand more extreme weather and disruptive events.** We are making our systems more secure, to protect against physical and cybersecurity risks, and have established business continuity planning to ensure that our operations are not disrupted by emergent events. As we work to deliver clean energy services and technology solutions to enhance our customers’ lives and help our communities thrive, we remain laser-focused on employee and public safety.

## Reliability Performance and Investments

All of Exelon’s utilities are focused on achieving a high level of reliability and maintaining excellent customer service. In 2021, we continued our strong performance in minimizing the average number of interruptions per customer (SAIFI). BGE, ComEd, PECO and PHI all achieved first quartile SAIFI performance with respect to 2019 industry benchmarks. ComEd SAIFI performance was top decile, and PHI SAIFI was best on record. For average outage duration (CAIDI) performance, BGE, ComEd, PECO and PHI all achieved first quartile. ComEd CAIDI performance was top decile, and PHI CAIDI was best on record.

Ongoing 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
- Continued integration of information from smart meters into the outage management process
- Measurement and management of outage restoration processes for improved efficiency
- Underground distribution cable replacement and remediation programs
- Ongoing vegetation management to keep overhead lines and other assets free from falling trees and limbs
- Investigation of new technologies for opportunities to reduce outage frequency and duration

Reliability			
SAIFI <sup>1</sup>	2019	2020	2021
BGE	0.76	0.70	0.68
ComEd	0.55	0.47	0.50
PECO	0.79	0.70	0.71
PHI	0.76	0.68	0.65
CAIDI <sup>2</sup>			
BGE	85	90	87
ComEd	78	68	69
PECO	101	85	95
PHI	90	88	85

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.

# Distribution Automation at Exelon

**In the last five years, Exelon's utilities have installed over 7,000 distribution automation devices, smart electronic switches that protect customers from electric service interruptions or automatically rearrange circuits to restore power quickly.** In 2021 alone, these devices protected nearly 5 million customers from having an outage or restored power automatically, normally within one minute.





## Reliability and Resilience During COVID-19

Throughout the pandemic, Exelon has remained focused on providing safe, clean, affordable and reliable energy to our customers and communities. Our employees understand the essential role we play in ensuring the lights are on and the gas is flowing in emergency response centers, hospitals and across our communities. We are proud of the ability of our workforce to adapt to these challenging conditions.

Given the crucial importance of energy to our communities, Exelon routinely prepares and implements robust emergency and contingency plans to maintain operations and business continuity in unprecedented circumstances. Each of our utilities continues to provide information on their websites regarding utility programs to help customers, operations safety protocols and scam alerts. For more information, Exelon has established a corporate webpage that includes general COVID-19 information and links to each of our utilities' related websites.

Exelon's leaders, safety, and occupational health professionals have worked tirelessly to keep our employees and customers safe by requiring adherence to the Centers for Disease Control and Prevention (CDC) guidance and compliance with state and local requirements. Our actions aim to protect the health of our employees and customers and reduce virus transmission by:

- Providing proper personal protective equipment and sanitizer
- Implementing screening protocols for essential workers
- Updating policies to limit person-to-person contact and ensure social distancing
- Enhancing cleaning and disinfecting protocols and frequency
- Enabling remote work where practical
- Limiting travel to only essential activities that cannot be performed remotely

We offered resources and added benefits to help employees cope with the pandemic. For example, we expanded childcare support, granted additional pay continuation for COVID-19 quarantining and illness and provided 100 percent coverage for all in-network COVID-19 treatment (including testing, telehealth and diagnostic visits) for those who are enrolled in Exelon medical coverage. Exelon has also supported employees with the opportunity to take advantage of government relief under the Employee Savings Plan, medical plans and flexible spending

account plans. We encouraged use of our employee assistance program, provided useful mental health support for remote workers and created additional forums for virtual networking and social interaction.

Exelon remains a significant source of information on the pandemic for our employees. Through regular updates and a mobile-friendly website, employees stay up to date on the latest CDC guidance and company information, including how to voluntarily record vaccinations to support business continuity planning and vaccination efforts.

Although responding to COVID-19 has been challenging, we gained understanding to help us shape the workplace of the future at Exelon. Many of our employees worked remotely over the last two years, which was not a routine practice at Exelon prior to COVID-19. As a result, we learned our productivity was not adversely impacted, costs associated with travel and other activities decreased and employees highly valued the flexibility of working remotely. Now that we have reached a more stable point in the pandemic, we will offer remote work on a regular basis to some employees whose jobs allow for it, providing employees with flexibility while helping to reduce operating costs.



COVID-19 has not stopped Exelon's focus on workforce development. ComEd CONSTRUCT Infrastructure Academy job shadowing at the ComEd Chicago Training Center.

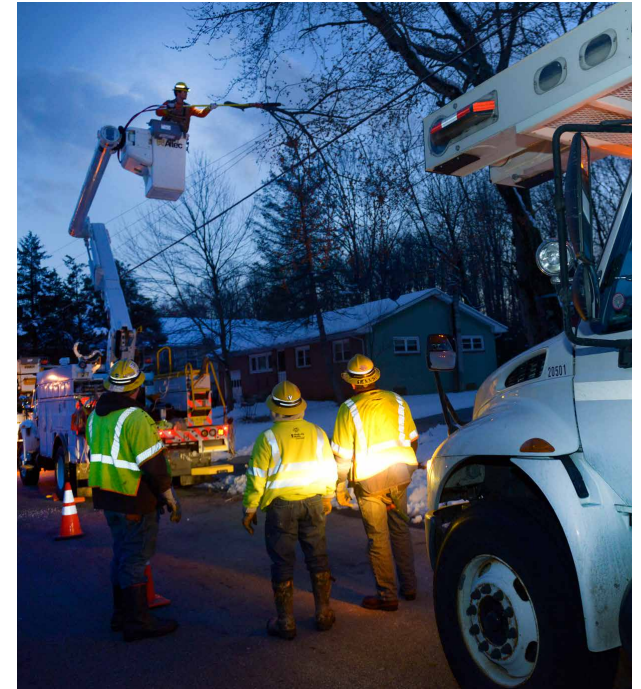
## Disaster Preparedness and Awareness

We recognize the importance of protecting the electric grid and natural gas infrastructure. We have been investing, and continue to invest, millions of dollars in enhanced facility protections at our critical infrastructure, continually upgrading our cybersecurity monitoring, defenses and training, and upgrading our equipment to improve weather resilience.

Exelon also has comprehensive cybersecurity and physical security protocols that are continually tested and upgraded to anticipate the latest threats and capabilities of global threat actors. Our protocols and training/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. As we move past COVID-19 meeting restrictions, we look forward to transitioning back to more in-person engagement with our stakeholders on activities that have occurred on a “virtual” meeting basis during the pandemic, including educational programs at schools to teach children about energy safety and training for contractors and excavators working in the vicinity of operations. Other resources will continue to be provided 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.

Our utilities provide extensive safety information on their websites. Online, customers can find 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 use a range of social media platforms, including Twitter 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.



Exelon is committed to public safety and recovering quickly after storm events.

# Physical Security, Cybersecurity and Business Continuity

## Physical Security

Exelon is enhancing facilities with additional physical security measures to reduce vulnerability to physical attacks and unauthorized access to personnel, equipment, systems and materials at substations. Our physical security team identified critical sites and potential major threats to substations such as terrorism, theft and vandalism. The team designed and implemented multilayered and integrated security controls, including physical barriers, detection systems, access control, cameras and video analytics. Exelon conducts periodic on-site assessments of those sites to ensure appropriate controls are in place.

Exelon enhanced the effectiveness of protective measures and response processes to support all Exelon personnel and customers during the COVID-19 pandemic and civil unrest by providing a host of virtual and in-person security activities and system upgrades. 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 employees. The physical security team maintains effective working relationships with law enforcement.



Cybersecurity is one of many risk areas managed by Exelon.

## Cybersecurity

Cybersecurity is a high priority at Exelon. Our business serves millions of homes and businesses, as well as governmental customers, in some of the most densely populated areas of the country, making us a part of the nation's critical infrastructure.

Our Corporate & Information Security Services (CISS) team maintains an enterprise-wide, risk-based, intelligence-driven, "defense-in-depth" security posture. By applying layered defensive mechanisms, CISS proactively provides the security needed to deter and delay attacks and withstand their potential impacts. This extends to the security programs, which CISS collaboratively developed with input from our IT team and other key stakeholders across Exelon. The integrated approach means that all operating companies benefit from the pooled investment into a unified and flexible security program.

With rapidly evolving threats, it is crucial that we frequently assess our cybersecurity capabilities and embrace continuous improvement of our security programs. Exelon's cybersecurity controls align with the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) and we participate in the DOE Cybersecurity Capability Maturity Model (C2M2) assessment program. C2M2 measures the effectiveness of our programs and controls, and it evaluates how well we maintain our processes and monitor for improvement opportunities in this rapidly evolving field. The C2M2 allows for internal evaluation and external benchmarking within the energy industry and assists Exelon in prioritizing actions and investments that enhance our cybersecurity capabilities.

Exelon protects assets critical to grid reliability and national security through the implementation of the North American Electric Reliability Corporation's Critical Infrastructure Protection requirements. Regulated critical cyber assets are isolated within restricted networks, segmented from the enterprise IT environment and the Internet, continuously monitored for malicious activity and routinely evaluated for vulnerabilities.

We remain focused on increasing cybersecurity awareness and preparedness and continue to implement additional technologies to enhance our cybersecurity capabilities.

## Business Continuity

We maintain robust 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. We ensure business resilience through a combination of incident response, crisis management, business continuity and systems recovery programs. As with all security efforts, these programs are designed to align with the NIST CSF and to apply to all hazards.

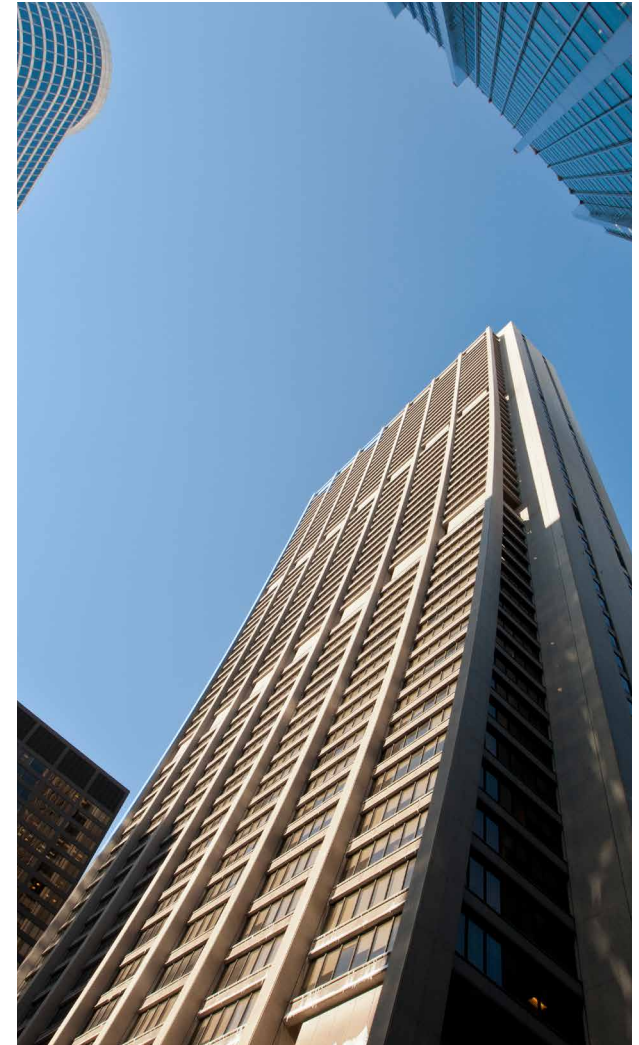
Exelon's corporate security, IT and emergency preparedness teams and programs deploy plans to support response and recovery activities. Exelon's business continuity program covers all Exelon business functions, focusing on maintaining operational readiness for an evolving threat landscape. When events 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 that informs and consults all key stakeholders throughout the process of addressing and resolving a priority incident.

In 2021, Exelon centralized the emergency notifications tools across emergency response operations (ERO) functions, creating a single messaging platform to mobilize corporate and utility ERO personnel. This project was completed over a nine-month period, aligning training, and creating

efficiencies by utilizing the existing corporate notification tool, while also allowing collaboration between those functions that support enterprise response and storm response. These ERO teams continue to collaborate, aligning common response protocols, while also reducing the time required to mobilize personnel to respond to an incident that impacts our customers, operations or personnel.

On an annual basis, 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. Corporate security and IT 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 and implement enhancements to support plan growth and response capabilities.

More than 400 of Exelon's incident responders participated in the 2021 NERC Grid Security Exercise (GridEx) V drill, which brought together over 700 participants representing the electric power industry and federal and state governments. Through enterprise-wide coordination, the participants validated improvements to various operational and response practices and identified new areas for refinement.



Exelon has business continuity plans in place for all aspects of our businesses, from physical operations and locations to information technology systems.

## Exelon Utilities Storm Response — Mutual Assistance

All of the Exelon operating companies are active participants in mutual assistance within the industry. This involves making our storm response resources available 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 United States, 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.

BGE	ComEd	PECO	PHI
North Atlantic Mutual Assistance Group	Great Lakes Mutual Assistance Group	North Atlantic Mutual Assistance Group	North Atlantic Mutual Assistance Group
Southeast Electric Exchange	Midwest Mutual Assistance Group Southeast Electric Exchange	Southeast Electric Exchange	Southeast Electric Exchange

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, for instance), 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 Risk Management — Physical Environment Changes Driven by Climate Change](#).



Exelon utilities have long supported each other, and other utility companies, through mutual assistance programs.

# Supporting **Communities**

The background of the slide is a solid dark blue. Overlaid on this is a large, abstract graphic composed of several overlapping, wavy, organic shapes in shades of purple and blue. These shapes flow from the bottom left towards the right, creating a sense of movement and depth. The colors transition from a deep purple on the left to a lighter, more vibrant blue on the right.

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

We partner with communities to eliminate barriers to economic empowerment through activities such as workforce development, supplier development, STEM education and corporate philanthropy. In 2021, to extend our efforts to develop local economies, Exelon announced its \$36 million fund to support minority-owned businesses in the communities that we serve. We advocate for equitable access to clean energy opportunities, ensuring that all customers benefit. We help communities meet their sustainability and climate goals and seek to ensure that the availability of new technologies and their benefits are fair and equitable. We partner with women-owned businesses and minority business suppliers, to ensure equitable opportunities and access. Our employees give back to the communities where we live and work through employee philanthropy and volunteerism.

### Economic Development

Helping local businesses and economies to grow is innate 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 to add new electric load on distribution circuits in geographic locations that make sense for customers' business operations, 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 energy efficiency programs; and showcase our Path to Clean initiatives. Through this process, we welcome load growth and aim to instill confidence in our ability to enable our stakeholders' energy futures served by Exelon, while supporting the quality of life, job creation and tax base goals of the communities we serve.

Exelon's Utility Economic Development Teams from across all of our utilities meet regularly to share and develop best practices to drive economic



Exelon is investing in infrastructure to enable electrification and new businesses, such as data centers, in our service areas.

development progress in our service areas. Over the 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 supported a contingent of Pennsylvania advocates who cited the Illinois and Maryland legislation during its successful bid for similar policy.

Electric power is critically important to the growing digital economy and to society as a whole, which increasingly uses 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, prospects 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.

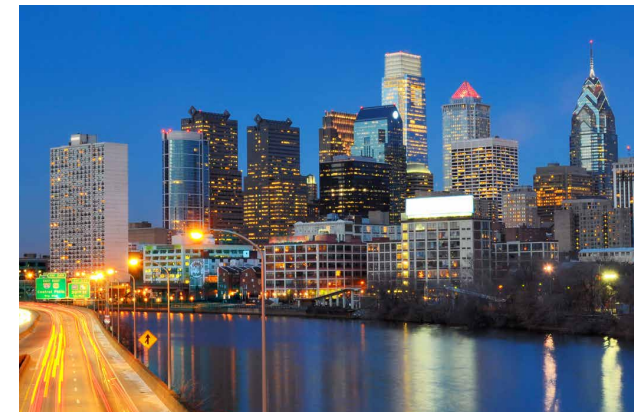
In 2021, our economic development teams collaborated with engineers in our respective internal system planning teams to help identify areas of available capacity within our electricity transmission and distribution systems. As a result, we can supply

energy to new customers more easily and quickly connect new operations within our service areas. This helps streamline the upfront site evaluation process. Last year, we also worked jointly to standardize the engineering processes across each operating company 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 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, hire and ultimately contribute to a stronger economy.

**ComEd**, serving the metropolitan area of Chicago, 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 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' former PES/Sunoco oil refinery and Northpoint's U.S. Steel redevelopment sites, to name a few. To more efficiently address prospect inquiries across its southeastern Pennsylvania service territory, PECO engaged other internal resources and developed a web-based tool to quickly identify available substation and circuit capacity for site-specific inquiries upon request. Its Economic Development Capacity Planning tool launched in fourth quarter 2021.



Exelon supports vibrant cities and communities through its focus on creating opportunities in local economies.



**ACE, DPL and Pepco** serve southern New Jersey, Delaware and Washington, D.C. and its suburbs. In 2021, the utilities formalized partnership efforts with public and quasi-public economic development organizations. While each utility has been successful, one project stands out as the most significant. After an extensive search that resulted in a short list of sites in the tri-state areas served by Exelon’s utilities, Wuxi Apptec announced in late June it will build a 1.7 million square foot manufacturing facility on a 190-acre site to produce pharmaceuticals in New Castle County, Delaware, where it anticipates employing as many as 1,200 people. 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.

BGE, ComEd and PECO all ranked among Site Selection magazine’s 2021 Top Utilities for Economic Development. Pepco Holdings — ACE, DPL and Pepco — was recognized as a top performer.

## Supporting Local and Diverse Suppliers

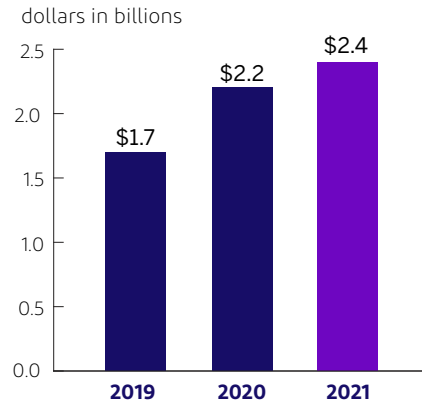
Through our Diverse Business Empowerment program, Exelon realizes competitive advantages from the talents that all people bring to the workplace. Exelon serves some of the nation’s largest and most ethnically diverse metropolitan areas — including Baltimore, Chicago, Washington D.C. and Philadelphia. This means our supplier base, as well as our workforce and culture, must reflect the diversity of our customers and our communities. We view diversity-certified businesses as valued partners in our efforts to serve our customers and we believe that partnership will help diverse business enterprises to 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 2021, we spent approximately \$6.2 billion with suppliers. Approximately 65 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 2021, our spending with diversity-certified suppliers reached \$2.4 billion at our utilities — an increase of more than 64 percent since 2017 — and accounted for 40 percent of our sourced spending. As further recognition for our continued commitment to building a diverse supply chain, in 2021 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 diversity-certified suppliers totaled \$193 million in 2021, an increase of \$57 million over last year. The Exelon “high-margin” strategy is regarded as a utility industry best practice. This strategy focuses on fully integrating diversity-certified 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.

## Diversity-Certified Supplier Spend (Utilities)<sup>1</sup>



<sup>1</sup> Diversity-certified supplier spend for 2021 reflects Exelon utility operations. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.

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

In 2021, Exelon's utilities arranged \$97 million in credit lines with 19 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 and 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 in the energy industry. Administered by JP Morgan Chase since its inception, the program now has 19 participating banks across the country.

Exelon's utilities currently invest \$4.0 billion of pension, employee savings plan, and retiree healthcare assets with 27 diversity-certified investment firms. In addition, another 20 minority investment firms participated in or co-managed \$3.6 billion in corporate bond deals.

Taxes are another important way Exelon supports local growth and development. In 2021, Exelon paid, or collected and remitted, a total of almost \$2.9 billion in taxes. Of this total, we paid over \$1.2 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 an additional \$1.6 billion in taxes, such as employee payroll, sales/use and utility taxes.

### Exelon Corporation and Subsidiaries — 2021 Taxes Paid<sup>1</sup>

dollars in thousands

	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>Federal Income, Payroll and Other Taxes</b>	35,852	648,868	684,720
<b>State and Local Taxes<sup>2</sup></b>			
Delaware	36,140	9,748	45,888
District of Columbia	168,501	22,249	190,750
Illinois	286,622	572,550	859,172
Maryland	496,578	235,358	731,936
New Jersey	12,557	83,978	96,535
New York	-350	2,027	1,677
Pennsylvania	162,563	67,290	229,853
Texas	7	204	211
Other States	20,765	5,560	26,325
<b>Total 2021 Taxes Paid</b>	<b>\$1,219,235</b>	<b>\$1,647,832</b>	<b>\$2,867,067</b>

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

<sup>2</sup> State and local taxes include: Income and franchise; payroll; property; sales and use; and/or utility and other taxes as applicable in each jurisdiction. Due to COVID-19, many local property tax assessment offices were delayed in issuing 2020 property tax bills. As such, payment of 2020 and 2021 property tax bills were paid in 2021.

