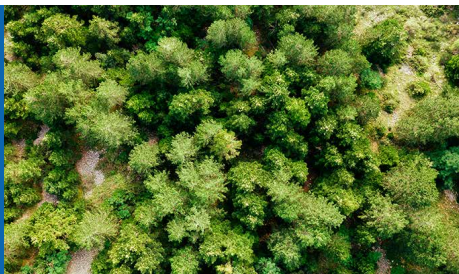


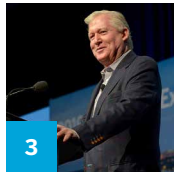


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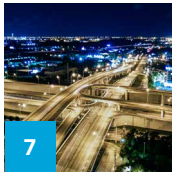
Exelon Corporation  
Sustainability Report



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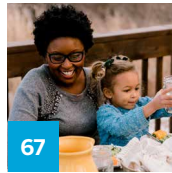
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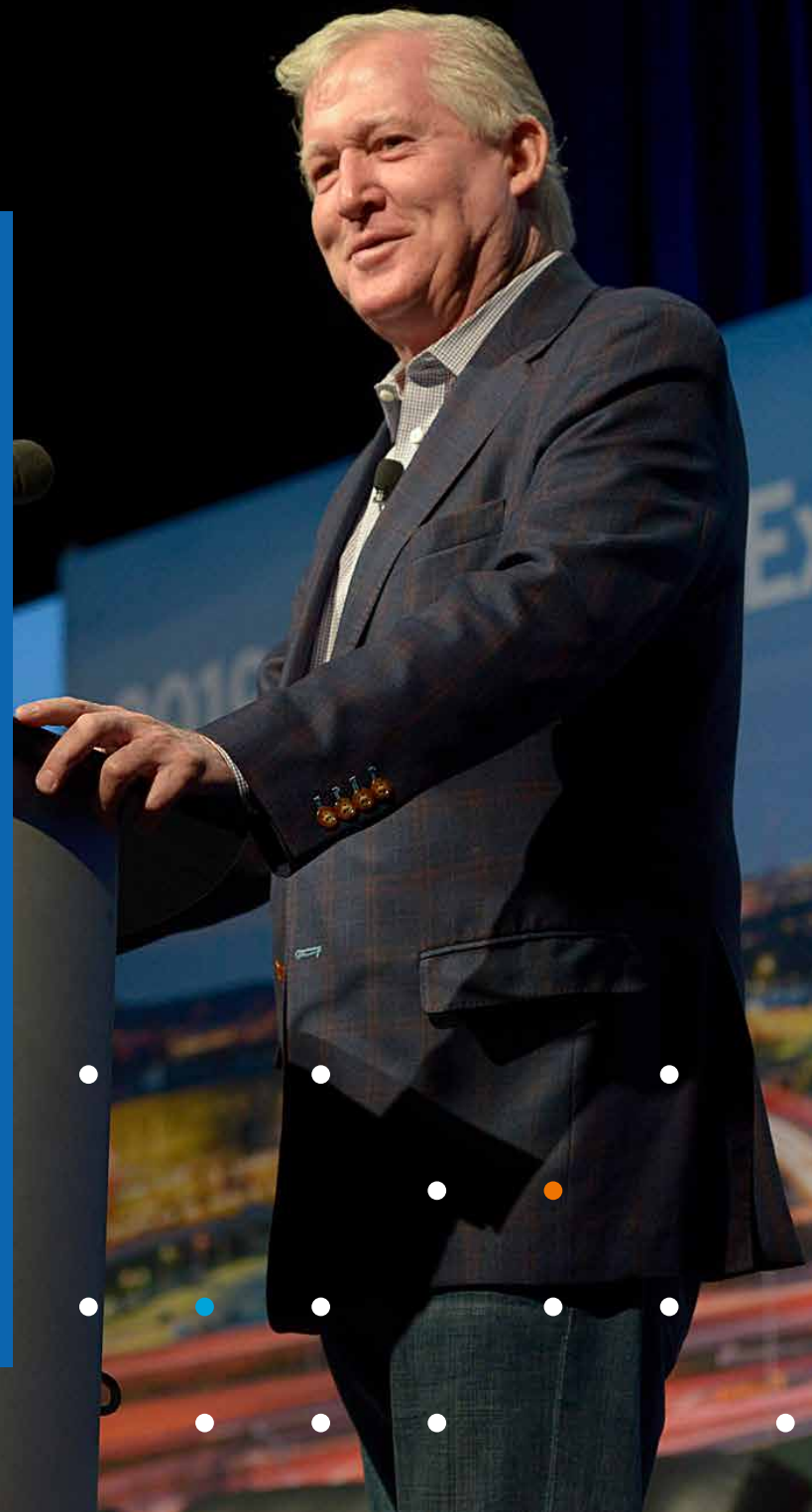
2019 Electric Generation by Major Station  
About This Report  
GRI Index  
Full GHG Inventory and Accounting Protocol

To learn about our most recent updates in regards to COVID-19 please visit [exeloncorp.com/covid-19](https://exeloncorp.com/covid-19).