## 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 and educational resources to support both work-ready adults and youth for family-supporting careers. We use workforce development programs to further equip individuals who are either unemployed or underemployed with new and valuable job skills to support their future success. Our workforce development highlights from 2021 include:

- We invested more than \$14 million to support more than 65 workforce development programs across six utilities. These programs included our Infrastructure Academies, which create pathways into utility careers through training programs offered in partnership with other entities.
- More than 5,000 people participated in Exelon's workforce development programs.
- Over 300 program participants were hired either by Exelon or other companies.

### STEM Academies

Creating a reliable workforce pipeline is crucial to ensuring the success of the industry and meeting the needs of society for dependable power. 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.

"By creating opportunities for young women to learn about and pursue STEM-related careers, we are helping to develop the workforce of the future," said Chris Crane, Exelon president and CEO. "We recognize that a diverse team of people — with different backgrounds, experiences, cultures and perspectives — makes for a better company and a stronger community partner and it will yield greater innovation and market competitiveness."



Exelon is committed to promoting and enabling STEM education in the communities that it serves.

Due to COVID-19, our 2021 programs again took place mostly in a virtual format. Our virtual programs host 30 to 60 young women in monthly mentoring sessions alongside biweekly hands-on STEM activities led by program alumnae; Career Chats with our current employees; professional development sessions emphasizing interview etiquette, creating engaging LinkedIn profiles and more; and social gatherings, following COVID-19 safety protocols. In addition to our events, more than 2,500 young women, parents and educators receive our monthly STEMInist e-newsletter.

In the summer, we offered free, one-week STEM Leadership Academies across the country. These academies each began with an in-person event, when available per COVID-19 regulations, followed by online experiences including virtual field trips to Exelon worksites, interactive hands-on science projects, career panels with employees, sessions on leadership and a team-based challenge focused on energy efficiency and climate change. Our STEM Leadership Academies served 179 young women in 2021, with 80 percent representing minority groups.

To further our commitment to STEM opportunities and future talent development, we now offer full college scholarships to a select group of young women who have participated in the programs, and we launched two other signature education programs.

## Promoting Equity in Educational Opportunity

### **Our three new signature education programs focus on equity and opportunity for students in financial need:**

- Exelon Foundation STEM Leadership Academy Scholars provides full scholarships to a select group of summer Academy alumnae.
- Exelon-HBCU Scholars 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 Green Lab Program gives grants up to \$50,000 to high schools and nonprofits to modernize their STEM labs.



STEM education cannot wait for COVID-19 to pass. Over the last two years, Exelon has created many virtual learning forums to continue this important work.



When possible, we have continued to use safe, in-person learning opportunities for students.

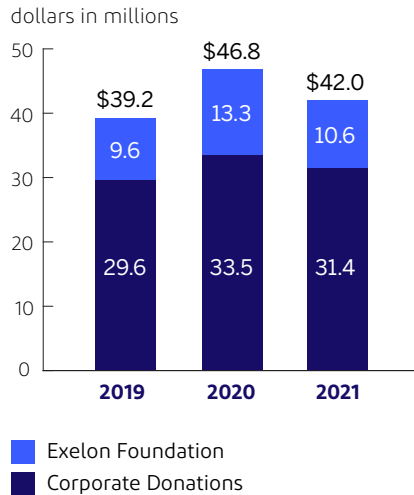
# Giving Back to Communities

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. In supporting our communities, 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 2021, Exelon, its operating companies and the Exelon Foundation provided \$42 million in funding to nonprofit organizations, with 89 percent of our total grants supporting organizations, programs or events that serve the needs of diverse populations. We are proud to share that our 2021 philanthropic efforts benefited nearly 4.3 million people across communities in our service areas.

The company's paramount focus area continues to be education, specifically supporting student interests and aptitudes in STEM and the energy industry. In 2021, Exelon increased its STEM-focused funding by 40 percent to \$15.7 million, including new investments in scholarships for college students.

## Corporate Giving<sup>1</sup>

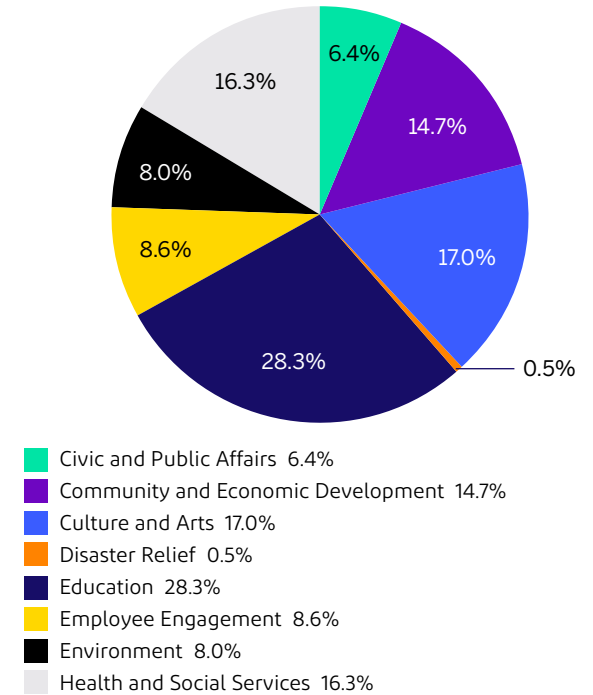


<sup>1</sup> Corporate giving for 2021 reflects Exelon utility operations, Exelon Foundation and 50% of corporate and business services company grants under Exelon's previous structure. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.



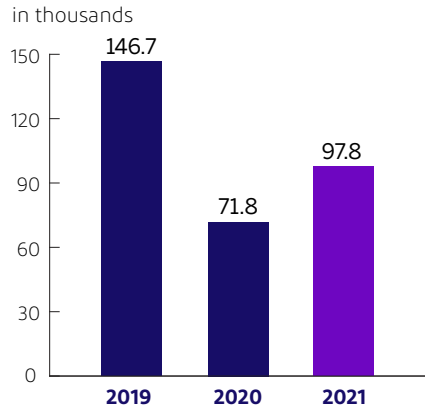
Field and classroom experiences are all part of Exelon's focus on education.

## 2021 Corporate Giving by Program Area<sup>2</sup>



<sup>2</sup> Corporate giving reflects Exelon utility operations, Exelon Foundation and 50% of corporate and business services company grants under Exelon's previous structure.

## Volunteer Hours<sup>1</sup>



<sup>1</sup> Volunteer hours for 2021 reflect Exelon utility operations and 50% of business services employee volunteer hours under Exelon's previous structure. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.

## Employee Philanthropy and Volunteerism

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 2021, Exelon employees volunteered a combined 97,800 hours in their communities.

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

### Employee Giving Campaign and Matching Gifts Programs.

Exelon employees contributed over \$5 million through the Exelon Foundation Employee Giving Campaign and Matching Gifts programs. The

Foundation matched a portion of the donations, resulting in \$8.5 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 to \$20,000 given to the recipient employee's nonprofit organization of choice. In 2021, we distributed \$100,000 to nonprofit partners on behalf of our award-winning employee volunteers.

**Dollars for Doers Program.** In 2021, we awarded \$355,300 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.



Exelon employees volunteer for a wide range of programs, such as at food banks.

## Climate Change Investment Initiative

The Exelon Foundation and Exelon Corporation launched the \$20 million Climate Change Investment Initiative (2c2i) in 2019 to cultivate startups 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 2021, 53 percent of Exelon Foundation's 2c2i investments are in minority and women-led startups and 63 percent are headquartered in a city in Exelon's footprint.

2c2i is entering its third year of investing in and collaborating 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 inaugural class was BlocPower, a company that leverages novel technology and financing models to implement energy efficiency retrofit solutions in low-income communities. They worked in partnership with the Philadelphia Energy Agency (PEA) and Exelon to develop a Building Intake Survey (BIS) for 400 multifamily and small to mid-size commercial buildings in the Philadelphia area. The BIS enables energy efficiency retrofits for buildings with low-income and senior populations. Another

2c2i startup from that cohort, Amidus Resilience, partnered with Exelon's Pepco Holdings to develop and launch a solar-powered resilience installation at the Ludlow-Taylor Elementary School in Washington D.C. The installation provides energy resilience for the local community, reduces the electricity expense of approximately 50 low-income households and provides a visual case study to educate students on sustainability and renewables.

Exelon has also partnered with startup ClearFlame Engine Technologies as part of its 2021 2c2i cohort. ClearFlame is developing a decarbonization solution for diesel engines to accelerate widespread compliance to emissions regulation, complement electrification efforts and achieve air quality improvement for communities. Another 2021 2c2i startup is ecoSPEARS, a cleantech remediation company that provides carbon-free solutions for environmental cleanup. EcoSPEARS and Exelon are working to use the startup's green environmental remediation technologies to permanently remove PCBs and pollutants from Washington D.C.'s Anacostia River.

## Racial Equity Capital Fund

On October 27, 2021, Exelon announced 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 will help 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

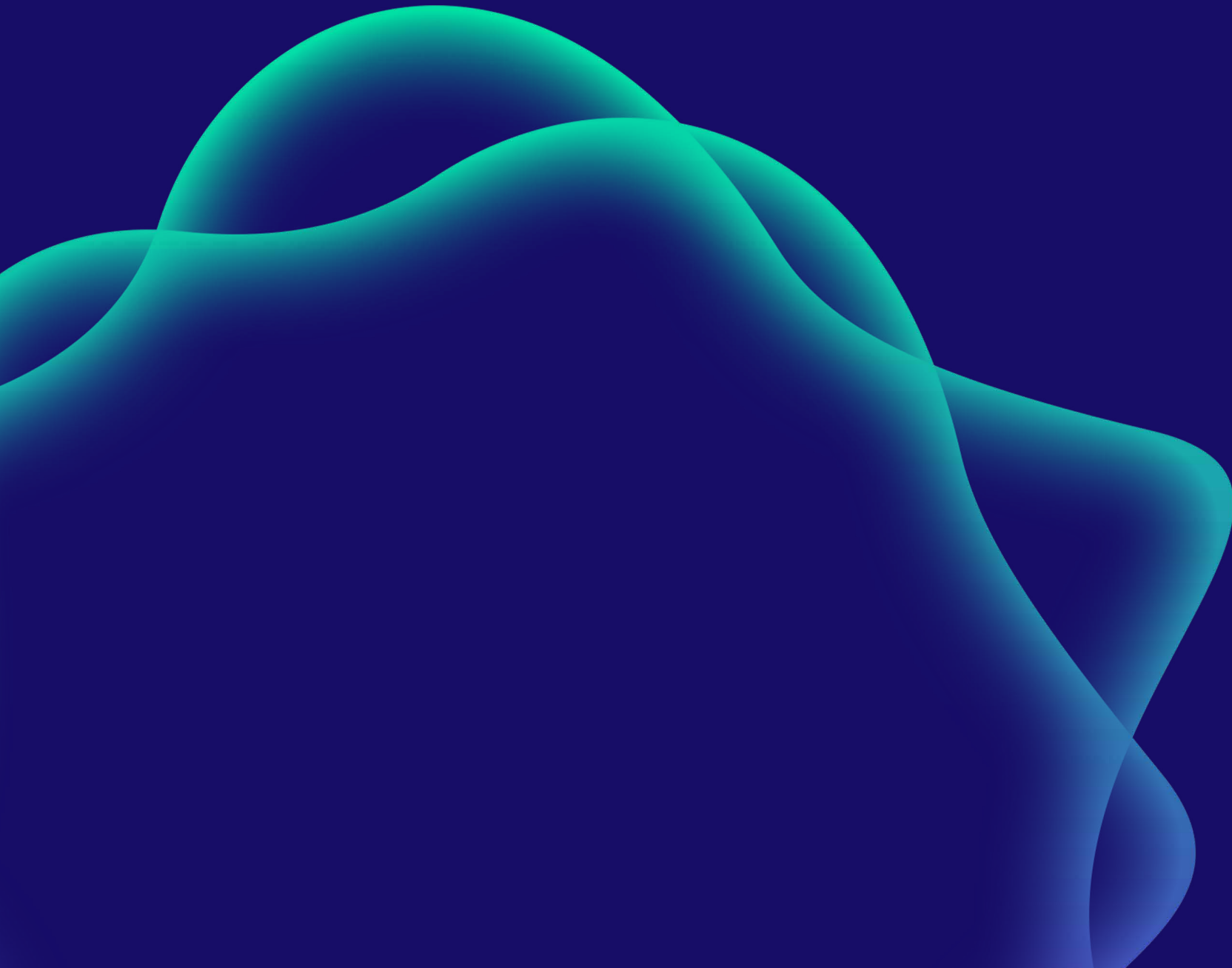
fund is expected to invest in numerous businesses throughout Exelon's service areas over the next three years with estimated loan amounts between \$100,000 and \$300,000 and equity investments of up to nearly \$1 million.

The investment will be 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 will be 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](#).



Exelon's Racial Equity Capital Fund is working to expand access to capital for minority businesses so they can create more jobs, grow their companies and reinvest in neighborhoods and communities.

# Managing **Climate Change** Risks and Opportunities





## The past year has seen an unprecedented focus on GHG emissions reductions and energy system

**decarbonization.** With the Biden Administration's renewed commitment and update to the United States' nationally determined contribution to the Paris Agreement and the recently released [Long-term Strategy of the United States](#), cities, states and corporations have similarly renewed their commitments and updated their ambitions to match. In parallel, Exelon is focused on transforming our energy delivery systems to support our customers and communities in meeting shared challenges. We have updated Exelon's ambitions for our operational GHG emissions in alignment with U.S. ambitions, and we are committed to supporting our customers and communities in an energy system transformation that achieves decarbonization, while ensuring that energy remains reliable and affordable.

While we are focused on actions that Exelon can take to reduce emissions and how we can enable customers and communities to do the same, all nations must work to transform their energy use toward carbon neutrality to reduce the impacts of climate change for future generations. Due to the long life of GHG emissions in the atmosphere, the physical changes to the climate and environment beginning to occur now as a result of past GHG emissions will continue for decades to come. Therefore, we need to focus on both eliminating future GHG emissions and preparing for the unavoidable physical impacts of climate change we can already foresee. At Exelon, we manage climate change impacts and risks as

an integral part of our business. We are building on our already well-established system recovery programs and processes to incorporate proactive reviews of infrastructure that may be impacted by changing climate conditions. We are reviewing and improving standards for construction to consider how requirements for infrastructure may change as use of our energy delivery systems evolve.

Importantly, climate change will have a disproportionate impact on under-resourced communities, and solutions for adapting to physical climate change impacts and transitioning the country's energy systems to support a net-zero economy must

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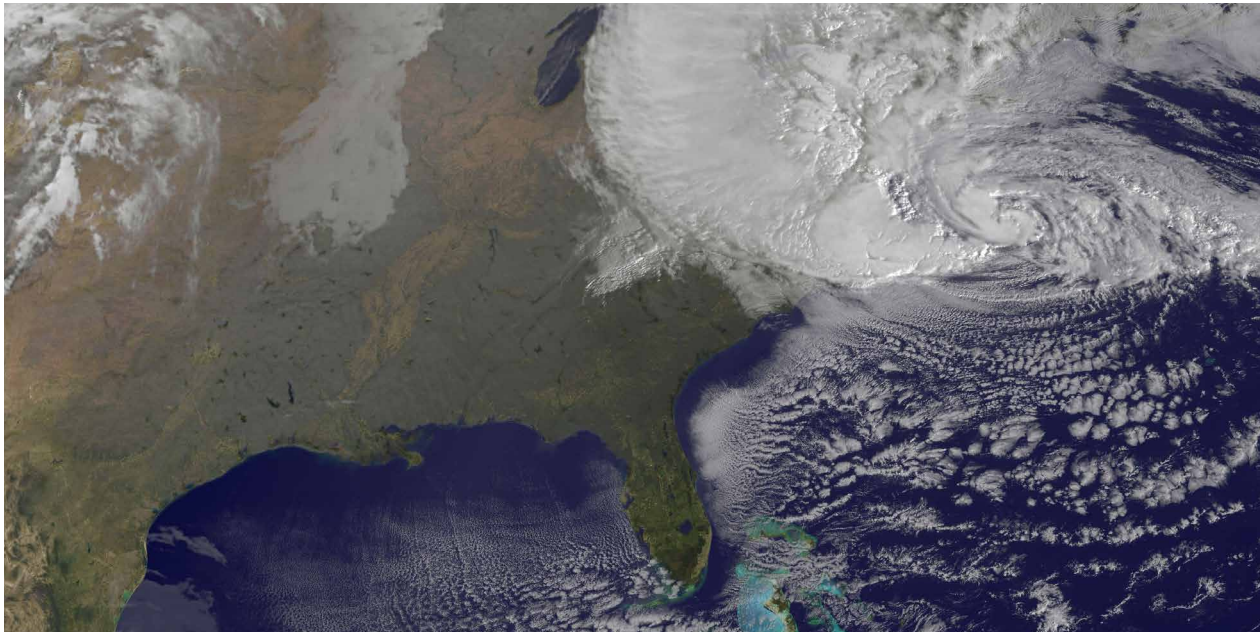
Evolving energy systems to enable decarbonization and build resilience while maintaining a focus on energy access and affordability

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address and overcome equity barriers. Economy-wide decarbonization will require unprecedented levels of action by all stakeholders, from supply to customers, as well as 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. For example, improvements in energy efficiency can raise living standards, reduce waste, create jobs and improve accessibility to essential goods and services. Our [workforce development](#) and [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 as we evolve to a more resilient, net-zero energy system.

The discussions that follow are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, to inform our investors and other stakeholders on the associated 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 transparency.



In addition to working to mitigate GHG emissions in our operations, Exelon is also focused on the adaptation and resiliency of our energy systems to meet the physical-risk challenges created by climate change.

## Exelon's Climate Change Response

### 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, establishing a new Net-Zero by 2050 goal, and providing support for actions at the highest level of the company.

### 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 clean energy to our customers and communities. Our wires and pipes infrastructure are essential to a decarbonized future — they are the conduits connecting ~10 million users with affordable, reliable clean energy.

### Risk Management

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

Exelon is pursuing a portfolio approach to decarbonization because no single technology or strategy will achieve net-zero. We seek to minimize business risks and reliability challenges by finding the most cost-effective and equitable transition pathway for each of our six utility territories.

### Metrics and Targets

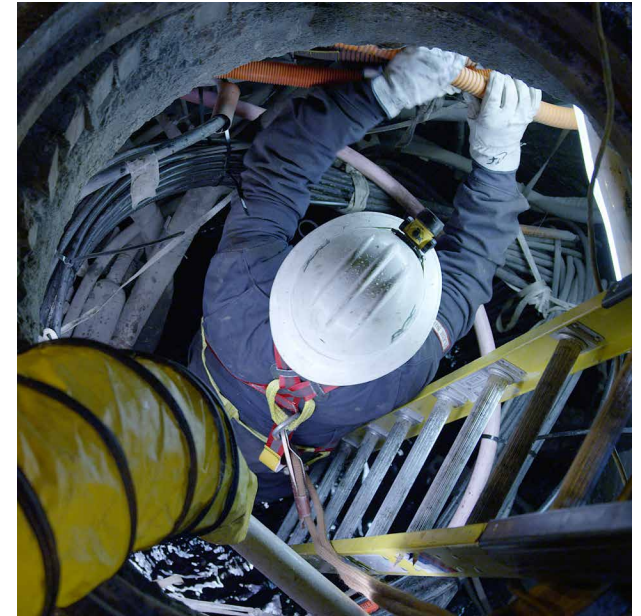
#### Metrics used to assess our efforts

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.

## Oversight of Climate-related Risks and Opportunities

For Exelon, climate change considerations are fundamental to our business strategy, as can be seen throughout the [Delivering Sustainable Value as the Premier T&D Utility](#) section of this report. 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 new corporate Sustainability Council, established in early 2022 as an advisory body to oversee Exelon's integrated ESG program and disclosures, including Exelon's management of climate change. We maintain a [Climate Change Policy](#) that establishes our corporate position, and we

have developed a [Path to Clean](#) plan that outlines our GHG mitigation goals and how we will drive to achieve them. 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 and periodically reporting to the Board's Corporate Governance Committee. We report progress on our GHG mitigation goal to executives quarterly, and as additional metrics are developed, we will establish similar reporting for technology and policy advancements. Our GHG inventory is third-party verified annually under ISO 14064, and our GHG management program and process is reviewed annually as part of our ISO 14001 certified Environmental Management System (EMS).



Exelon is pursuing many opportunities to mitigate climate change risks, including under-grounding key transmission and distribution lines.

## Charting Our Path to Clean

Our business strategy addresses industrial, commercial and residential customer expectations of reliable and affordable delivery of clean energy. As such, we focus on [advancing public policy](#) and

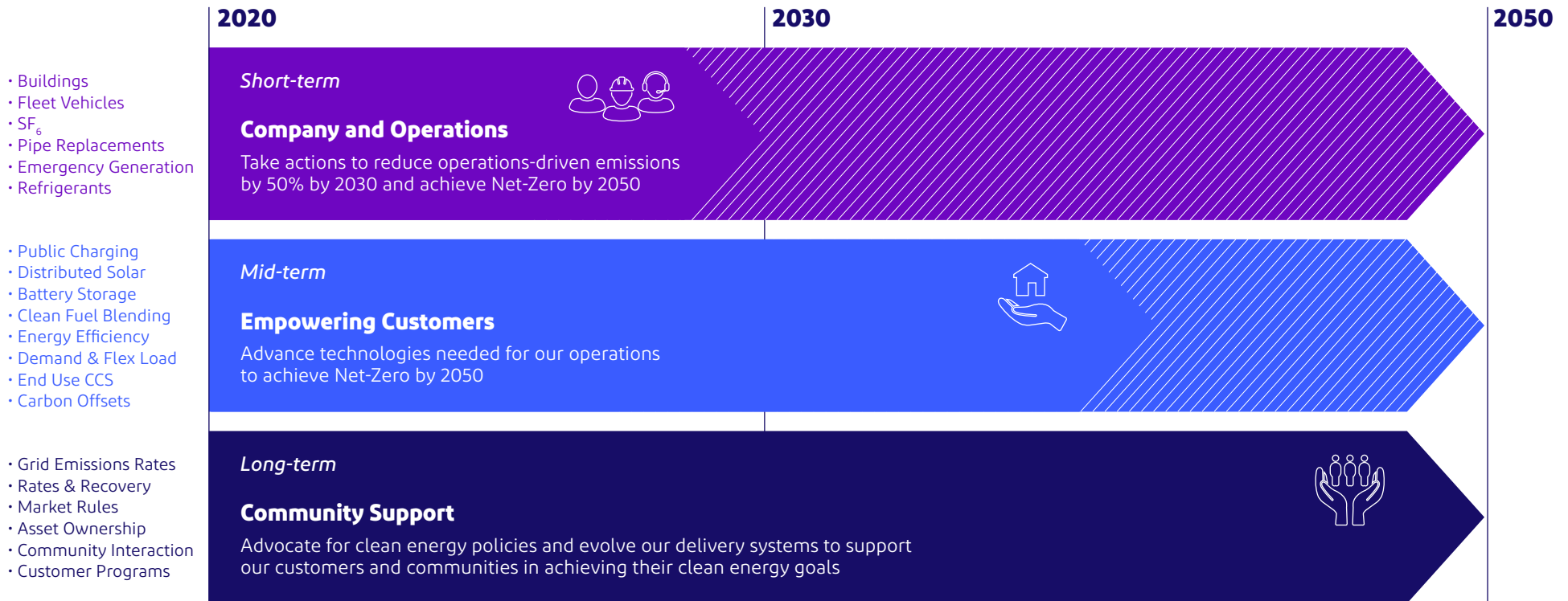
[technological innovation](#) that shape the energy system of the future in a decarbonized economy to ensure we are positioned to absorb these changes as opportunities.

In August 2021, we announced our Path to Clean commitment to reduce our operations-driven emissions 50 percent by 2030 and achieve Net-Zero emissions 50 percent by 2030 and achieve Net-Zero

by 2050 while also supporting our customers and communities in achieving their clean energy goals. This commitment aligns our operating companies around decarbonization and integrates the below short-, mid- and long-term climate change Path to Clean imperatives into our business strategy.

### Exelon's Path to Clean Strategy

This chart illustrates key short-term, mid-term, and long-term actions to help us achieve our 2030 and 2050 Path to Clean plan. We are initiating actions across all areas now with portions of mid- and long-term actions dependent upon new and emerging technologies and solutions that we will continue to evaluate and invest in over time. Cross-hatched areas of bars indicate that even as we achieve short- and mid-term milestones, work to reduce company emissions and to empower customers is a journey that will continue to 2050 and beyond.



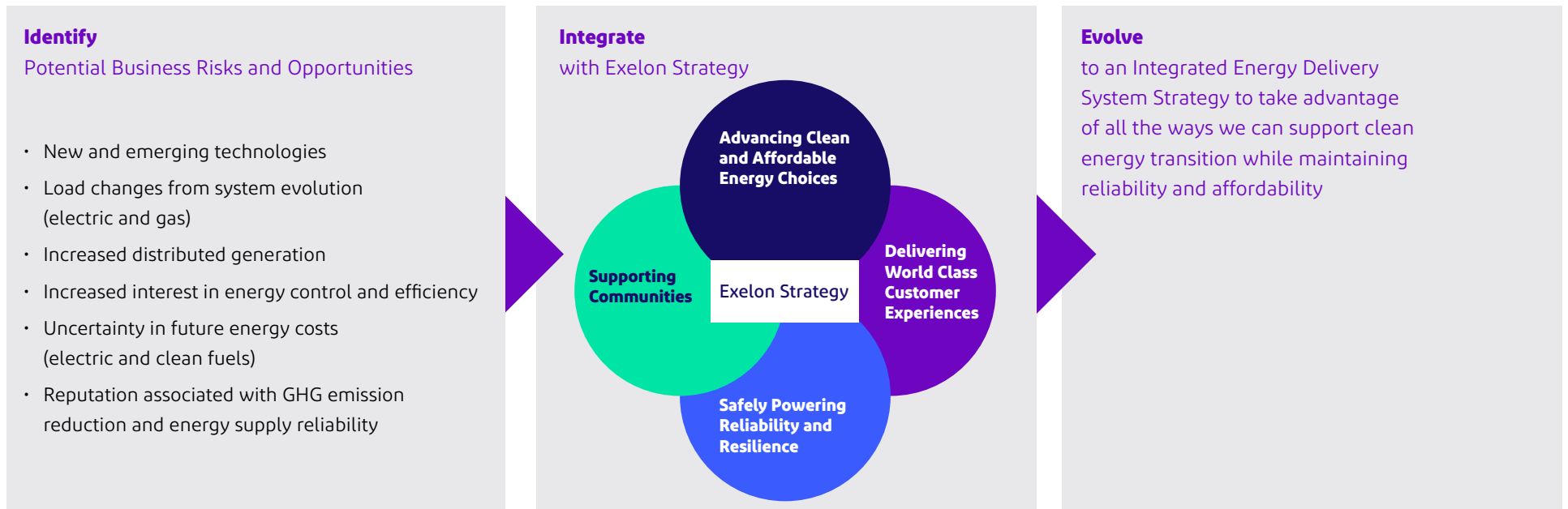
While our operations-driven goal is important, supporting our customers and communities in meeting their clean energy goals is a critical part of our overall business strategy. We have identified climate change mitigation and adaptation as top and enduring concerns in our industry and among our stakeholders. Our business strategy takes into consideration the need for changes in energy delivery systems and business models driven by climate change, including:

- Potential load changes as a result of carbon mitigation efforts (short-term reductions from energy efficiency and longer-term increasing/ changing demand because of electrification)
- Increased interest in distributed generation
- Potential asset damage or population shifts due to changing climate

- New technologies for energy measurement and management

Exelon evaluated national, economy-wide climate change scenarios in 2018 and 2019 to help the enterprise better understand the implications for the energy economy, customers and the communities where we operate. Our scenarios have aligned with the Intergovernmental Panel on Climate Change (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. We used scenario analysis to gain insight into the societal costs of various alternative actions and the timeline when new technologies need to be commercially available. We have also worked with peers and industry groups to explore other potential pathways and perspectives on how policies and technologies

may evolve. We have incorporated learnings from this scenario work into our business and climate change response strategies, and we continue to do so as scenario modeling techniques evolve and as other studies are published. While no scenario can predict the future, thoughtfully designed scenarios can teach us a lot about how to prepare for it, drive towards lower cost pathways and identify when shifting to a different pathway might be appropriate. All scenarios suggest implications for how consumers will access and consume energy, and at what cost, and each presents opportunities and risks for Exelon and implications for how we might address those opportunities and risks through our electric and gas delivery utilities.



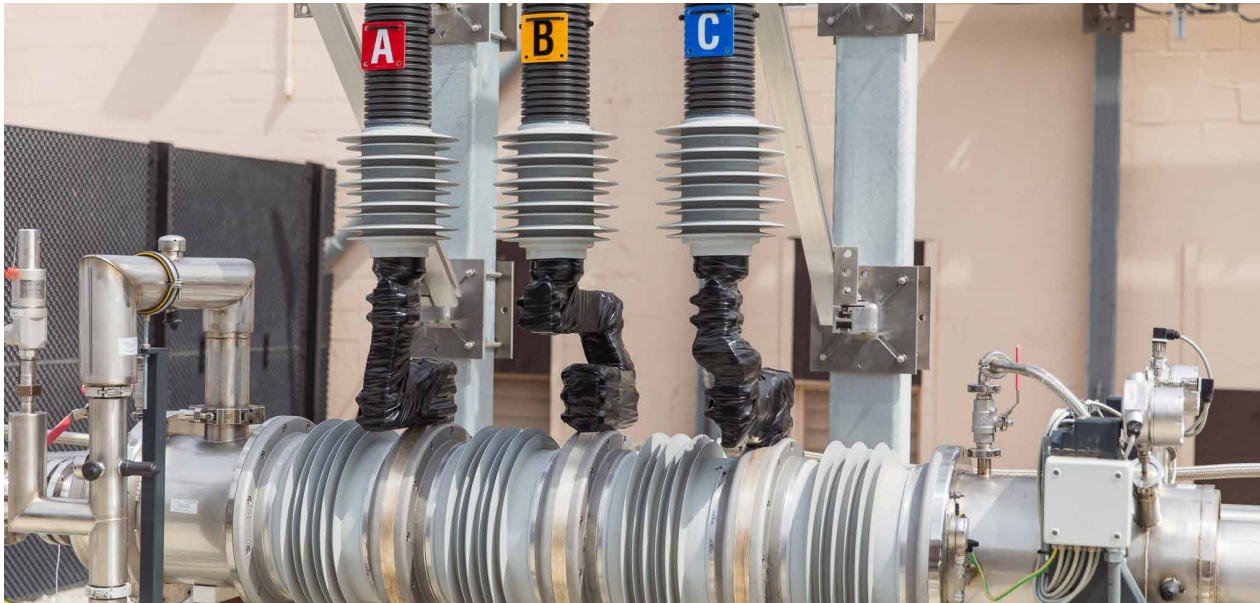
Common across all potential pathways leading to future decarbonization is large-scale and rapid deployment of zero-carbon energy solutions to avert the most severe impacts of climate change. Climate change adaptation across the areas we serve is also needed regardless of mitigation actions since atmospheric concentrations of GHG 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 ensures that our plans consider steps we need to take now to minimize these impacts later in the century.

The national, economy-wide view is critical for understanding the scope and scale of the challenge, putting the transition in perspective as a U.S. ambition.

For this we partnered with experts in climate science and technology to consider the extent and speed at which end-use sectors must transition to zero-carbon energy and how this may affect availability and cost of zero-carbon energy supply streams. Similarly, we explored how different end-use responses affect the role of the energy delivery utility in meeting changes in demand levels, changing load shapes and different requirements for GHG emissions reductions. More specifically, we looked at end-use demand and equipment turnover rates, and we gain insights on transition barriers (social, technological or economic) that exist in key sectors, along with the policies and technologies that could accelerate the pace of change.

However, at the local level, our customers and communities vary in their actions towards

decarbonization and the policies in place to support or drive such a transition. As an essential service provider, we operate under regulation by public utility commissions, and must manage our activities with consideration for the different priorities of the various jurisdictions in which we operate. Thus, we have begun to consider how these policies and expectations align with what is necessary for a successful transition, and where local support of certain technologies, customer programs or supply of certain low-carbon fuels might influence decarbonization pathways. As we begin to downscale our analyses to the local community level and learn from the decarbonization efforts of cities and states where we do business, we seek to assess how our current programs, products and services can help to achieve community goals for climate action. Stakeholder perspectives and other factors inform our understanding of potential market size, the need for new or emerging zero-carbon technologies, and how our current businesses need to transition to reflect community planning and evolving customer energy needs. Ultimately, understanding the decarbonization pathways needed for our communities feeds back into our business strategy relating to the evolution of the energy delivery system and energy policies within our jurisdictions.



Exelon is exploring many new technologies to make our systems more efficient and resilient, including ComEd's testing of superconductor based technologies.

## Identifying, Assessing and Managing Climate-related Risks

Informed by our scenario analysis, Exelon views potential climate-related risks and opportunities in two main categories:

- **Adaptation Risks:** Physical climate changes and how these may manifest as changes to current weather patterns that affect facilities and operations
- **GHG Mitigation/Transition Risks:** Changes to energy systems as a result of new technologies, changing customer expectations and/or emerging voluntary GHG mitigation goals and/or local, state or federal regulatory requirements

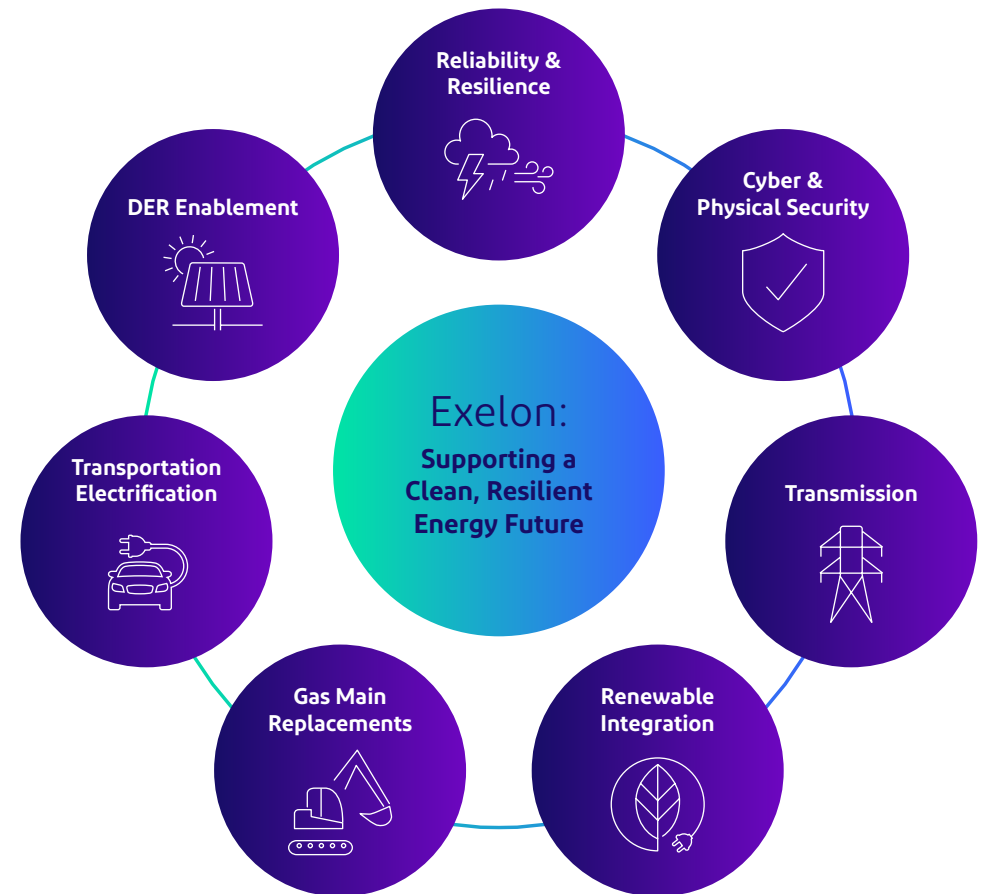
We explore how these risks may impact our existing assets over their current lifespan. Most risks are ones that our utilities have been managing against for decades, such as the effects of weather on our systems. In many instances, climate change is a potential risk multiplier to standing risks that have long been identified by our utilities and for which we have long-standing programs to manage risks and maintain system investment to support reliability. However, climate change adds new considerations to the mix that require us to look more broadly throughout the energy sector to explore new technologies and to better understand opportunities where our business might evolve to be successful into the future.

### Adaptation Risk Management — Physical Environment Changes Driven by Climate Change

The science of climate change is compelling, and the evidence of physical damages occurring now and in the future is clear. However, the extent of these changes at a local level presents some uncertainty. Accordingly, 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 strategy and engineering planning processes.

## Climate-related Risks and Opportunities

Exelon manages a broad range of climate-related risks and opportunities affecting our business, including the key areas illustrated here.

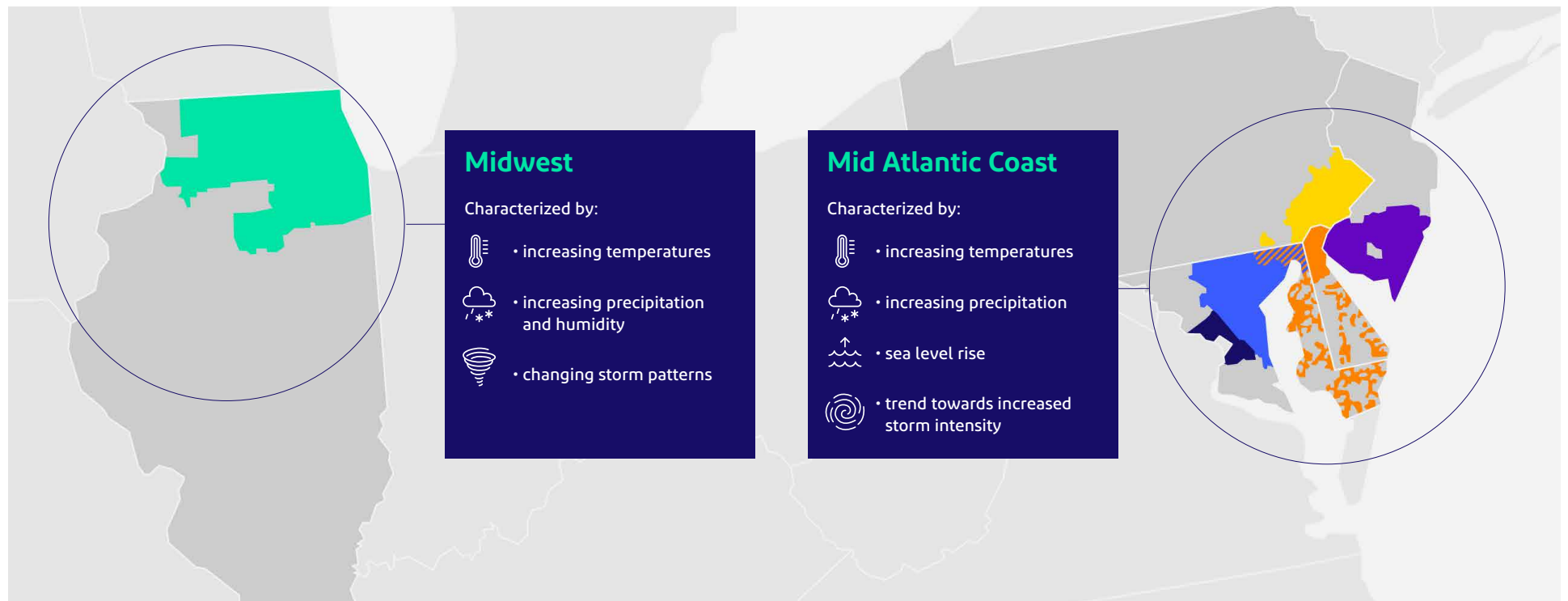


Acute physical risks are event-driven, and include extreme weather events, such as cyclones, hurricanes and floods. Exelon's operating companies each face physical risks associated with the extreme events typical to their location and projections suggest that they will likely be subject to increased severity and frequency over time. For our East Coast utilities, these physical risks include severe thunderstorms, tropical storms and hurricanes, but in recent years have also included derecho windstorms and tornados. For our Midwest utility, acute physical risks include severe thunderstorms, tornados, derecho windstorms and ice storms. All areas have begun to note more intense rainfall as well, which has caused inland flooding along streams and over roadways.

Chronic physical risks are longer-term shifts in climate patterns, such as sustained higher temperatures, changes to typical precipitation patterns and sea level rise, which may cause ongoing issues for the communities in our service territories. Based on a review of the Fourth National Climate Assessment, all our operations are projected to experience varying degrees of heat increases over the coming years, with combined heat and humidity increases in the Mid-Atlantic and Midwest. In the Mid-Atlantic, our coastal utilities face issues associated with potential sea level rise in some of the areas that they serve. In the Midwest, both periods of drought and periods of excess rainfall with the potential to flood distribution system assets pose potential ongoing

climate challenges. While the extent of these threats continues to unfold, we continue to consider and adapt as prudent to address physical climate change impacts.

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, beyond reliability, we are now simultaneously focused on system resilience. Reliability and resilience are related, but not the same, and Exelon is expanding our planning and maintenance efforts to better incorporate resilience considerations including changes to the types of weather events that challenge our systems. Similar to DOE and FERC, Exelon defines resilience as the ability to prepare for and adapt to changing conditions, and to withstand, recover from and minimize the magnitude and/or duration of disruptive events. Such disruption goes beyond climate risks; we must prepare to withstand and recover from deliberate attacks, accidents or naturally occurring threats or incidents. Some of the ways we are expanding our efforts to adapt to impacts specifically 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 these 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. This builds on the strong foundational work through our founding member participation with the DOE Partnership for Energy Sector Climate Resilience, and our current and past efforts with industry groups such as EEI and EPRI.

### Mitigation/Transition Risk Management — Emerging Drivers for Decarbonization

Mitigation/transition risks depend on technology development and cost, consumer response and the evolution of power markets and future legislation and regulatory structures. Customers and community preferences and actions depend on a combination of these factors; therefore, transition risks are inherently uncertain. As ambition has grown from a 2°C solution (80 percent reduction by 2050) to 1.5°C solutions that require Net-Zero by 2050, Exelon has similarly deepened our consideration of various potential decarbonization pathways, as well as increased our engagement in new technologies needed to achieve these goals and the policies need to encourage and enable those new technologies in the energy sector. It is clear that all deep decarbonization pathways require broad actions and consideration of the implications of changing technologies or approaches at the scale required to transition the economy. Timely and effective policy measures are crucial to coordinate sectors through such a transformation and ensure that energy stays affordable, reliable and accessible to all.

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 these local goals, while also seeking and cross-pollinating 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](#) on our distribution system, each creating various opportunities for our businesses from [vehicle electrification](#) to enhanced grid management.



Exelon is using many technologies to make our systems more resilient, such as “reclosers” that automatically reset circuits after an interruption.