## A Message from Our CEO

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I invite you to learn more about how Exelon is responding to the key sustainability issues that are of interest to our stakeholders and relevant to the future of our business. Sustainability is integral to our business strategy, governance and performance management and more fundamentally, it is part of our culture. Our employees are proud to work for the largest producer of zero-carbon electricity in the United States and they are inspired by the challenge of responding to climate change. Through our focus on operational excellence, financial discipline and innovation we are working to make a difference every day, and the 2019 Sustainability Report tells our story.







Employees celebrate Exelon's move to list its shares on the NASDAQ Global Select Market on September 25, 2019.

We have been implementing our Connected Communities strategy across the Exelon Utilities. The strategy provides more reliable, affordable and efficient transmission and distribution systems for electric and gas. It creates more resilient systems that can better withstand the physical impacts of climate change and provide greater cyber-security. It expands customer choice and control of energy use and deploys more distributed energy. It develops more opportunities to electrify the economy and use lower carbon energy and creates new opportunities to use the systems and infrastructure that we are deploying to serve new community objectives. In 2019 we deployed nearly \$5.5 billion of capital in the utilities and we plan to invest \$26 billion from 2020 to 2023 to support more reliable and efficient systems for our customers.

Through these investments we have installed more than 8.7 million electric smart meters and over 1.3 million advanced gas meters. This metering technology provides a wide range of benefits, including faster outage restorations, fewer power interruptions, shorter outages when they do occur and operational efficiencies. The enhancements we are making to the grid also enable the two-way flow of power and in 2019 over 21,000 customer distributed energy resources representing 289 MW of capacity were interconnected under our utility Green Power Connect programs.

Reliability performance across Exelon's utilities was mixed in 2019 due to a very active storm season throughout the Mid-Atlantic States. ComEd achieved top quartile performance in both outage frequency and duration while the other utilities' performance slipped to second quartile — although BGE achieved top quartile in outage

duration. Each of the utilities achieved first quartile performance in service level and abandon rate and best-ever performance on our Customer Satisfaction Index (CSI).

Exelon's electric generation fleet produces almost two times more zero-carbon electricity than our next largest competitor. Our ability to deliver this outcome is driven by our focus on operational excellence and continuing to improve our cost competitiveness. Ultimately, however, it will also require policy and market changes to recognize that carbon emissions can no longer be a free ride. Last year our nuclear fleet set a record for reliability with a capacity factor of 95.7 percent that resulted in the avoidance of 84.7 million metric tons of greenhouse gas (GHG) emissions. Exelon Power continued its strong performance against its dispatch match and wind and solar energy capture metrics.

We are pursuing a multifaceted approach for addressing climate change, focusing on emissions mitigation, enhancing customer resiliency and engaging with policymakers and regulators to facilitate the transition to a net-zero future. In addition to avoiding GHG emissions through our zero-carbon generation assets and helping customers to save 22.3 million MWh in 2019 through our utility energy efficiency programs that avoided 8.7 million metric tons of GHG emissions, we are on track to achieve our current internal GHG emissions reduction goal to reduce GHG emissions by 15 percent by 2022.

Last year we completed the first round of climate scenario analysis to better understand the physical changes affecting our business and our customers. We are integrating that insight into our long-term planning to respond to climate change in a flexible and affordable manner that will ensure the desired levels of service.



**\$51.5 million in Exelon  
Corporate and Exelon  
Foundation contributions**

**\$12 million generated  
through our employee  
giving programs**

**250,790 hours of service  
to our communities by  
employee volunteers**

**\$2.4 billion in expenditures  
with diverse suppliers in 2019,  
up 9% over 2018**

This analysis also validated the importance of electrification, especially in the transportation sector, which produces GHG emissions equivalent to the electric generation sector.

Investing in the future of our communities is also a priority. In 2019, the Exelon Foundation launched the \$20 million Climate Change Investment Initiative (2c2i<sup>SM</sup>) to cultivate start-up companies in our service areas that are working on new technologies with climate change benefits. Through Exelon Corporation and the Exelon Foundation we contributed \$51.5 million; our employee giving programs generated an additional \$12 million through employee pledges and company matching and employee volunteerism delivered a record 250,790 hours of service at nonprofits. And, our expenditures with diverse suppliers grew to a record \$2.4 billion, a nine percent increase over the prior year.

Workforce development and employee engagement are essential aspects of ensuring the sustainability of our business. In 2019, we progressed in our commitment to diversity and inclusion through continued active participation in the UN HeForShe campaign and the Equal Pay Pledge. We have also expanded our focus on building a sound workforce development pipeline, to recruit, train and retain the next generation of skilled employees. We are committed to build a diverse, engaged and prosperous workforce as part of the economic foundation of our communities.

The safety of our workers and the public must always be our top priority. While Exelon's OSHA recordable safety performance in 2019 was top decile for the industry, we experienced several unacceptable safety incidents in 2019 that remind each of us of the importance of our dedication to safety. This personal commitment must never be compromised as we hold ourselves and our fellow

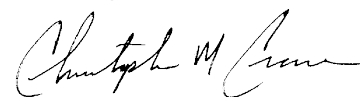
workers accountable for safe behaviors, ensuring safe work conditions and improving our safety performance. We are working with employees and contractors to re-commit to having an injury-free workplace at Exelon going forward.