- **Low-carbon fuels** are another key lever for future emissions reductions. Exelon is supporting the emergence and commercialization of [low-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 cleaner 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, such as carbon capture and sequestration, integration of storage into the grid and other technologies that support energy efficiency, 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 for how far and how fast the low-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 relevant to ensuring that all parts of the community can have access to new technologies and clean 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 service provider of energy, our partnership 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 for all energy users in our territory.

## Climate Change Action in Our Jurisdictions

<b>ACE</b> (New Jersey)	In November 2021, Governor Murphy signed Executive Order No. 274, which establishes an interim GHG reduction target of 50 percent below 2006 levels by 2030, strengthening New Jersey’s path to achieve an 80 percent reduction in GHG emissions by 2050.
<b>BGE, Pepco-MD, DPL-MD</b> (Maryland)	In 2021 and early 2022, BGE and PHI proposed and received PSC approval to broaden transportation electrification programs and services and bolster existing EV programs in their portfolios, including through new fleet and multifamily offerings to drive equity. The companies supported several policies that will help to further electrify the transportation sector, including passage of electric school bus/utility pilot program. The General Assembly also passed major legislation in 2022 that requires substantial statewide GHG emission reductions and analyses of the current ability of the energy infrastructure to meet those mandates. BGE and PHI have been active participants to improve these policy initiatives and their viability for implementation. The GHG reduction mandates provide us with a strong rationale to justify ongoing customer-focused system investments.
<b>ComEd</b> (Illinois)	In 2021, the state of Illinois passed an historic clean energy law to decarbonize the state’s energy sector and transition it to clean and renewable energy with a focus on equitable job creation. ComEd is committed to helping to implement the law in support of 100 percent clean energy by 2050.
<b>DPL</b> (Delaware)	In November 2021, Delaware released its Climate Action Plan identifying five key action areas to minimize GHG emissions and seven action areas that state agencies can focus on to improve resilience to climate impacts. In June 2021, the Delaware legislature passed legislation that expanded the state’s community solar program; the state continues to explore ways to support clean energy, including through offshore wind.
<b>PECO</b> (Pennsylvania)	In September 2021, Pennsylvania announced its Climate Action Plan 2021, which outlines a pathway to reaching GHG reduction goals: 26 percent by 2025 and 80 percent by 2050 from 2005 levels. On September 1, 2021, the Pennsylvania Intergovernmental Regulatory Review Commission approved final regulations from the state Environmental Quality Board to join the Regional Greenhouse Gas Initiative (RGGI). A legislative disapproval resolution to block this action failed to achieve the required two-third majority necessary to override Governor Wolf’s veto of this resolution. Pennsylvania is now expected to officially join RGGI on July 1, 2022, unless the courts block this action.
<b>Pepco</b> (Washington D.C.)	Over the course of 2021, Pepco developed and submitted a series of decarbonization filings for the District of Columbia providing a high-level electrification study, a 30-year decarbonization plan and a five-year program cost benefit analysis.

## 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. Below are the key performance metrics we currently use to monitor progress toward our goal of advancing a clean energy economy:

- **Metrics to Ensure Short-term Imperatives:**

- Exelon’s GHG Emissions Profile
- Progress on Our Path to Clean Goal
- Reducing Emissions from Natural Gas Systems
- Customer-Driven Emissions (Scope 3)

- **Metrics to Ensure Mid- and Long-term Imperatives:**

- Investment in Resilience
- Advancing Emerging Technologies
- Driving to a Decarbonized Grid

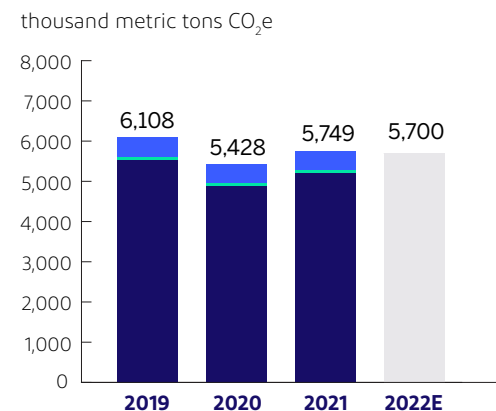
### GHG Emissions Profile

Exelon measures its GHG emissions related directly to its own operations, 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 T&D systems
- Scope 3 — Emissions associated with upstream and downstream portions of our value chain; Exelon tracks 7 of the 17 Scope 3 categories, with the most relevant being emissions associated with our customers’ use of the product and services we provide

Understanding this full emissions profile helps ensure that business strategy decisions align with our focus on long-term decarbonization. Please see the [Full GHG Inventory and Accounting Protocol](#) in the report appendix for more details on our emissions profile and a more detailed presentation of Exelon’s GHG emission inventory.

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



- Scope 1
- Scope 2 (Operations-Driven)<sup>2</sup>
- Scope 2 (Delivery System Losses)<sup>2</sup>

1 GHG emissions data for 2021 reflects Exelon utility operations. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.

2 Market-based accounting

### Exelon GHG Emissions

	2019	2020	2021
Scope 1	519	479	467
Scope 2 (Operations-Driven)	69	59	71
Scope 2 (Delivery System Losses)	5,521	4,890	5,211
<b>Total</b>	<b>6,108</b>	<b>5,428</b>	<b>5,749</b>
Relevant Scope 3 Categories <sup>1</sup>	88,660	81,394	88,698

1 Includes all delivered load using location-based accounting.

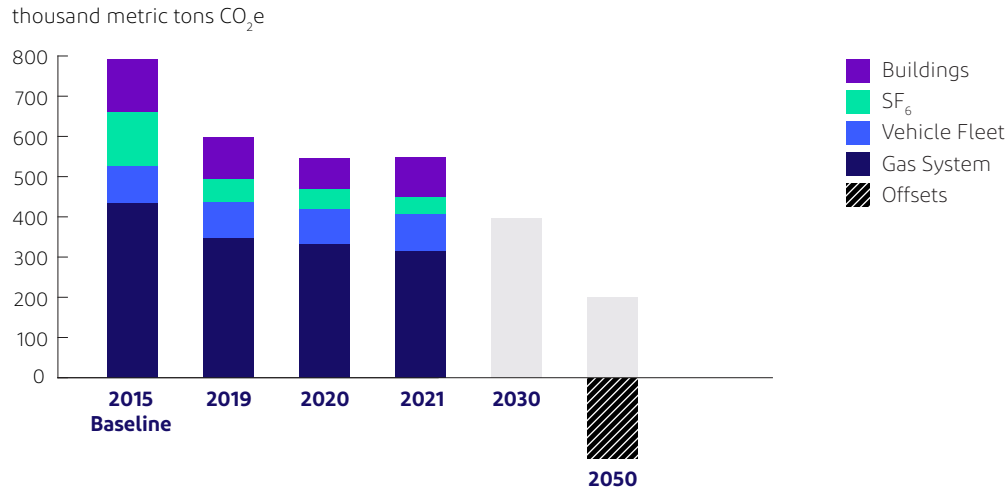
## Progress on Our Path to Clean

Our Path to Clean commitment is to reduce Exelon's operations-driven emissions 50 percent by 2030 and achieve Net-Zero by 2050 while also supporting our customers and communities in achieving their clean energy goals. Where we have control over GHG emissions, we are reducing them in alignment with national long-term strategy for decarbonization and a 1.5°C pathway ambition.

### Operations-Driven Emissions

Operations-driven emissions are those Scope 1 and Scope 2 emissions that can be directly impacted by our daily operations, processes and procedures. These are emissions that are most comparable to those of our customers and peer companies, and where we can engage our employees around innovative actions and solutions. They are a subset of our total Scope 1 and 2 emissions, excluding the portion of Scope 2 emissions associated with system losses which are driven by customer use and that are captured and managed under our Customer-Driven emissions boundary.

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



<sup>1</sup> GHG emissions data for 2021 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. Chart data is available in the Full GHG Inventory and Accounting Protocol Appendix [Table 1](#).

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

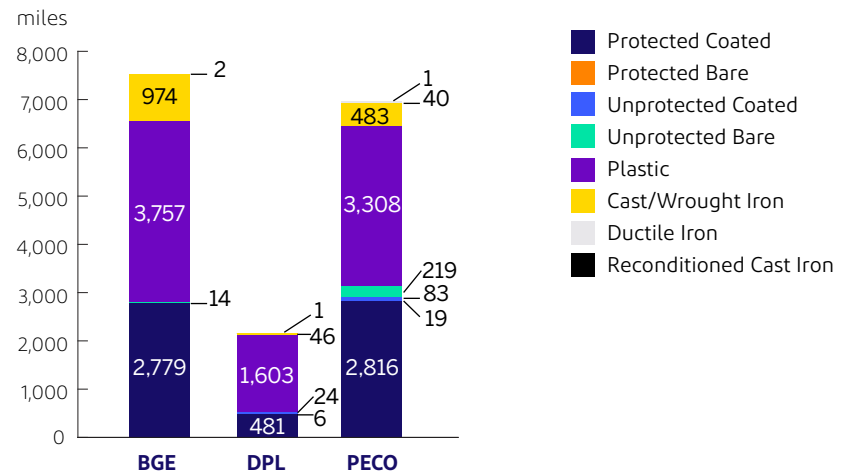
Company & Operations	<b>Buildings</b>	Continue to focus on energy efficiency and clean electricity for our operations <b>Examples:</b> audits, efficiency upgrades, clean energy/REC purchases, space optimization
	<b>SF<sub>6</sub></b>	Invest in equipment and processes to reduce SF <sub>6</sub> leakage from our systems <b>Examples:</b> aging breaker replacement, diligence on leak management and maintenance
	<b>Vehicle Fleet</b>	Advance our own vehicle fleet electrification to electrify 30% of our fleet by 2025 and 50% by 2030 <b>Examples:</b> light duty vehicle electrification and focus on fuel/operational efficiency
	<b>Gas System</b>	Modernize our natural gas infrastructure to minimize methane leaks and increase safety and reliability <b>Examples:</b> aging pipe replacement, leak detection, third-party damage protection

## Reducing Emissions from Natural Gas Systems

Three of Exelon’s utilities — PECO, BGE and DPL — provide natural gas distribution service to customers through over 16,500 miles of gas mains. In 2021, 189.5 billion cubic feet of natural gas was delivered to customers by Exelon’s gas utilities, providing fuel for heating, cooking and manufacturing processes. Over the course of our industry’s long history, a variety of pipe main materials have been used, including cast iron, bare steel, coated steel and plastic. Service connections from the gas main in the street to the home or business have also used various materials, including copper, bare steel, coated steel and plastic, with Exelon’s utilities having more than one million gas service connections. 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 be a part of the decarbonization solution by carrying increasing amounts of low emissions fuels like renewable natural gas and hydrogen.

- Exelon’s capital plans call for about \$3.7 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. [Leak detection and repair details](#)
- Since 2015, our pipe replacement programs have reduced methane emissions by over 100,000 metric tons of carbon dioxide equivalents (CO<sub>2</sub>e), and our emissions per weather-corrected throughput has declined from 0.44 percent to 0.34 percent. [GHG emission and intensity details](#)
- In 2022, BGE will be launching its first biogas injection pilot working with a food waste processing plant to begin blending renewable natural gas into their natural gas distribution system.

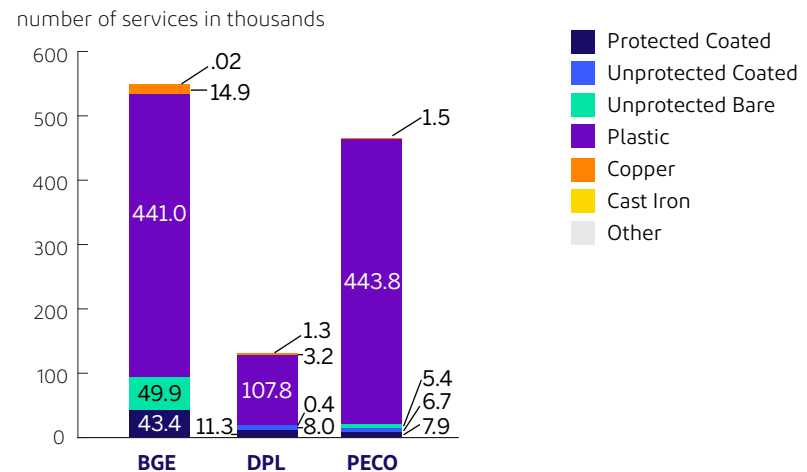
## Exelon Natural Gas Main Mileage<sup>1,2</sup>



1 Rounded to nearest mile.

2 Chart data is available in table format at this link: [Main and service by company details](#)

## Exelon Natural Gas Services<sup>1</sup>



1 Chart data is available in table format at this link: [Main and service by company details](#)

# DOE Better Climate Challenge

**On February 28, 2022, Exelon became an inaugural member of the DOE Better Climate Challenge under which participating organizations partner with DOE to reduce portfolio-wide GHG emissions.** Under Exelon's portfolio-wide leadership commitment, Exelon has pledged to reduce its operations-driven Scope 1 and 2 GHG emissions by 50 percent within 10 years. This commitment aligns with Exelon's Path to Clean program and will include an additional focus on energy efficiency and conservation opportunities within Exelon's portfolio of approximately 170 buildings.



## Customer-Driven Electric System Losses and Scope 3 Customer and Supply Chain Emissions

Customer-driven emissions are those that are tied more closely to how our customers use energy and are influenced by our jurisdictional requirements and customer programs. 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. Exelon cannot own electricity generation and thus does not have direct control over how the electricity we deliver is generated. Accordingly, our customer energy use emissions are primarily classified as Scope 3. While, for that reason, these emissions are not currently captured in a formal 2030 reduction goal under our Path to Clean, these emissions are captured in our commitment to support our customers and communities in achieving their clean energy goals.

Efforts to reduce our customer-driven emissions include our award-winning customer [energy efficiency 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, and working to develop other metrics that can demonstrate our efforts to advance technology to support our communities' transitions:

- [Customer Energy Efficiency](#): 22 million MWh saved (~8.7 million metric tons CO<sub>2</sub>e avoided)
- [Customer Distributed Energy](#): 2,660 MW connected
- [Electric Smart Meter Deployment](#): 93.6 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

Emissions associated with our system 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, our advocacy for a meaningful cost on GHG emissions or other federal legislation or regulation to help drive the energy supply transition is an important strategy to reduce these emissions.

## Investment in Resilience

Exelon invested more than \$6.6 billion across our regulated utilities in 2021 and plans to invest almost \$29 billion from 2022 through 2025 to improve reliability and resilience. 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. They 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 energy efficiency programs.

Exelon is developing the following new metrics to track progress relating to climate adaptation and resilience:

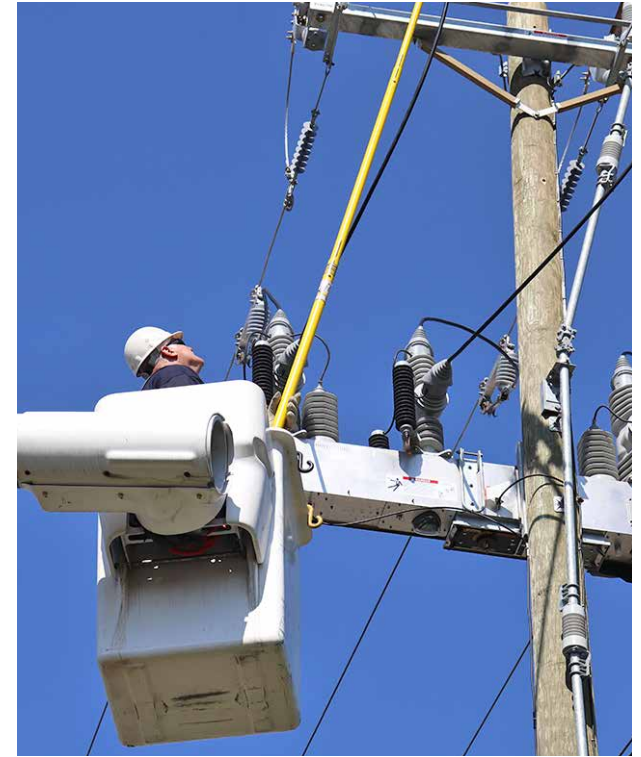
- Asset Classes Reviewed (categories of equipment for which performance standards might need to be updated): 15 percent
- Climate Change Awareness Training: 95% of targeted Directors and Key Managers in Engineering Organizations
- Community Pilots: Microgrid / Smartgrid and Resilience Hubs for low-income communities being developed within our jurisdictions

## Advancing New Technology

In support of our own Net-Zero goal 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. Certain parts of our GHG inventory currently do not have affordable or commercially available solutions to totally eliminate emissions. Therefore, we are actively supporting development of new and emerging solutions to address climate change. These solutions promise deeper emissions cuts and thereby mitigate business and customer risks, 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 clean energy transition:

- [2c2i Startups](#) Focused on Climate Solutions: 19
- [Partnership R&D](#) Transformative Projects: 28
- Supplier Engagements on Climate Solutions: Targeting 10 Tier 1 Suppliers across primary drivers of Scope 3 Purchased Goods and Services emissions in 2022



Exelon invested more than \$6.6 billion in its systems in 2021, including equipment to support grid resilience.



## Utility-specific Residual Emissions Rates

While Exelon no longer owns electricity generation facilities, our six energy delivery utilities have a key role: we connect the electricity generation on the grid to the end users of that electricity. We have relationships with customers, regulators, suppliers and competitive retailers. Through our scenario analysis, we recognize how dependent any successful emissions reduction pathway is on the electric grid decarbonizing, but from those studies we also recognize the scope and scale of the effort needed over the next two decades. The electric grid needs to not only decarbonize with cleaner generation facilities to cover today's electric demand, but as electrification of vehicles expands, it has been estimated that unmanaged electric demand could grow by 50 to 100 percent. Meeting this challenge will take tremendous investment in not only new clean generation facilities, but also transmission and grid resources to get that power to the areas where it is needed and to coordinate demand to minimize overall growth in peak load.

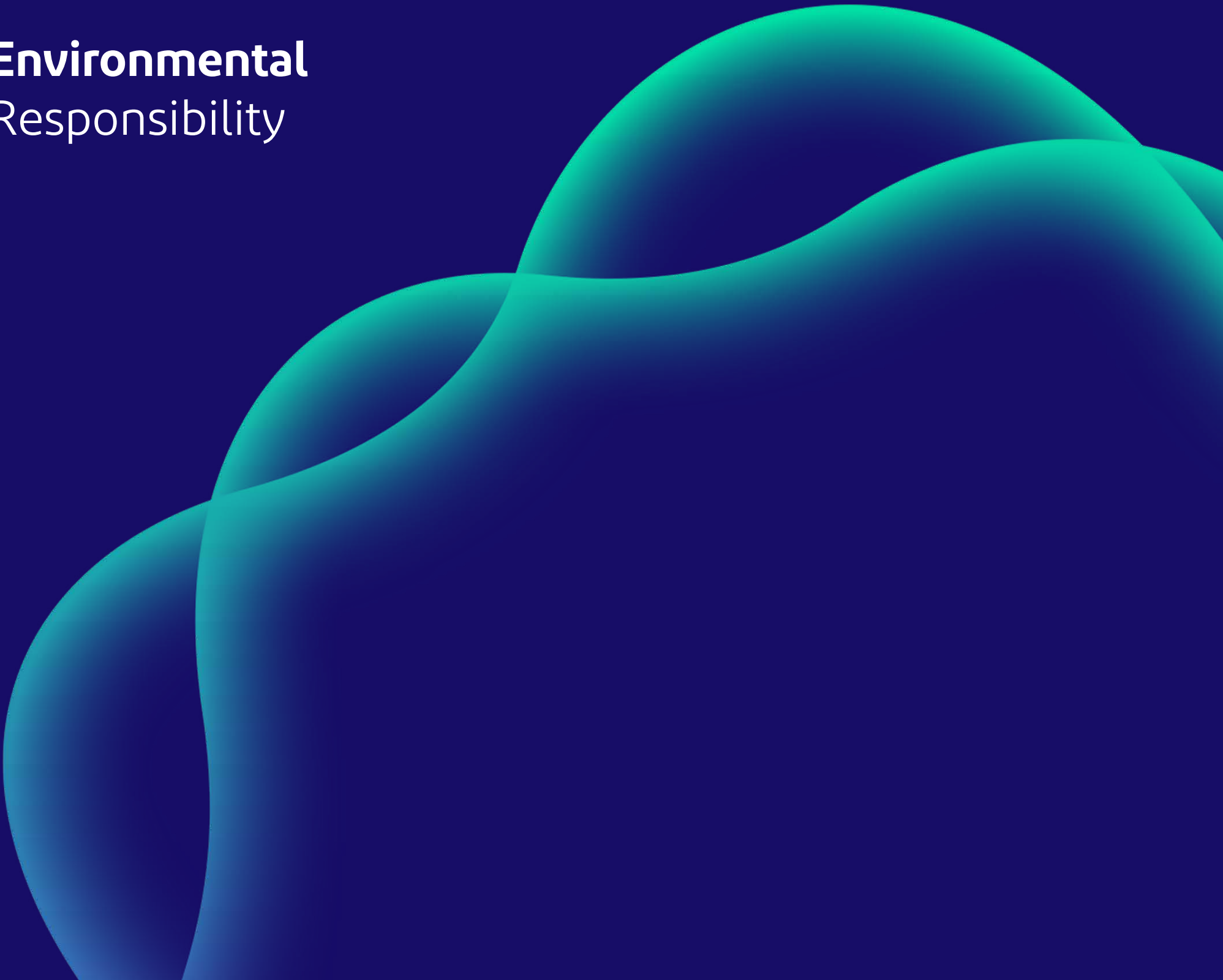
Under the retail competition laws adopted in the states and the District of Columbia where Exelon's utilities operate, our utilities are not allowed to own power generation resources and, therefore, Exelon is not able to directly drive investment in low- and zero-carbon generation since our utilities are prohibited by law from owning power generation resources. However, we can advocate for new or additional state and federal policies to help drive clean power generation investments. In partnership with EEI, Exelon has been engaged in efforts to increase visibility of delivered grid emissions rates (GHG emissions per MWh delivered) to support end

users that are working to measure and manage the GHG emissions associated with their energy use. These rates show 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. Also provided is the comparable PJM average emissions rate that would be used for location-based accounting as recommended by the WRI Scope 2 dual reporting protocol (see [table of supplier residual rates](#) in the Appendix to this report, Table 3). The delivered rates that we provide relate only to our full service customers (where we procure and deliver electricity). For load that is procured by competitive retailers, for which we only provide delivery services, customers would need to contact their competitive retailer directly since state clean power obligations typically lie with those providers. Building consistency in this reporting will help to highlight the relatively limited amount of zero-carbon generation assets on the grid and the need to further drive development in this area through increased market demand.

As discussed in the [Supporting Clean Energy Policy](#) section of this report, Exelon promotes public policies in support of a national clean energy transition that achieves affordable and reliable energy solutions for our customers and communities, while simultaneously achieving levels of climate change mitigation and adaption 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 transition in consideration of costs to the customers.



**Environmental  
Responsibility**



## Since our inception, environmental stewardship has been a core value and business driver for Exelon.

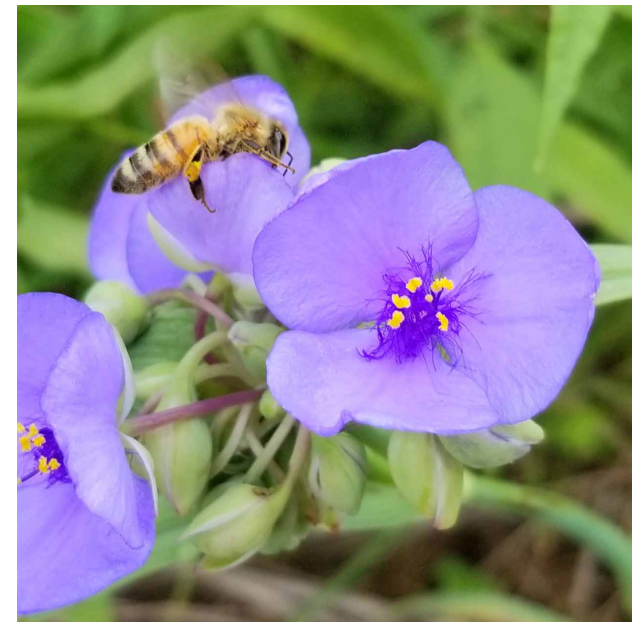
Successfully managing our environmental impacts strengthens our relationship with our customers and communities. We work to reduce impacts to watersheds and biodiversity by improving processes to reduce our waste and emissions, and by being responsible stewards of the resources we use. Our environmental management system is critical to managing risks, 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. For more information on climate change impacts and efforts, please see the [Managing Climate Change Risks and Opportunities](#) section of this report.

### Habitat and Biodiversity

Our operational footprint encompasses large tracts of land with diverse flora and fauna and borders a variety of waterbodies. Through our corporate [Biodiversity and Habitat Policy](#), we reflect 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. Across our 11,152 miles of electric utility transmission rights-of-way (ROWs) and other land holdings, every operating company is sustaining meaningful actions to mitigate the impacts of climate

change on local species and native habitats. With climate stressors exacerbating the already declining grassland habitats, Exelon supports efforts to restore and maintain 13,044 acres of fragile ecosystems at WHC and NWF locations across our transmission system. From ROWs to office campuses and generating stations, we are also 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, because capacity-building remains a high priority tactic to tackle climate change adaptation.



Exelon works to support habitat and biodiversity across its operations, including a focus on supporting pollinators.

## Terrestrial Habitats and Wildlife Management

Our ROWs and other company operations span thousands of acres of land, which we carefully manage to protect habitats of a wide range of plant and animal species. As we manage and build new T&D infrastructure, we consider potential impacts to avian species, bats and the terrestrial habitats where our infrastructure and operations are located.

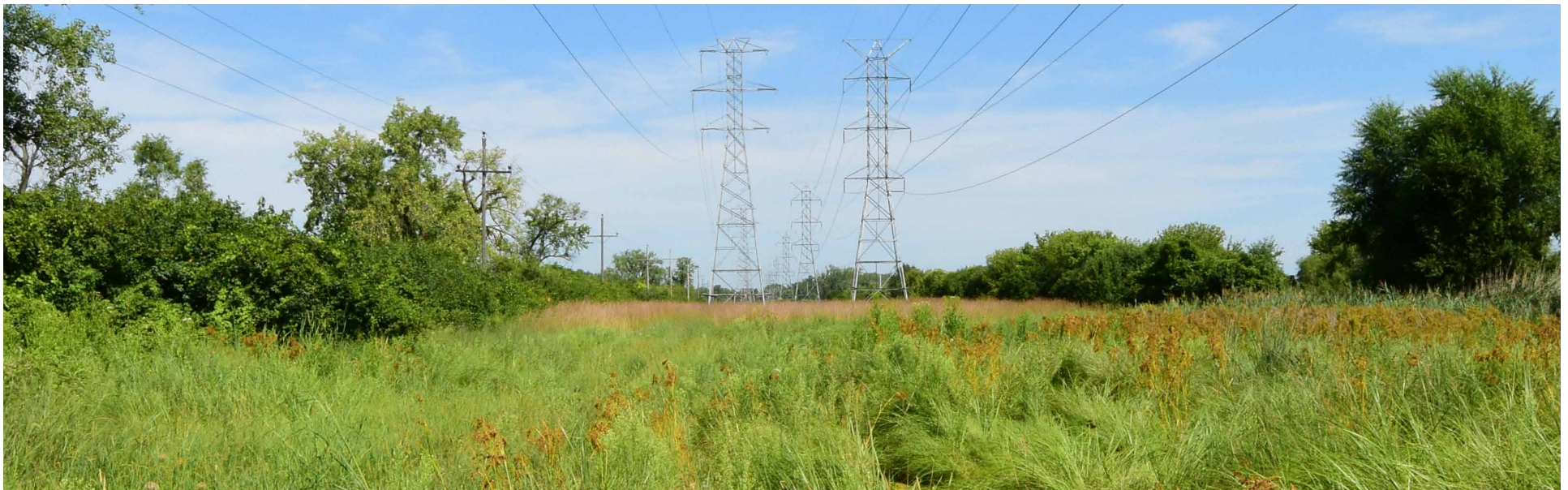
### Right-of-Way Management

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, with over 30 percent of ROW lands (representing 3,800 acres) certified as conservation habitat. BGE actively manages over 2,300 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. PECO and ComEd also have programs to donate certain removed vegetation to local zoos to provide feed for the animals.

### 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 16 years, with a total of 38 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, 60 locations or programs have NWF habitat certifications. To learn more about the WHC and NWF, visit [www.wildlifehc.org](http://www.wildlifehc.org) and [www.nwf.org](http://www.nwf.org).



Exelon manages thousands of acres of land, such as this ComEd right-of-way, with plant and animal habitat protection in mind.

## Exelon Habitat Certifications 2021

Company	Program Name	WHC	NWF	Acres
BGE	Bagley Substation		✓	11
	BGE-Patuxent National Research Refuge ROW Partnership	✓	✓	8,000
	BGE ROW Environmental Stewardship Program	✓	✓	
	BGE ROW Columbia/Lake Elkhorn Vicinity		✓	225
	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
	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	

Company	Program Name	WHC	NWF	Acres
ComEd <i>continued</i>	Linne Prairie	✓	✓	10
	Pratt's Wayne Woods	✓	✓	12
	Lion's Woods		✓	3
	Orland Park Prairie	✓	✓	1.9
	Wentworth Prairie	✓	✓	5
	Sand Ridge Savanna Prairie	✓	✓	8.7
	Superior Street Prairie	✓	✓	14
	West Chicago Prairie	✓	✓	7
	Wilmington Shrub	✓	✓	11
	Brandywine River Trail		✓	4
PECO	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
	PECO Conservation ROW	✓		3,700
	Pollinator Pilot Project		✓	2
	Ring Road Meadow		✓	14
	Rock Spring Natural Area		✓	25
PHI	Spring Mill ROW		✓	12
	Upper Gwynedd Preserve ROW	✓	✓	0.2
	Brandywine ROW	✓	✓	4.3
	Route 202 ROW		✓	21
	Center Point ROW		✓	6
	West Chester University ROW		✓	3.4
	Benning Service Center	✓	✓	0.5
	Pepco Transmission ROW	✓	✓	80
	Carneys Point		✓	3.5
	Dewey Beach Lions Club Wetland	✓	✓	1
WaterShed Sustainability Center	✓	✓	1	

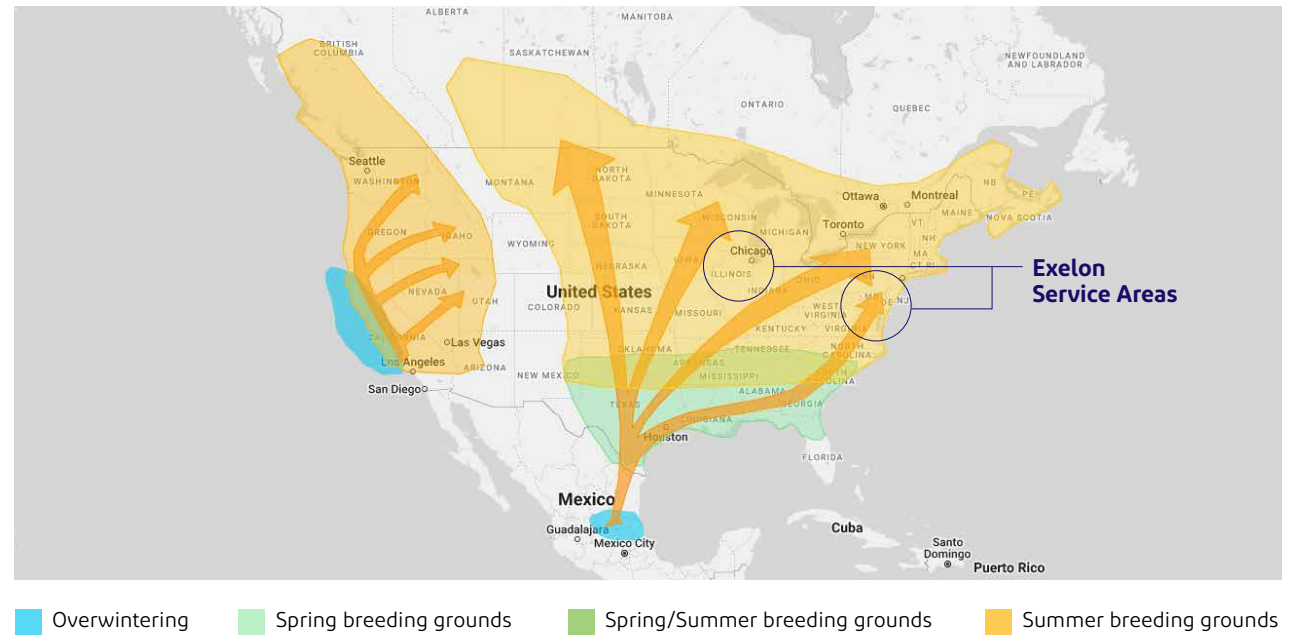
## Protected Species Management

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. For example, our utilities each have a detailed Avian Protection Plan and a U.S. Fish and Wildlife Service (USFWS) Special Purpose Utility permit to manage interactions between birds and power lines. In 2021, ComEd conducted eagle and osprey nest surveys in the territory via helicopter to confirm where there are active nests. ComEd continued proactive avian retrofits near known active bald eagle and osprey nests. 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, about 925 avian diverters were installed on ComEd transmission lines to reduce avian collisions.

## 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 2021, we engaged with interested employees at a number of Exelon locations to site beehives and hold educational discussions around the

## Monarch Butterfly Migration Routes and Exelon Pollinator Projects



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, including consideration of USFWS candidate conservation agreements under which our utilities may 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 2021, ComEd obtained a USFWS certificate of inclusion into the Candidate Conservation Agreement with Assurances for the monarch butterfly. For more information about Exelon's pollinator programs, visit our [website](#).

# Watershed Management and Water Inventory

Exelon uses conservation stewardship and sustainable business practices within watersheds where we operate. 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. 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 2021, our utility operations used a total of 113.8 million gallons of water, with approximately 84 percent of total water usage being consumptive use.

## 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 wherever possible 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. 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 that makes sure that the City of Philadelphia's green stormwater infrastructure is not compromised by the placement of new electric distribution poles. Lastly, with increased focus on stormwater runoff, PECO has developed criteria to implement porous asphaltic pavement for installation on new or repaving projects. 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 4,900 pounds of trash from reaching the Middle Branch of the Patapsco River, a tributary to the Chesapeake Bay.

### Exelon Utilities 2021 Water Usage by Watershed<sup>1</sup>

millions of gallons

Watershed Zone	Total Consumptive Use	Total Non-consumptive Use	Total Water Use
Delaware River Basin	36.8	0.0	36.8
Chesapeake Bay	56.5	0.0	56.5
Upper Mississippi	2.5	18.0	20.5
<b>Total</b>	<b>95.8</b>	<b>18.0</b>	<b>113.8</b>
<b>Percent of total</b>	<b>84%</b>	<b>16%</b>	<b>100%</b>

<sup>1</sup> Water is predominantly sourced from municipal water supplies. In a small number of locations, groundwater may be used (estimated to be less than 5 percent of the total use). Exelon does not make any direct surface water withdrawals and does not use any salt or brackish water sources.

<sup>2</sup> Water data reflects Exelon utility operations.

## 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.

## Waterway Line Marking Project

**Exelon's utilities continue to seek new ways to utilize technology to achieve environmental benefits at lower costs.** One example is the use of aerial drones to install visibility markers on power lines for both safety and avian protection purposes. In recent years, ComEd, PECO and PHI have utilized this technology, with BGE joining in the use of this technology in 2021.

In BGE's application, power lines crossing 48 waterways are being tagged using remotely operated drones. The traditional approach to marking water crossings is to utilize a barge and equipment to access power lines over water and switch off power to the lines so that workers can safely attach markers by hand. Using the traditional approach, the average cost per crossing marked is \$19,000 with an estimated 40 to 50 years needed to complete all BGE power lines.

Through its new pilot project, BGE is integrating drones into the marking approach to increase the rate of line markings and achieve additional bird and people safety. In BGE's application, drones are

operated from shore to install reflective aerial line markers using an arm mount that allows markers to be "snapped" onto power lines. This project is proving successful to BGE's avian protection program, as more markers are mounted in a shorter time span. In 2021, drones mounted 138 markers across seven flight days, with a hanging efficiency rate of 82.6 percent. Additionally, the average cost per crossing is less than \$1,500, with the time needed to install all targeted crossings estimated to be dramatically reduced to three to four years.



## 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, reusable totes in the field, contractor take-back programs and finding outlets for refurbished meters and computer electronics. Our extensive recycling programs target conventional materials like paper, plastic and metals as well as non-conventional materials such as construction and demolition debris. These programs not only keep waste out of landfills, but they also save money, conserve energy and natural resources and reduce GHG emissions.

Through the efforts of our employees and contractors, we achieved our 2021 operating company goals for recycling and waste reduction. While each operating company has individual recycling and waste goals, overall Exelon recycled at least 57 percent of our municipal solid waste and achieved a total recycling rate of at least 88 percent for combined municipal solid waste (which includes office, electronic and scrap metal materials) and industrial solid waste. Our teams found 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.

## Environmental Management

We regularly assess the potential environmental impacts of our operations across our global footprint. Governed by the Exelon Corporate Environment Policy, we focus on full compliance with applicable legal requirements, and we ensure our actions and the actions of those working on our behalf meet this commitment. Our EMS is an integral part of managing our environmental risk. We incorporate risk management into siting new facilities, minimizing impacts at existing facilities and working with local communities and regulators to inform stakeholders of our activities. Exelon's EMS, designed to conform to ISO 14001:2015, lays out the necessary steps to maintain responsible operations throughout our businesses. We also conduct regular internal and external audits of our environmental programs in accordance with ISO 14001:2015.

## Awards



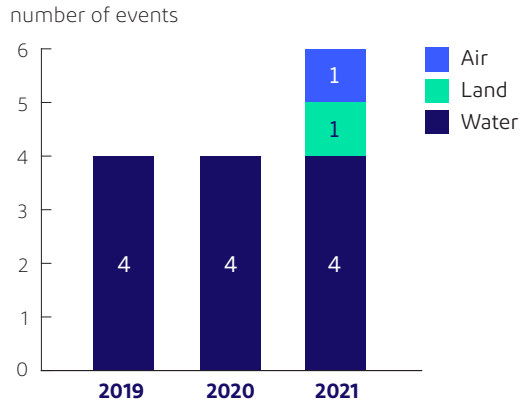
**ComEd received an Honorable Mention Award in the Large Business Category in 2021** from the U.S. EPA WasteWise Program in recognition of its waste reduction and recycling programs, including piloting of new programs such as composting, use of cameras at several facilities to identify recycling improvement opportunities and increased focus on right-sizing and scheduling dumpster services to increase efficiency.



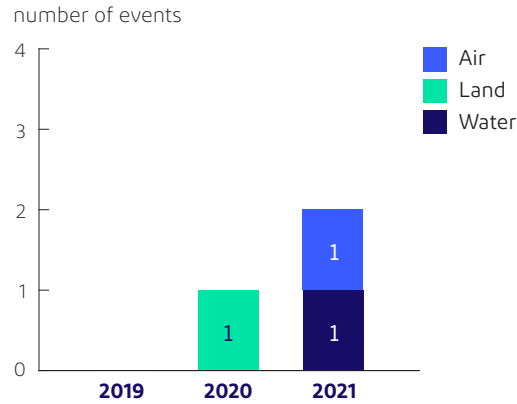
Exelon engages with employees throughout the year on many compliance and resource stewardship issues, including office and field materials recycling and waste management.



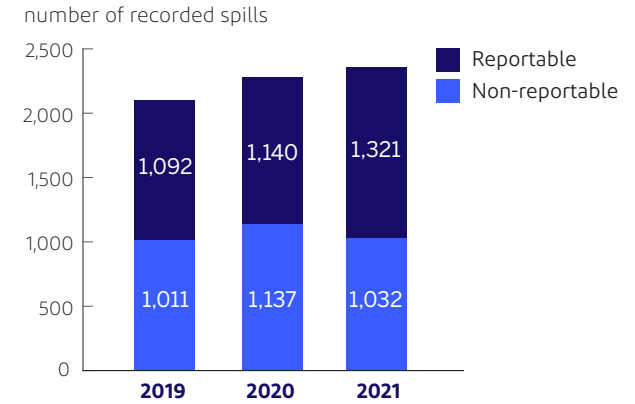
## Permit Non-compliances (PNCs)



## Notices Of Violation (NOVs)



## Spills



1 Environmental compliance data for 2021 reflect Exelon utility operations. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.

## 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 2021, Exelon received two NOVs from a regulatory agency:

**PECO** received an NOV from the City of Philadelphia Air Management Services related to the performance of a weekly test of a building’s emergency generator during an ozone non-attainment period. PECO’s Facilities Management team conducted a full investigation of the incident and determined multiple procedures are already in place that should have prevented this type of incident from occurring. The Facilities mechanic was disciplined for failure to follow posted instructions on the generator testing requirements.

**ComEd** identified an abandoned drinking water well during a compliance self-assessment at the Crystal Lake reporting center. There was no documentation on how or when the well was closed. The McHenry County Department Health (MCDH) had no record of the well closure and as a result issued an NOV for the improper abandonment of the drinking water well. It is believed the well was improperly abandoned more than 15 years ago. In consultation with MCDH, the well was properly closed and is in full compliance with all public health requirements. The NOV will be expunged from the public record after five years.

## 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.

## 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 four MGP sites in 2021, with 21 remaining on the system, and the remediation is expected to continue through at least 2031. PECO continued with remedial efforts on its remaining MGP sites, including a pilot study to investigate the use of an in-situ chemical oxidation method to reduce community impacts from traditional remediation methods. Currently, six sites remain active in the program with most expected to be closed by 2023. In 2021, BGE conducted 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 2021 10-K [Environmental Remediation Matters](#).



Manufactured gas plant remediation in progress, southeastern Pennsylvania.

**A Safe, Innovative  
and Rewarding Workplace**



**A culture focused on safety, innovation and diversity permeates all levels of our company and keeps our employees engaged in our meaningful and important work.** We pride ourselves on bringing employees together in a collaborative environment that inspires new ideas and embraces all perspectives.

## Diversity, Equity and Inclusion

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

In 2021, Exelon's Racial Equity Task Force — comprising senior leaders across all operating companies — continued the work it began in 2020. The Task Force reinforced an equity framework both internally and externally, and produced programming that eliminates barriers and creates opportunities for our employees, vendors and the communities we serve. In 2021, we developed and introduced a new individual DEI Performance Goal for all management and key employees to continue to drive progress at Exelon, completed more than 50 focus groups with customers to understand needs in under-resourced communities and launched the Exelon STEM Leadership Academy Alumnae Scholarship Program.

## Continued Commitment to an Inclusive Culture

Internally, we are prioritizing an improved culture of accountability for DEI. This year, we launched an engagement plan to support leaders and employees in understanding and achieving the new DEI goal. We developed over a dozen custom resources and hosted quarterly webinars across the organization to encourage and inform employees.

Post-separation, Exelon is 51 percent diverse, supported by 59 percent diverse external hires, 61 percent diverse promotions, and lower attrition rates for both minority men and minority women. We will continue to focus on this goal going forward, identifying and setting more specific goals while emphasizing both individual and organizational action in support of DEI.

**Access to DEI Resources.** All employees have one-click access to tools and information regarding DEI through a dedicated intranet site. This internal website provides information on Exelon DEI partner

organizations, Employee Resource Groups (ERGs), event calendars, toolkits, articles and webinars.

**DEI Quarterly Webinars.** For the ninth consecutive year, Exelon offered voluntary, live DEI quarterly webinars to all employees. The webinar series continued to be one of the most highly attended voluntary learning and development offerings in 2021. Participants gained insights and learned valuable skills in the power of inclusion.



**Commitment to Inclusive Culture.** In 2021, Exelon continued 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 for enabling our employees at all levels to turn inclusivity into action. The seven pillars are self-awareness, curiosity, courage, adaptability, collaboration, authenticity and change agent.

**Exelon Joins Equal by 30.** In 2020, Exelon became a signatory of Equal by 30. Signatories of Equal by 30, an ambassador commitment program by the Clean Energy Education & Empowerment Initiative (C3E), engage both public and private sector organizations to work toward equal pay, equal leadership and equal opportunities for women in the clean energy sector, with a goal to do so by 2030. Exelon has committed to the Equal by 30 public sector principles to lead by example by taking concrete steps toward the following:

- Promoting gender equality
- Integrating a gender lens into all levels of our work, to mainstream gender equality into our culture and processes
- Setting high standards for the recruitment, promotion and participation of women
- Measuring and communicating our progress

For more information on Exelon's DEI performance and results, please see our annual [DEI report](#).

## 2021 Diversity Awards



**DiversityInc Top 50 Companies for Diversity (2021).** Exelon ranked 24th on DiversityInc's list of Top 50 companies for diversity, 13th of 24 for top companies for LGBTQ employers, and a top company for Philanthropy. The list recognizes the nation's top companies who excel in areas such as hiring, retaining and promoting women; minorities; people with disabilities; lesbian, gay, bisexual, and transgender (LGBT) individuals and veterans.

**Human Rights Campaign (HRC) Best Places to Work (2011-2021).** For 2021, Exelon earned the designation of "Best Place to Work" on HRC's Corporate Equality Index for the 10th 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.

**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.

## 2021 Employee Resource Groups Update

With many members of Exelon's workforce working remotely in 2021 and a focus on keeping our employees safe, ERG events remained largely virtual. Program offerings included culture chats; panel discussions; education segments on racial, social and equity issues including redlining; and philanthropic engagements. ERGs are an integral part of ensuring our employees feel the social thread of inclusion while remaining in many cases primarily virtual. We are proud of how they have continued to grow and stay engaged throughout these challenging times.



## National Diversity Organization Partnerships

We partner with several national diversity organizations to identify highly qualified talent in 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 level 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 2021, we continued our focus on Exelon’s commitment to hiring candidates with military experience, resulting in over 10 percent of our total hires being veterans. Our partnerships with organizations including Hirepurpose, RecruitMilitary and Veteran Recruiting give us access 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 embraces the talents and skills that individuals with disabilities bring to our workplace and our communities. Exelon’s disability outreach strategy comprises three key elements: promoting Exelon’s open jobs, increasing brand recognition and creating and supporting a disability-inclusive culture. In 2021, we established a 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.

### Employee Diversity<sup>1</sup>

Category	Number	Percentage of Total
Female <sup>2</sup>	5,221	27.9%
People of Color <sup>2</sup>	7,207	38.5%
Aged <30	1,984	10.6%
Aged 30–50	10,063	53.7%
Aged >50	6,681	35.7%
Full-time	18,571	99.2%
Part-time	157	0.8%
<b>Total Employees</b>	<b>18,728</b>	<b>100.0%</b>

### Management Diversity<sup>3</sup>

Category	Number	Percentage of Total
Female <sup>2</sup>	881	30.8%
People of Color <sup>2</sup>	979	34.2%
Aged <30	25	0.9%
Aged 30–50	1,586	55.5%
Aged >50	1,248	43.6%
Within 10 years of retirement eligibility	1,724	60.3%
<b>Total Employees in Management</b>	<b>2,859</b>	<b>100.0%</b>

1 To provide a clear picture of Exelon’s workforce after separation from Constellation, we are presenting post-separation employee counts as of 2/28/22. As Exelon moves past its separation from Constellation, we will report multiple years of data in future sustainability reports, as has been our past practice. Since we are presenting employee statistics as of 2/28/22, we are not including employee turnover rates. These will also be published again in future reports.

Exelon will continue to make publicly available 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”.

## Attracting and Developing Top Talent

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 reflect our core competencies as an innovative, forward-thinking and people-focused organization. The following sections outline several of Exelon's key priorities and 2021 accomplishments in talent acquisition.

### Meeting the Challenges of Today's Market

Our nation endured a historical global event in 2021, termed by economists as "The Great Resignation," where employees voluntarily left their jobs in mass. Despite this, Exelon's employee engagement and retention remained strong. We maintained a competitive workplace, valued by existing employees and sought after by job-seeking candidates.

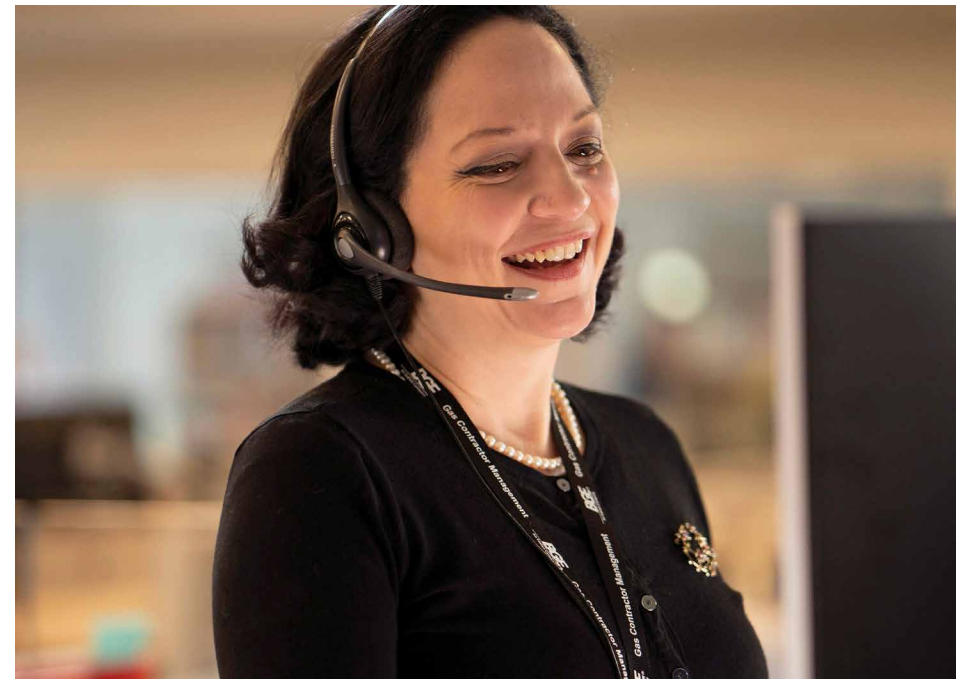
We adapted to the competitive labor market and an increasingly virtual work environment by adjusting our recruitment strategies and investing in our



recruitment team. By optimizing our use of technology and enhancing our processes, recruiters embraced the virtual hiring environment. Candidates were able to participate in the hiring process via virtual interviews and leadership assessments and flexible testing center options. Hiring managers were provided with additional support resources to foster inclusivity in a virtual onboarding environment. Exelon onboarded 2,685 employees in our utilities and corporate offices in 2021.

### Amplifying Our Employer Brand

With these talent market factors in 2021, conveying our employer brand to external candidates was more important than ever. We launched a robust talent ambassadorship program, involving current employees, our recruiting team, and hiring managers to tell our authentic employee stories. We reached candidates through digital and social channels including social media, virtual career fairs and virtual information sessions. We continue to share our employer brand story with thousands of active and passive job seekers through Exelon's digital channels to attract the best talent into our pipeline.







Each year, Exelon hosts hundreds of collegiate summer interns engaged in STEM and business education.



## Internships and University Recruitment

In 2021, Exelon remotely hosted more than 320 collegiate summer interns in our utilities and Business Service Companies (BSC). 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, SASE and the National Association of Black Accountants, based on academic excellence in relevant areas of study, student population diversity and proximity to our major markets of operation. Each of Exelon's operating companies

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 Strategy

Exelon's talent strategy focuses on core talent tools, processes and behaviors to drive the enterprise strategy forward and focus on employee development. This helps us navigate a changing landscape by:

1. Optimizing talent as a competitive differentiator
2. Focusing managers and employees on what matters
3. Creating simple and smart processes and systems

4. Using advanced analytics to understand talent priorities
5. Building a diverse workforce and fostering an inclusive culture
6. Attracting talent that can help us build our talent portfolio

Exelon continually reviews all talent tenets to ensure that our integrated talent management approach supports the organizational outcomes. Over the last couple of years and continuing into 2022, a key focus of the talent strategy has been to embed the DEI principles into the core talent processes.



## Employee Development and Training

Exelon kept employees' development as a top focus while maintaining a fully virtual approach to enterprise development opportunities throughout 2021. LinkedIn Learning was offered across the organization, providing employees with development opportunities aligned to the organization's core competencies and key focus areas, like DEI.

During 2021 and to address the changing leadership environment, Exelon continued to focus our leadership development efforts for key front-line leaders. Exelon worked to expand supervisory trainings and leadership development programs virtually. A virtual Manager Essentials program continued for all new Managers and was well received in the new format for its engaging content and networking opportunities. Additionally in 2021, Exelon was able to reengage with a local diverse vendor to convert our historically in-person Supervisory Development Program into a virtual format. Exelon also leveraged ExecOnline's program for Key Manager development and targeted diversity-based individual development efforts.

Recognizing Exelon's workplace of the future will include a hybrid work environment, we developed a number of resources and educational opportunities to support employees and managers on their continued success in the changing workplace. These resources provide direction and support on topics varying from coaching and feedback to maintaining engagement and avoiding burnout. We established discussion forums and live think tanks to create opportunities for leaders to share best practices and development recommendations across the organization.

As the COVID-19 pandemic continued, amidst many other political, social, economic and global health challenges, Exelon focused heavily on employee and leadership development in areas such as mental health, inclusivity, respect, adaptability and resilience. Each operating company also leveraged a variety of engaging dialogues on sensitive and challenging DEI topics aimed to foster a culture of DEI where everyone had the opportunity to succeed.

Across the organization, a variety of opportunities to reach employees were provided. All operating companies hosted unique talks for their organizations to engage several thousand employees in dialogue

about sensitive diversity, equity and inclusion topics. BGE had over 50 employees and leaders supporting a broad range of dozens of racially inclusive safe and equitable community and DEI development opportunities for 100% of their employee population. PECO heard from 50 leaders over 15 sessions in their #continuethetheconversation series, and PHI had 40 leaders facilitate 24 small group dialogues and Fireside Chats. Additionally, BSC hosted a Racial Equity Series to promote inclusion and provide an educational opportunity around the different perspectives and experiences that are held across the organization, and ComEd provided leaders with workshops on unconscious bias and equity in talent development. Moving into 2022, we continue to focus on employee development and aligning these opportunities with the needs of our employees and our organization, including on-going expansion of the Exelon Mentoring Program that started at PHI in 2019, and has grown to approximately 2,000 employees Exelon wide. As the program offerings evolve, participants find new ways to broaden their network, drive development and increase collaboration in a hybrid environment.

## 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 their 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 greatest research on employee experience. In our last Engagement Survey, that occurred before Exelon's February 2022 separation from Constellation, the pre-separation company achieved a response rate of 85 percent and received positive ratings and increases in all of our critical focus areas: engagement, supervisor effectiveness and DEI. Exelon's employee engagement was rated as 76 percent favorable, above external norms and approaching best-in-class designation (categorized as 78 percent favorable or better). The next Employee Engagement Survey is scheduled for September 2022.

## Progressive Workforce Policies

**Paid Leave.** Exelon is committed to offering industry-leading paid leave benefits for new parents and working caregivers to help our employees balance work and family responsibilities. At Exelon, persons who give birth are eligible to receive up to 16 weeks of paid leave, and non-birthing persons 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 562 employees for bonding leave and/or primary caregiver leave in 2021. Of those, 417 were male and 145 were female in our utilities and BSC companies.

**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 annual analysis on gender and racial pay equity. We also review hiring and promotion processes to neutralize any unconscious bias and embed equal pay efforts into broader enterprise-wide equity initiatives. We are devoted to creating an environment that allows women 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, 2021, our utilities and BSC companies had 19,069 employees, of which 8,414 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, four of which were negotiated and renewed in 2021. For our utilities, Exelon successfully negotiated and renewed two CBAs at PECO with the International Brotherhood of Electrical Workers (IBEW) Local 614 covering 1,351 employees combined, and negotiated and renewed two CBAs at ComEd with IBEW Local 15. These CBAs cover 3,392 employees under one contract and 86 employees under the other contract covering the System Services Group.

## Health and Wellness

At Exelon, we are committed to helping our employees maintain and improve their health. Anchored by a robust digital platform (via Sharecare), Exelon's wellness program focuses on physical, emotional, social and financial health. Additionally, using the latest in scientific methods and technology, employees are able to take an assessment to help them gauge how fast they are aging based on their lifestyle and medical history, as well as some often-overlooked risk factors like relationships and stress.

Additional components of the program include personalized wellness content, challenges, health coaching, a robust mobile app, along with a dedicated series of emotional strength exercises and tools to help employees find the right work/life balance. The program also offers a digital resource enabled by SmartDollar to help support employee's financial wellness goals. In 2021, nearly 41 percent of employees registered for the digital wellness platform, and about three-fourths of registered employees took the health assessment. To encourage healthy living at home, the digital wellness platform is also available to spouses and domestic partners.

## Workplace Safety Management and Performance

Exelon fosters a safe, diverse and innovative workplace that strives to keep employees engaged in meaningful and important work. We provide our people with competitive compensation and benefits, a culture of entrepreneurship and opportunities for personal and professional growth. We pride ourselves on bringing employees together in a collaborative environment that inspires new ideas and embraces diverse perspectives. Additionally, the safety and well-being of our employees has been Exelon's top priority throughout the continued COVID-19 pandemic. To read more about our employee response please see the [Reliability and Resilience During COVID-19](#) section of this report.

### 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 high-level safety performance. Our Safety Peer Group consists 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 achieve zero employee and contractor injuries and fatalities. We did not achieve that goal in 2021, as a BGE Gas employee died from injuries sustained in a gas line explosion. Additionally, an Exelon contractor working for BGE was fatally injured by a vehicle incursion into a work zone where the contractor was performing roadside work on behalf of Exelon. In response, we have increased focus on the work performed by employees and contractors to anticipate and guard against hazards that they might encounter. We have continued our concerted efforts to not only implement but also develop the best practices from across the industry.

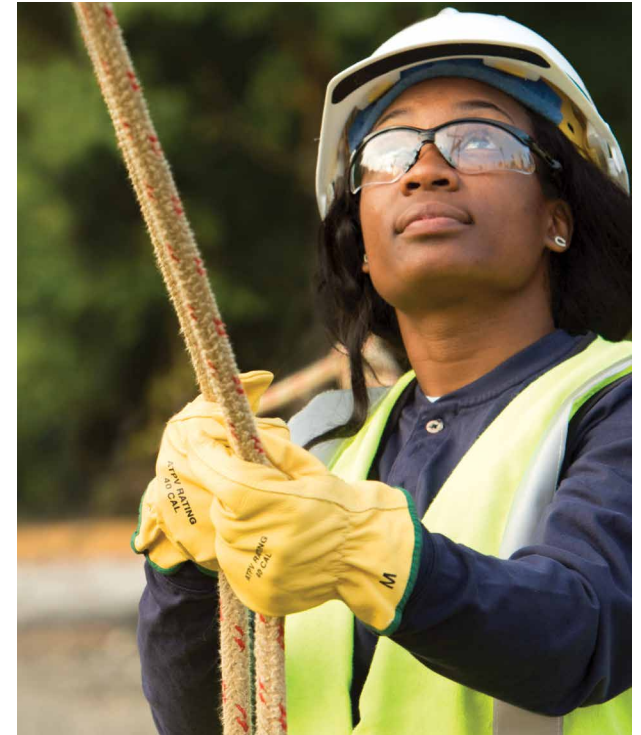
## Safety Management

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 reviews assessments, performance metrics and benchmarking results and recommends targeted safety initiatives. The Safety and Training Peer Teams completed nine strategic initiatives in 2021 to improve safety programs and safety training.

In 2021, our utility employees received more than 347,000 hours of safety-related training through hands-on, classroom and computer-based training. We integrate safety training into our new employee

orientation and leadership development programs to foster a company-wide safety culture.

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.



Exelon employees received 347 thousand hours of safety-related training in 2021.

## Safety Technology and Engagement

Across Exelon, our business units often test innovative methods for improving safety performance. We leverage technology to reduce employee risk exposure while improving service. For example, using drone aircraft for inspecting transmission lines can limit risk to employees while improving inspection quality and speed. Exelon has also initiated a program of testing wooden poles through the use of non-destructive testing device (NDT) technology. Benefits of this technology include:

- Non-destructive pole testing with an NDT needle
- Poles are tested without excavation
- Pole strength is not compromised by excessive testing over time
- Data is created on pole shell thickness, external decay, external cracks, internal voids, internal decay and heart rot to allow for data-driven decisions for treatment and reinforcement
- Less invasive resistography (wood decay detection) than alternatives
- Consistent and repeatable results

In many cases, as we work to keep energy affordable and reliable for our customers, new safety technologies being considered or utilized by Exelon also reduce the amount of labor and time needed to safely complete tasks and help improve system reliability.

# Continuously Improving Our Safety Culture

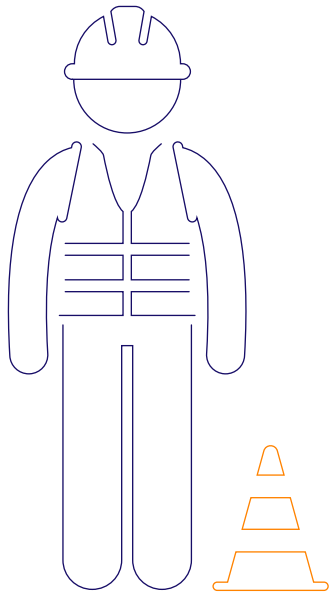
**In 2020, Exelon partnered with the National Safety Council to conduct a safety perception survey across the enterprise.** This employee survey process allowed us to measure and evaluate, by operating company and relevant departments within an operating company, employee perception of the current state 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 and industries. Employee perception surveys are a particularly useful vehicle for evaluating an SMS, 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. Teams from across the enterprise worked with NSC staff in 2021 to view results and implement action plans based on the survey responses. In 2021, all of our utilities engaged cross-functional teams to implement actions to address opportunities for improvement identified by the survey. One of the opportunities was the perceived gap in training for “back office” or support employees. Also, with many employees working remotely due to pandemic concerns, we developed and published safety training for remote workers on basic home safety, workstation ergonomics and wellness while working remotely. This included providing home office workstation supplies such as office chairs and sit-stand desks. Exelon Safety provided ergonomics guidance and consulting support for employees who were working from home.

## Life Saving Principles

In 2021, Exelon refined and aligned our Life Saving Principles (LSP), rules followed across all of our utilities. LSP was aligned through engaging with industry experts and reviewing benchmarks from other utilities. Based on job role, employees were tasked to certify awareness of LSP after reviewing training information made available during safety meetings or completing online training. We implement testing and monitoring to ensure that employees understand training materials and program requirements. All required safety training is administered and tracked through Exelon's Learning Management System.

## Life Saving Principles



**Fall Protection**

**Arc Flash Personal Protective Equipment (PPE)**

**Minimum Approach Distance**

**Trenching & Shoring**

**Gaseous Atmosphere & Infrastructure**

**Confined & Enclosed Spaces**

**Test Before Touch**

**Zone of Protection**

## Safety Performance

At Exelon, safety performance is integral to our culture. While Exelon's Occupational Safety and Health Administration (OSHA) recordable safety performance in 2021 kept pace with the industry, the two fatality incidents previously discussed represent 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. In total, Exelon experienced 179 OSHA recordable incidents in 2021. We methodically investigate all circumstances pertaining to these events to ensure we thoroughly understand the situation and take corrective actions in the future.

In 2021, Exelon employees drove more than 71 million miles in a combination of Exelon-owned, employee-owned and rental vehicles. The total number of accidents where a company driver was responsible decreased in 2021 to 2.67 accidents per million miles driven, down from 2.78 in 2020 — a decrease of 4 percent. 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. During the pandemic period, road traffic in many urban areas declined but observations of aggressive driving increased, particularly where it was advertised that traffic rule enforcement was being reduced due to COVID-19 exposure concerns for the police and public.

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 efforts with the Network of Employers for Traffic Safety (NETS) to leverage best practices and improve the safety of our drivers. NETS provides Exelon with valuable insight from other utilities and other industries like insurance, telecommunications and transportation services.

Ensuring that our contractors return home safely is as important as our efforts to safeguard our own employees. In 2021, Exelon's contractors worked more than 25 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 internal 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 2021, our contractor OSHA recordable rate was 0.61, a rate decrease due to continued emphasis on contractor safety.

### Exelon Employee Safety Performance<sup>1</sup>

	2019	2020	2021
OSHA Recordable Rate <sup>2</sup>	0.91	0.87	0.94
OSHA DART Rate <sup>3</sup>	0.8	0.96	0.67
OSHA Lost Time Rate <sup>4</sup>	27.89	38.38	22.88
Exelon EEI Serious Injury Incident Rate <sup>5</sup>	0.09	0.08	0.07
Exelon's Contractor OSHA Recordable Rate	0.8	0.66	0.61

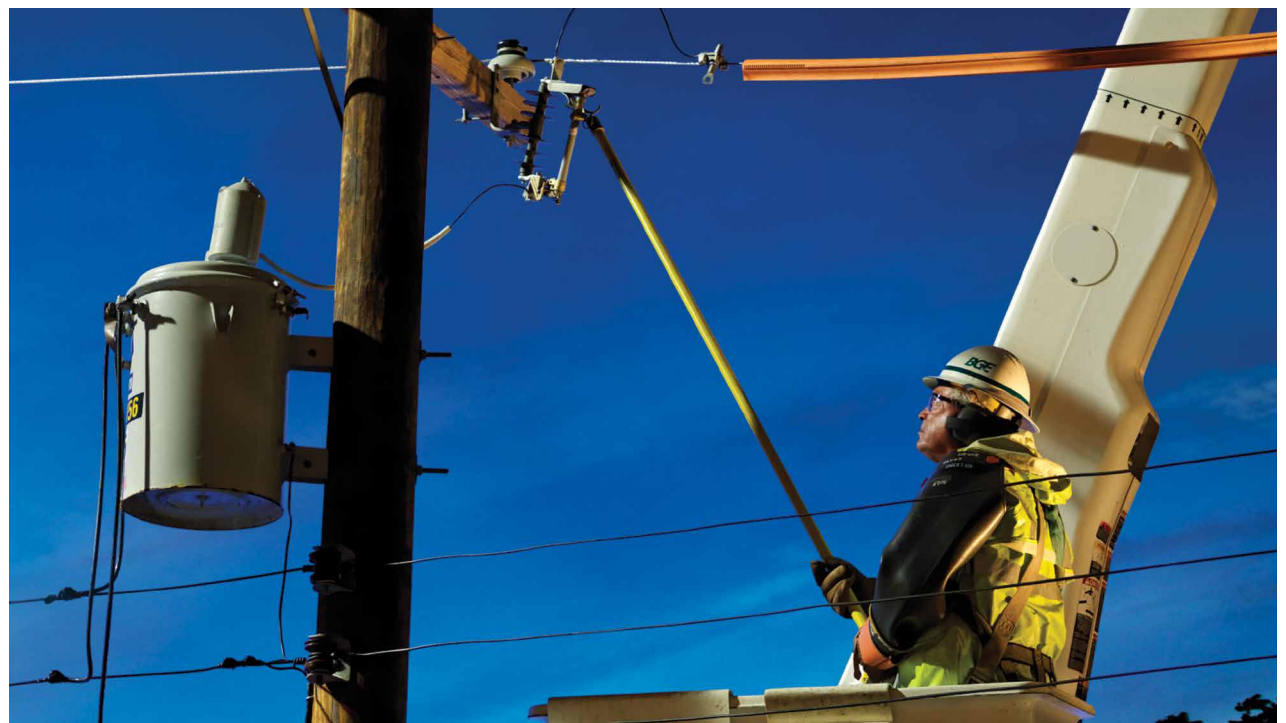
1 Safety performance data for 2021 reflects incidents and employee headcount for Exelon utility operations and corporate-level workforce under Exelon's previous structure. Data for 2019–2020 has been recast to reflect the same corporate boundary and may differ from previous reports.

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.





# Eliminating Severe Injuries



**Exelon is on a three-year journey to fully implement the Serious Injury and Fatality (SIF) Prevention Program designed to eliminate SIFs.** 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.

Additional program components in progress include adoption of the High Energy Hazard Wheel and improved safety data analytic capabilities. These tools will be integrated into pre-job briefs prior to field work, first line supervisor safety observations and how safety performance data is analyzed. Full implementation occurs in 2022.

Exelon benchmarks our processes and SIF performance against our peers to find opportunities for learning and improvement. Our goal is to leverage learning on an enterprise and industry wide scale to eliminate SIFs.

# Corporate **Governance**



**Effective corporate governance, founded on integrity, is critical to Exelon’s business strategy.** From the Board of Directors to the supply chain, Exelon drives sustainability through a careful understanding of risk and accountability, while providing clear expectations for compliance and resources to support employees.

## 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 nine-member Board includes three women and four racially/ethnically diverse members, with an average director tenure of approximately 6.3 years. For more information on Exelon’s governance structure, please see the [corporate governance](#) section of our website.

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.

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

**89%** Independent

**44%** Diverse  
22% Black  
22% Hispanic  
56% White

**33%** Women

**6.3 yrs** Average Tenure

**64.6 yrs** Average Age

<sup>1</sup> As of June 1, 2022 (9 Members)

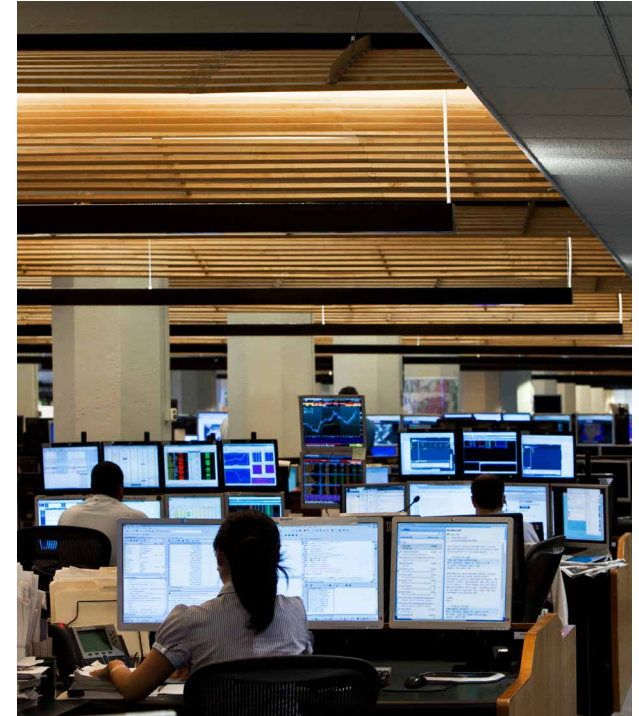
## Committees of the Board of Directors

The Exelon Board has three standing committees. Each committee has clearly defined roles and responsibilities that are detailed in their respective charters.

- The **Audit and Risk Committee** assists the Board in overseeing the independence, qualifications and performance of the independent auditor; the integrity of the financial statements, accounting and financial reporting processes and audits of the Company's financial statements and systems of internal control over financial reporting; and the performance of the internal audit function. The Committee also assists the Board in providing oversight over the Company's enterprise risk management program and ethics and compliance program.
- The **Compensation Committee** assists the Board in overseeing Exelon's executive compensation program and human capital management practices and supervises leadership development and succession planning.
- The **Corporate Governance Committee** assists the Board in overseeing the governance practices of Exelon including the composition of the Board and its committees. This committee is focused on Exelon's strategies and efforts to protect and improve the quality of the environment including but not limited to climate change and sustainability policies and programs.

## 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. Leadership 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 2021, Exelon engaged with shareholders representing over one-third of all outstanding shares on these topics. We update the relevant Board committees, and the Board of Directors as a whole, on ESG issues raised by investors during our engagement meetings.



## 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 Senior Vice President Chief Strategy and Sustainability Officer, our sustainability team works within our corporate strategy and innovation function. In addition, Exelon has created a broad cross-functional Sustainability Council comprising leaders from across the enterprise who work together to help guide the development and implementation of Exelon's sustainability strategy, programs and sustainability disclosures. This organizational design ensures that decision-making at the highest levels of the enterprise incorporates sustainability considerations, including our approach to investments, energy efficiency programs, climate risk mitigation and adaptation and other important issues facing our business. As an electric and gas utility company, we integrate sustainability and environmental management throughout our entire business, therefore our Board is routinely involved in overseeing management's decisions about our most pressing sustainability challenges. When appropriate, we update the Corporate Governance Committee and other Board committees on sustainability strategy, disclosure and performance. These reports focus on issues such as legacy environmental

risks, climate change, stakeholder interest and expectations with regard to ESG and sustainability issues. The connections between sustainability and our business strategy are further discussed in the section [Delivering Sustainable Value as the Premier T&D Utility](#).

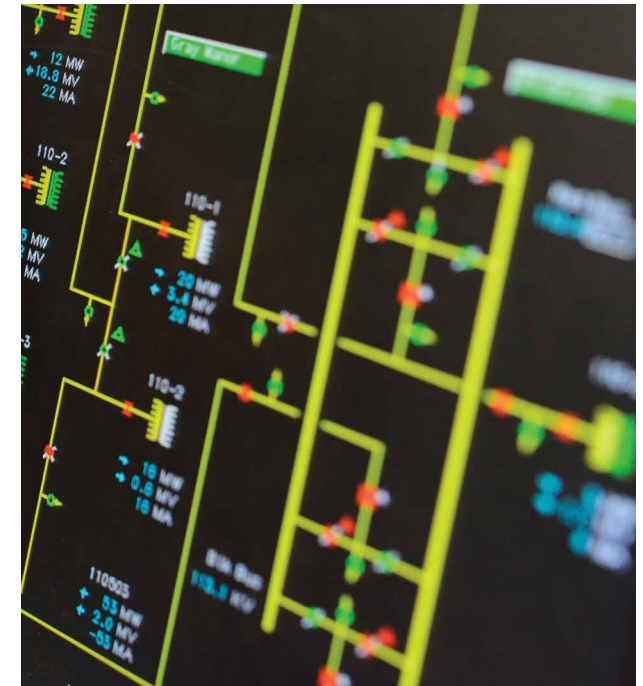
## Enterprise Risk Management

Managing business risks of all types, from operational, financial and regulatory risks to global risks like climate change, is central to Exelon's business. 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.

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, bribery and corruption, and competing with integrity. 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.



In early 2022, Exelon implemented a publicly accessible [Supplier Code of Conduct](#), which focuses on the responsibilities of all suppliers, contractors and agents. Prior to implementation of the Supplier Code of Conduct, these entities were subject to Exelon's Code of Business Conduct. 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.

Exelon maintains a 24-hour ethics helpline that allows employees 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 and reporters have the option to remain anonymous. The Compliance & Ethics Office oversees the intake, investigation and resolution of reports of potential compliance violations and violations of the Code of Business Conduct and Supplier Code of Conduct.

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.

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 new 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.

## Required Ethics Trainings

Exelon regularly trains our workforce on ethics expectations and 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 addressing Security Awareness, Harassment Prevention and other important topics.

## 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.

# Sustainable Supply Chain

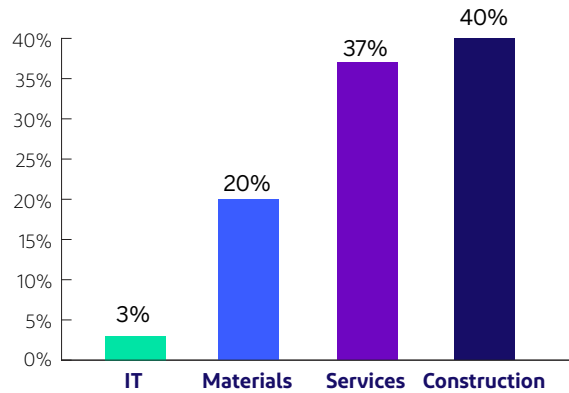
Exelon's utilities work with approximately 4,000 suppliers to procure a wide range of materials and services that support our company operations. We actively engage, evaluate and monitor our suppliers to better understand our supply chain and proactively identify and address potential business continuity 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, 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 2021, Exelon conducted its semi-annual detailed risk assessment that identified 69 critical Tier 1 suppliers for its utilities. These Tier 1 suppliers represent 36 percent of total spend. As part of this

## Supply Spend Breakdown by Major Category for 2021<sup>1</sup>



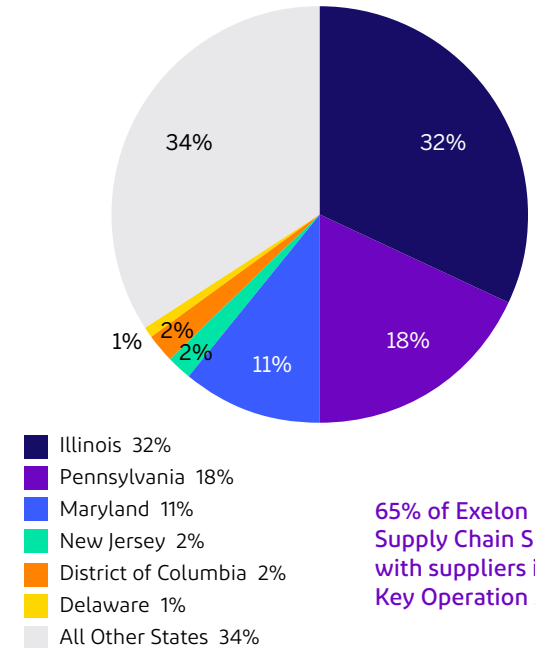
<sup>1</sup> Supply spend for 2021 reflects Exelon utility operations plus apportioned spend from corporate business services under Exelon's previous structure.

process, we identified two high-risk critical Tier 1 suppliers and implemented risk mitigation strategies with these suppliers. Exelon actively works with all suppliers on a watchlist or performance improvement plan to implement corrective action strategies and remediate any performance issues.

## Spend Analysis

Exelon sourcing professionals manage approximately 95 categories of supply spend. At a high level across our utilities in 2021, 37 percent of this spend is on services, 20 percent is on materials, 40 percent is on construction and 3 percent is on IT hardware and

## Supply Spend by State<sup>1</sup>



**65% of Exelon Supply Chain Spend is with suppliers in our Key Operation Areas**

<sup>1</sup> Supply spend for 2021 reflects Exelon utility operations plus apportioned spend from corporate business services under Exelon's previous structure.

services. Over half of Exelon's supply chain spend is with suppliers in our key operating areas, where our businesses are most heavily concentrated. This spend analysis excludes goods and services not managed by Exelon's Supply organization.



## Improving Sustainability with Our Suppliers

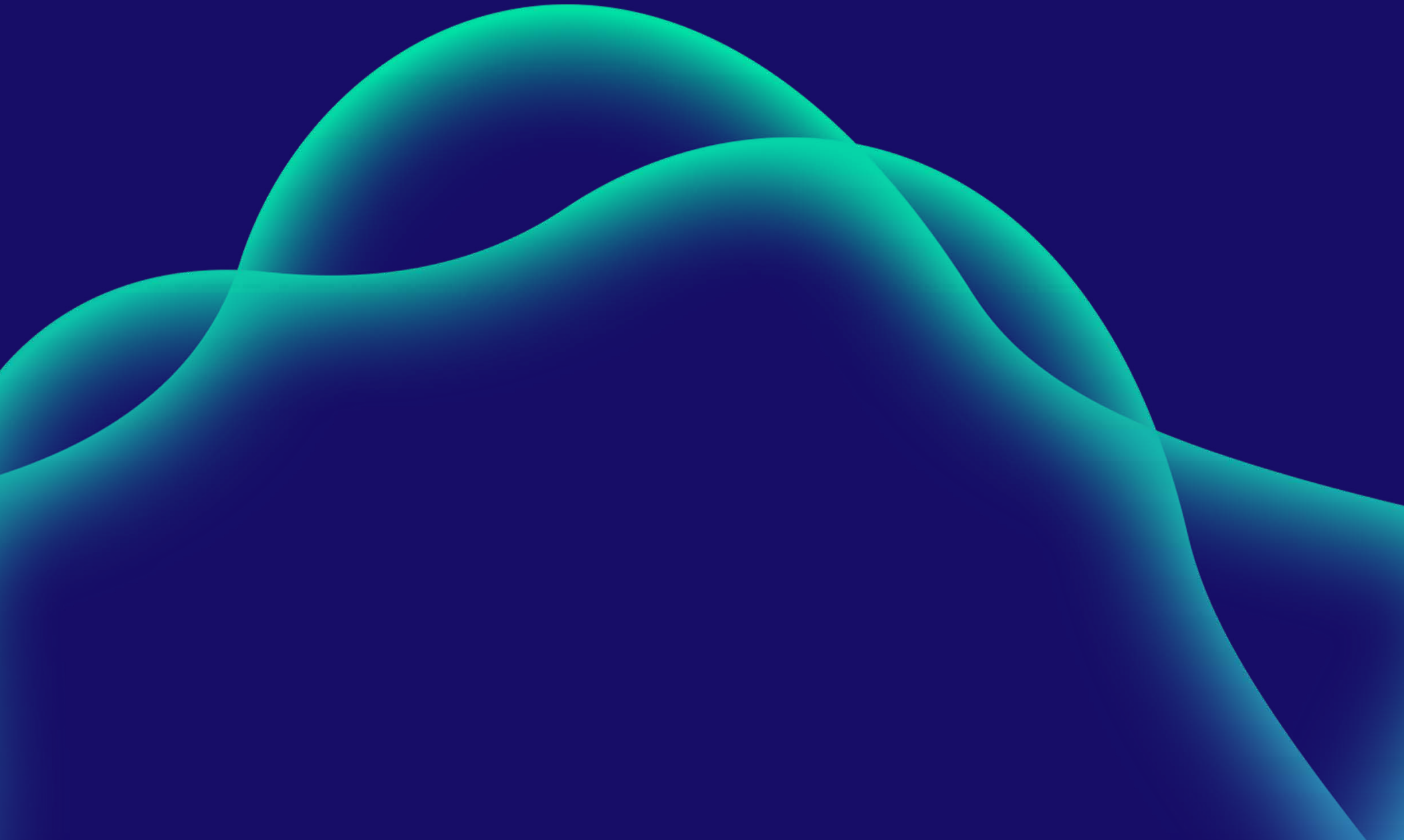
In addition to meeting contract terms and conditions tailored to manage each supplier's engagement, all Exelon business partners, including our suppliers, were required to comply with Exelon's Code of Business Conduct in 2021. Starting in 2022, Exelon implemented a new [Supplier Code of Conduct](#) that 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.

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 (EUISSCA), of which Exelon was a founding member. EUISSCA, 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 EUISSCA 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". This year we are able to present emissions for the past three

years using this refined methodology, and we are beginning supply engagement around GHG emissions based on the more Exelon-specific hot spot analysis. The calculation methodology developed by the EUISSCA 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 EUISSCA executive committee, continuing Exelon's long-standing executive level support for the work of this organization.

# Appendix



## About This Report

The Exelon 2021 Sustainability Report 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 and this report follows our 2020 Sustainability Report. Unless otherwise noted, this report presents information and data that reflect the post-separation footprint of the current day transmission and distribution utilities business of Exelon. At 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). Information on Constellation is outside of the scope of this report and may be addressed separately by Constellation in its own voluntary sustainability reporting communications.

Data in this report focuses on the reporting period of January 1, 2021 through December 31, 2021. Where it may be helpful for the reader to understand relative trends over time, we have provided graphs or tables covering three years of performance, recast where appropriate to provide comparative data for Exelon's utilities over time. We have included footnotes to indicate our approach to recasting data in cases where metrics have been recast.

Lloyd's Register Quality Assurance, Inc. (LRQA), an accredited GHG verifier, provided verification of our 2021 inventory to a reasonable assurance level for [Scope 1 and 2 emissions](#) in accordance with The Climate Registry and ISO 14064 standards. LRQA has also verified Exelon's [relevant Scope 3 emissions](#) to a limited assurance level. These verification statements are available on our website and cover Exelon's post-separation operational footprint (T&D utilities) and related corporate operations.

# GRI Index

The indicators below are from the GRI Standards and the Electric Utilities Sector Supplement. This report has been prepared in accordance with the GRI Standards: Core option. All disclosures in this GRI Index refer to the GRI Standards, published in 2016, and subsequent updates.

General Disclosures		Report Section
<b>Organizational Profile</b>		
102-1	Name of the organization	<a href="#">About Exelon</a>
102-2	Activities, brands, products, services	<a href="#">About Exelon</a>
102-3	Location of headquarters	<a href="#">About Exelon</a>
102-4	Location of operations	<a href="#">About Exelon</a>
102-5	Ownership and legal form	<a href="#">About Exelon</a>
102-6	Markets served	<a href="#">About Exelon</a>
102-7	Scale of the organization	<a href="#">About Exelon</a>
102-8	Information on employees and other workers	<a href="#">Diversity, Equity and Inclusion</a> Exelon reports the total number of employees, identifying gender, people of color and age group breakdowns. As all of Exelon's employees are located in the United States and less than 1 percent of employees are part-time or temporary, we have not provided gender and regional breakdowns for these categories.
102-9	Supply chain	<a href="#">Sustainable Supply Chain</a>
102-10	Significant changes to the organization and supply chain	<a href="#">About Exelon</a>
102-11	Precautionary principle or approach	<a href="#">Enterprise Risk Management</a>
102-12	External initiatives	<a href="#">CEO Message</a> ; <a href="#">Key Sustainability Issues</a> ; <a href="#">Stakeholder Engagement</a> ; <a href="#">Building Value through Technology</a> ; <a href="#">Delivering World-Class Customer Experiences</a> ; <a href="#">Reliability and Resilience During COVID-19</a> ; <a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Diversity, Equity and Inclusion</a> ; <a href="#">Sustainable Supply Chain</a>
102-13	Membership of associations	<a href="#">Supporting Clean Energy</a> ; <a href="#">Exelon website</a>
EU3	Number of customers	<a href="#">About Exelon</a>
EU4	Length of transmission and distribution lines	11,152 miles of transmission lines 151,418 miles of distribution lines More detail is available on page 44 of Exelon 10-K for 2021.
<b>Strategy</b>		
102-14	Statement from senior decision-maker	<a href="#">CEO Message</a>
102-15	Key impacts, risks, and opportunities	<a href="#">CEO Message</a> ; <a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Enterprise Risk Management</a>

General Disclosures		Report Section
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards and norms of behavior	<a href="#">Compliance and Ethics</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Compliance and Ethics</a>
<b>Governance</b>		
102-18	Governance structure	<a href="#">Oversight of Climate-related Risks and Opportunities; Board Oversight; Sustainability Governance</a>
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	<a href="#">Stakeholder Engagement</a>
102-41	Collective bargaining agreements	<a href="#">Employee and Labor Relations</a> ; page 20 of <a href="#">Exelon 10-K</a> for 2021
102-42	Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement</a>
102-43	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a> ; <a href="#">Disaster Preparedness and Awareness</a> ; <a href="#">Diversity, Equity and Inclusion</a>
102-44	Key topics and concerns raised	<a href="#">Stakeholder Engagement</a>
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	<a href="#">Exelon 2021 10-K</a>
102-46	Defining report content and topic boundaries	<a href="#">2021 Corporate Sustainability Report Approach</a> ; <a href="#">Key Sustainability Issues</a> ; <a href="#">Exelon's Business Strategy</a>
102-47	List of material topics	<a href="#">Key Sustainability Issues</a>
102-48	Restatements of information	<a href="#">Strategic Separation</a> ; <a href="#">2021 Corporate Sustainability Report Approach</a> ; Footnotes on charts and tables throughout the report indicate any adjustments and scope of data.
102-49	Changes in reporting	<a href="#">Strategic Separation</a> ; <a href="#">2021 Corporate Sustainability Report Approach</a> ; <a href="#">Key Sustainability Issues</a>
102-50	Reporting period	<a href="#">About This Report</a>
102-51	Date of most recent report	Exelon's 2020 Sustainability Report was published in June 2021.
102-52	Reporting cycle	<a href="#">About This Report</a>
102-53	Contact point for questions regarding the report	<a href="#">Comments</a>
102-54	Claims of reporting in accordance with GRI Standards	<a href="#">GRI Index</a>
102-55	GRI content index	<a href="#">GRI Index</a>
102-56	External assurance	<a href="#">About This Report</a>
<b>Management Approach</b>		
103-1	Material topics and boundaries	<a href="#">2021 Corporate Sustainability Report Approach</a> ; <a href="#">Key Sustainability Issues</a>
103-3	Evaluation of management approach	<a href="#">Sustainability/ESG Scores</a> ; <a href="#">Sustainability Governance</a>

Specific Disclosures		Report Section
<b>Economic Performance</b>		
103-2	Management approach	<a href="#">About Exelon; Exelon 2021 10-K</a>
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="#">Managing Climate Change Risks and Opportunities</a>
<b>Indirect Economic Impacts</b>		
103-2	Management approach	<a href="#">Supporting Communities</a>
203-2	Significant indirect economic impacts	<a href="#">Economic Development</a>
<b>Procurement Practices</b>		
103-2	Management approach	<a href="#">Sustainable Supply Chain</a>
204-1	Proportion of spending on local suppliers	<a href="#">Sustainable Supply Chain</a>
<b>Anti-Competitive Behavior</b>		
103-2	Management approach	<a href="#">Compliance and Ethics</a>
206-1	Legal actions for anti-competitive behavior	Exelon was not involved in any ongoing investigations related to anti-competitive practices and did not incur any fines or settlements related to anti-competitive practices in the past four fiscal years.
<b>Availability And Reliability</b>		
103-2	Management approach	<a href="#">Safely Powering Reliability and Resilience</a>
<b>Demand-Side Management</b>		
103-2	Management approach	<a href="#">Customer Efficiency and Savings</a>
<b>Research And Development</b>		
103-2	Management approach	<a href="#">Building Value through Technology</a>
<b>Energy</b>		
103-2	Management approach	<a href="#">Exelon 2021 CDP Climate Change Response</a>
302-1	Energy consumption within the organization	<a href="#">Exelon 2021 CDP Climate Change Response</a>
302-4	Reduction of energy consumption	<a href="#">Exelon 2021 CDP Climate Change Response</a>
302-5	Reduction in energy requirements of products and services	<a href="#">Customer Efficiency and Savings</a>

Specific Disclosures		Report Section
<b>Water and Effluents</b>		
103-2	Management approach	<a href="#">Watershed Management and Water Inventory</a> ; <a href="#">Exelon 2021 CDP Water Security Response</a>
303-1	Interactions with water as a shared resource	<a href="#">Watershed Management and Water Inventory</a> ; <a href="#">Exelon 2021 CDP Water Security Response</a>
303-2	Management of water discharge-related impacts	<a href="#">Watershed Management and Water Inventory</a> ; <a href="#">Exelon 2021 CDP Water Security Response</a>
303-3	Water withdrawal by source	<a href="#">Watershed Management and Water Inventory</a> ; <a href="#">Exelon 2021 CDP Water Security Response</a>
303-5	Water consumption by source	<a href="#">Watershed Management and Water Inventory</a> ; <a href="#">Exelon 2021 CDP Water Security Response</a>
<b>Biodiversity</b>		
103-2	Management approach	<a href="#">Habitat and Biodiversity</a>
304-2	Impacts on biodiversity	<a href="#">Habitat and Biodiversity</a>
304-3	Habitats protected or restored	<a href="#">Habitat and Biodiversity</a>
<b>Emissions</b>		
103-2	Management approach	<a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Full GHG Inventory and Accounting Protocol</a> ; <a href="#">Exelon 2021 CDP Climate Change Response</a>
305-1	Direct (Scope 1) GHG emissions	<a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Full GHG Inventory and Accounting Protocol</a> ; <a href="#">Exelon 2021 CDP Climate Change Response</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Full GHG Inventory and Accounting Protocol</a> ; <a href="#">Exelon 2021 CDP Climate Change Response</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Full GHG Inventory and Accounting Protocol</a> ; <a href="#">Exelon 2021 CDP Climate Change Response</a>
305-5	Reduction of GHG emissions	<a href="#">Managing Climate Change Risks and Opportunities</a> ; <a href="#">Full GHG Inventory and Accounting Protocol</a> ; <a href="#">Exelon 2021 CDP Climate Change Response</a>
<b>Waste</b>		
103-2	Management approach	<a href="#">Waste and Recycling</a>
306-4	Waste diverted from disposal	<a href="#">Waste and Recycling</a>
<b>Environmental Compliance</b>		
103-2	Management approach	<a href="#">Environmental Management</a>
307-1	Non-compliance with environmental laws and regulations	<a href="#">Environmental Management</a>
<b>Employees</b>		
103-2	Management approach	<a href="#">Diversity, Equity and Inclusion</a>
401-1	New employee hires and employee turnover	<a href="#">Diversity, Equity and Inclusion</a>
401-3	Parental leave	<a href="#">Progressive Workforce Policies</a>

Specific Disclosures		Report Section
<b>Occupational Health and Safety</b>		
103-2	Management approach	<a href="#">Workplace Safety Management and Performance</a>
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>
403-9	Work-related injuries	<a href="#">Safety Performance</a>
403-10	Work-related ill health	<a href="#">Safety Performance</a>
<b>Training and Education</b>		
103-2	Management approach	<a href="#">Employee Development and Training</a>
404-2	Programs for upgrading employee skills	<a href="#">Employee Development and Training</a>
<b>Diversity and Equal Opportunity</b>		
103-2	Management approach	<a href="#">Diversity, Equity and Inclusion</a>
405-1	Diversity of governance bodies and employees	<a href="#">Diversity, Equity and Inclusion</a> ; <a href="#">Board Oversight</a>
<b>Local Communities</b>		
103-2	Management approach	<a href="#">Supporting Communities</a>
413-1	Local community engagement	<a href="#">Supporting Communities</a>
<b>Political Contributions</b>		
103-2	Management approach	<a href="#">Political Participation and Advocacy</a>
415-1	Political contributions	<a href="#">Political Participation and Advocacy</a> ; <a href="#">Corporate Governance webpage</a>



Specific Disclosures	Report Section
<b>Customer Health And Safety</b>	
103-2 Management approach	<a href="#">Disaster Preparedness and Awareness</a>
416-1 Assessment of health and safety impacts	<a href="#">Disaster Preparedness and Awareness</a>
EU25 Injuries and fatalities to the public	Confidential information; Exelon does not disclose information that may relate to potential litigation.
<b>Access</b>	
103-2 Management approach	<a href="#">Assistance to Low- and Moderate-Income Households</a>
EU28 Power outage frequency	<a href="#">Reliability Performance and Investments</a>
EU29 Power outage duration	<a href="#">Reliability Performance and Investments</a>

# SASB Index

The accounting metrics below are from the Sustainability Accounting Standards Board (SASB) Electric Utilities & Power Generators Standard. All disclosures in this SASB Index refers to both the Electric Utilities & Power Generators Standard published in October 2018.

Topic	Accounting Metric	Code	Location/Direct Answer
<b>Greenhouse Gas Emissions &amp; Energy Resource Planning</b>	(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 2021 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 2021 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 2021 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>
<b>Air Quality</b>	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.
<b>Water Management</b>	(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
<b>Coal Ash Management</b>	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
<b>Energy Affordability</b>	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</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</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="#">Advancing Clean Energy and Affordable Energy Choices</a> <a href="#">Reliability and Resilience During COVID-19</a>
<b>Workforce Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	IF-EU-320a.1	<a href="#">Workplace Safety Management and Performance — Safety Performance</a>
<b>End-Use Efficiency &amp; Demand</b>	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>

Topic	Accounting Metric	Code	Location/Direct Answer
<b>Nuclear Safety &amp; Emergency Management</b>	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
<b>Grid Resiliency</b>	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</a> <a href="#">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> Exelon reports CAIDI and SAIFI excluding major event days. See <a href="#">Reliability Performance and Investments</a>

# 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 2021 inventory verification was LRQA, who has also re-verified our adjusted 2015 baseline inventory for our new goal to reflect our change in boundary with Exelon's separation from Constellation. 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). Our primary inventory reporting uses an equity-share reporting.

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. 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.

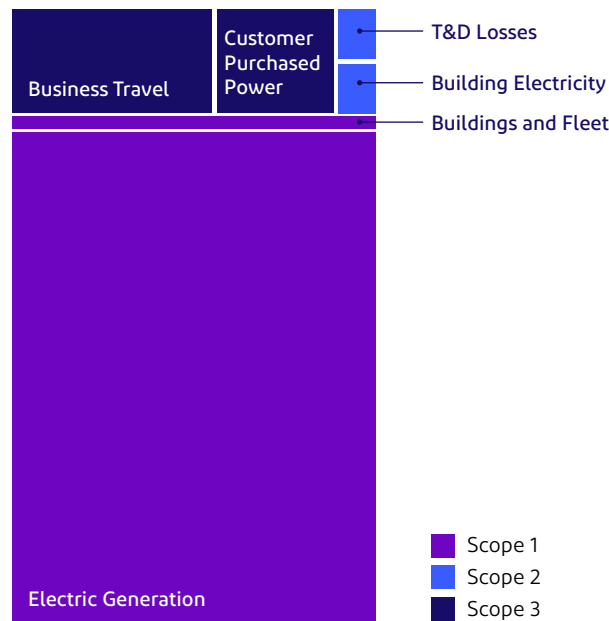
Company A is vertically integrated, thus the emissions from the generation it delivers is Scope 1, and the emissions associated with the electricity lost during distribution has already been captured in Scope 1 emissions. Company B is delivery only, like Exelon, in a deregulated electric market (such 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.

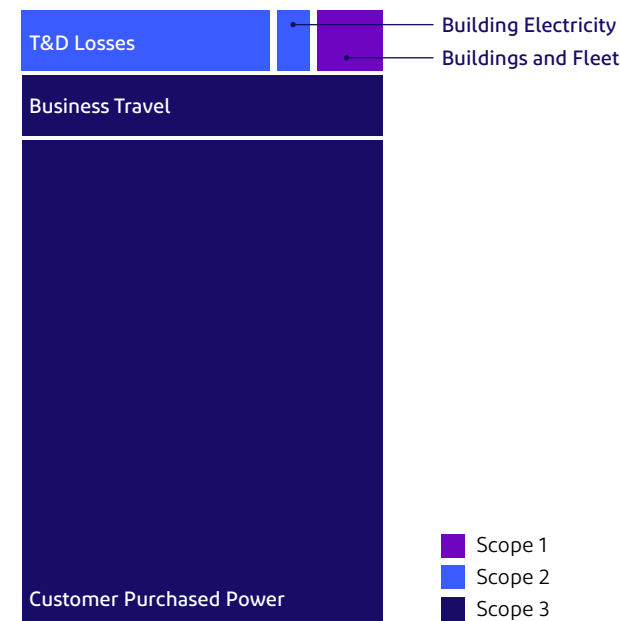
## Emissions Sources

	Company Type		
	Vertically Integrated	T&D / Transmission or Distribution Only	Independent 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



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.

As shown in Table 1 (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.

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.

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. 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, 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.

**Table 1: Exelon Corporation GHG Inventory Breakdown**

Equity Share Boundary, showing both Location-based and Market-based for Scope 2 Accounting

Customer-Driven Emissions	2019	2020	2021
thousand metric tons CO <sub>2</sub> e			
<b>Scope 1: Direct Emissions</b>			
Exelon's utilities do not own any electric generation operations			
<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)	5,175	4,474	4,765
Total Customer-Driven Scope 2 (after Low-Carbon Purchases)	5,521	4,890	5,211
<b>Total Customer-Driven Scope 1 &amp; 2 Emissions</b>	<b>5,521</b>	<b>4,890</b>	<b>5,211</b>
<b>Relevant Scope 3: Customer Energy Use Emissions<sup>2</sup></b>			
Electricity purchased and distributed by our Utilities <sup>3</sup>	73,708	67,317	74,659
Upstream production of Natural Gas Delivered <sup>4</sup>	2,145	1,969	1,995
Natural Gas Distributed by our Utilities (as used by customer) <sup>5</sup>	11,109	10,198	10,280

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 under location-based accounting using a grid average emissions rate.

4 Upstream Production of Natural Gas Delivered is a new category in the 2021 CSR and will be verified for our 2022 CSR.

5 These are emissions associated with the end use of the natural gas as delivered.

6 Includes upstream leased assets which under some reporting boundaries could be characterized as Scope 3 emissions.

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

Total Exelon GHG Emissions	2019	2020	2021
thousand metric tons CO <sub>2</sub> e			
Scope 1	519	479	467
Scope 2 (Location-based)	5,282	4,572	4,868
<b>Total Scope 1 &amp; 2 (Location-based)</b>	<b>5,800</b>	<b>5,052</b>	<b>5,335</b>
Scope 2 (Market-based)	5,590	4,948	5,282
<b>Total Scope 1 &amp; 2 (Market-based)</b>	<b>6,108</b>	<b>5,428</b>	<b>5,749</b>
Supplemental Biogenic Emissions	7.9	8.6	49.2
<b>Relevant Scope 3 Categories</b>	<b>88,660</b>	<b>81,394</b>	<b>88,698</b>

Operations-Driven Emissions	2019	2020	2021
thousand metric tons CO <sub>2</sub> e			
<b>Scope 1: Direct Emissions</b>			
Stationary Combustion — Support Operations	32	20	26
Natural Gas Distribution & LNG Import (Fugitive Methane)	339	324	305
Electrical Equipment (Fugitive SF <sub>6</sub> )	59	49	43
Fugitive Refrigerants, Bulk CO <sub>2</sub> , Coal Pile	0	0	0
Vehicle Fleet Operations	88	86	92
<b>Total Operations-Driven Scope 1</b>	<b>519</b>	<b>479</b>	<b>467</b>
<b>Scope 2: Indirect Emissions<sup>6</sup></b>			
Building Electric, District Heating and Cooling (Location-based, As-Delivered)	107	99	103
Total Operations-Driven Scope 2 (after Low-Carbon Purchases)	69	59	71
<b>Total Operations-Driven Scope 1 &amp; 2 Emissions</b>	<b>587</b>	<b>538</b>	<b>538</b>
<b>Relevant Scope 3: Operations-Driven Supply Chain Emissions<sup>2</sup></b>			
Employee Business Travel <sup>7</sup>	17	6	2
Waste Generated in Activities	26	26	26
Purchased Goods and Services & Capital Goods	1,654	1,878	1,736



## 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.

**Table 2: Exelon Side by Side Scope 2 Accounting<sup>1</sup>**

	2019			2020			2021		
	(Inventory as Owned)			(Inventory as Owned)			(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 &amp; Unaccounted for Electric</b>	13,307,301	5,174,637	5,520,928	12,373,331	4,473,501	4,889,569	12,393,127	4,764,942	5,210,714
<b>Building Electric</b>	273,711	106,320	67,932	264,398	98,008	57,946	268,353	103,094	70,706
<b>District Heating &amp; Cooling</b>	2,957	778	801	2,394	613	633	2,455	778	793
<b>Exelon Total</b>	<b>13,583,969</b>	<b>5,281,735</b>	<b>5,589,660</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>

<sup>1</sup> Historical years have been adjusted to align with PJM actual year emissions rates and remove interplay with previously owned electric generation that has now been sold.

As part of our participation with the Edison Electric Institute (EII), 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. 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.

### Scope 3

There are 17 potential Scope 3 categories. Additional information on Scope 3 accounting can be found at <http://ghgprotocol.org/scope-3-technical-calculation-guidance>. 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, purchased goods and services, 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.

**Table 3: 2021 EEI Supplier Residual Rates**

	ACE	BGE	ComEd	DPL-MD	DPL-DE	PECO	PEPCO-DC	PEPCO-MD	PJM Average <sup>1</sup>	PJM Residual
Default Load Delivered (MWh)	5,344,378	12,877,621	23,823,083	2,346,127	6,678,309	13,120,750	3,122,555	6,100,247		
Utility Residual Rate (lbs/MWh)	749	746	729	692	800	896	764	743	843	923
<b>Technology Supply Breakdown (with RECs as purchased)</b>										
Coal	18%	17%	19%	17%	21%	24%	18%	17%	22%	24%
Oil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Natural Gas	33%	31%	34%	31%	37%	35%	33%	31%	38%	43%
Other Fossil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nuclear	24%	22%	43%	22%	27%	26%	24%	23%	33%	31%
Hydro	0%	1%	0%	3%	0%	5%	0%	6%	1%	0%
Biomass	1%	5%	0%	5%	0%	2%	5%	5%	0%	0%
Wind	16%	15%	2%	15%	11%	5%	8%	11%	3%	0%
Solar	6%	5%	0%	6%	2%	2%	11%	5%	1%	0%
Geothermal	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	3%	3%	1%	1%	1%	1%	1%	2%	1%	1%

<sup>1</sup> The PJM average emissions rate represents the CO<sub>2</sub> emissions associated with all of the power that flows on the PJM grid. With the purchase of clean energy attributes for regulatory and voluntary purposes — as clean energy attributes are retired for those purposes, resulting in what's known as the PJM residual emissions rate. In 2021, the PJM residual rate was 922.6 lbs. CO<sub>2</sub>/MWh. For more information see the [PJM GATS website](#).

## Clean Attributes and Offsets

Clean power attributes and CO2 offsets include clean emissions attributes purchased to cover our internal electricity use (such as RECs and EFECs), as well as carbon reductions we support that reduce CO2 emissions outside of our verified GHG inventory. RECs and EFECs are currently incorporated into our Scope 2 accounting per WRI market-based accounting. Currently our offsets include Climate Reserve Tonnes (CRTs) used to offset on-site steam use for LEED buildings. We are in the process of developing 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 [energy efficiency 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 energy efficiency 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 energy efficiency efforts as direct reductions to our Scope 3 emissions.

## 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 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.

**Table 4: Avoided Emissions and Offsets<sup>1</sup>**

	2019	2020	2021
<b>Clean Attributes and Offsets (thousand metric tons CO<sub>2</sub>e)</b>			
Clean Electricity Attributes purchased for Corporate Buildings	(38)	(40)	(32)
Verified Offsets Retired	(5)	(1)	(1)
<b>Customer Abatement and Avoided Emissions (thousand metric tons CO<sub>2</sub>e)</b>			
Mandated Utility Customer Programs	(8,653)	(8,074)	(8,747)
Utility Renewable Portfolio Obligations	(2,020)	(5,172)	(4,428)
Avoided Emissions from Distributed Energy	(1,119)	(1,254)	(1,782)

<sup>1</sup> All years reflect emissions associated with the PJM average emissions rate.

## 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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## Cautionary Statements Regarding Forward-Looking Information

This report contains certain written and oral 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,” “should,” “likely,” “may,” “expects,” “anticipates,” “will,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts,” 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) Exelon’s 2021 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial

Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 19, Commitments and Contingencies; (2) the Registrants’ First Quarter 2022 Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. 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 Securities and Exchange Commission 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 report. 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 Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.



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