### **Our 2020 Priorities**

Exelon's top priority in 2020 is to support the health and safety of our customers, communities and employees during the COVID-19 pandemic while meeting the nation's need for energy to power the country's recovery. I invite you to review [Exelon's Role in Responding to the COVID-19 Pandemic](#) for a brief description of what we are doing. Much more information is being reported real time to the public and we will continue to update you in the coming months and in next year's sustainability report as well.

During 2020, Exelon will continue to execute on our Connected Communities vision. This includes investing \$6.5 billion in capital at our utilities for grid modernization and resiliency and supporting clean energy policies that ensure continued progress as we work with stakeholders to address the climate change issue. Through these changes, we will also remain laser focused on maintaining industry leading operational excellence at our utilities and in generation. Finally, we will continue our commitment to corporate responsibility in the communities that we serve and continue to ask for your support and engagement with us as we seek to deliver the next generation energy company.

Sincerely,



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

## EXELON'S ROLE IN RESPONDING TO THE COVID-19 PANDEMIC

As a provider of essential electric and natural gas services, our top priority is the health and safety of our employees, contractors and customers. During the COVID-19 pandemic, providing safe, clean and reliable energy to our hospitals, response centers, grocery stores and homes where many have been working remotely has never been more important. We understand our foundational role in responding to this crisis for as long as it takes our communities to recover, and we are dedicated to our mission of providing safe, reliable energy services.

Exelon maintains robust plans and contingencies to maintain operational and business continuity when confronted by major disruptive events, including public health crises. In March, Exelon activated its **Business Continuity Plan (BCP)** and began directing personnel capable of working remotely to do so. Our BCP also utilizes an executive-level, cross-business unit task force to manage the organization's overall pandemic response and provide up-to-date, accurate information and resources to the entire workforce. The task force has been focused on a wide range of issues, including public safety, employee health and safety, acquisition of supplies and supply chain, customer and community support, and maintaining our critical infrastructure and energy supplies to support the nation's pandemic response. We have also been working closely with local and state emergency preparedness and health officials to coordinate our actions with the needs of local and state governments. At the national level, we have been working through the CEO-led Electric Subsector Coordinating Council that is the principal liaison between the federal government and the electric power industry.

**Workforce Support.** Exelon's leadership, safety and occupational health professionals have worked tirelessly throughout the pandemic to keep our employees safe while they provide an essential service to our customers. Informed by guidance from the Centers for Disease Control and Prevention (CDC), we work to ensure that employees who continue to report to company facilities and job sites have the additional equipment they need to do their jobs safely. Exelon has taken many steps to protect the health of our employees,

including implementing additional precautionary measures at call centers and control centers, practicing social distancing, instituting enhanced cleaning procedures at our facilities and requiring the use of masks for employees who may need to enter a customer's home or business, or who are not able to perform their work while maintaining social distancing. As many workers as possible have been directed to work remotely, using our technology platforms to continue to do their jobs. We also have extended or created a number of employee benefits to help employees cope with the impact from the pandemic.

**Customer and Community Support.** Throughout the pandemic, Exelon, the Exelon Foundation and our family of companies have worked with local and national relief organizations. As of June 2020, we committed over \$6.2 million to these organizations for pandemic response.

All Exelon utilities are working to ensure everyone continues to have access to reliable energy services during these difficult times. All six of our utilities have suspended service disconnections and late payment charges through at least July 1, 2020, and will reconnect service for those who were disconnected prior to the pandemic upon request. Each of our utilities also maintain a website dedicated to COVID-19. This includes information on utility programs to help customers impacted by COVID-19 including energy assistance, budget billing options and maintaining service connections. The utility sites also host operational and safety information for customers and information on preventing COVID-19 scams targeting customers. For more information, visit **ACE**, **BGE**, **ComEd**, **DPL**, **Pepco** and **PECO**. In addition to our utility websites, Exelon Corporate has established a **corporate website** dedicated to COVID-19.

Due to the rapidly evolving nature of the pandemic in 2020, coverage of the pandemic in this 2019 corporate sustainability report (CSR) is limited to this brief update. Full coverage of the pandemic and going forward implications for our business strategy will be addressed in our 2020 CSR.

# About Exelon

## BY THE NUMBERS

**32,713**  
employees

**9 million**  
electric utility customers

**1.4 million**  
natural gas customers

**2 million**  
competitive retail customers

**21.8 million**  
people in utility service areas

**\$1.78 trillion**  
of gross domestic product served  
by utilities

**14 consecutive years**  
on the Dow Jones Sustainability  
North America Index

**27th among 922**  
companies and 2nd among  
utility companies, as ranked by  
JUST Capital

**One of the**  
World's Most Innovative  
Companies, as named by  
Fast Company

**22.3 million MWh**  
saved through utility customer  
energy efficiency programs

**11,153 miles**  
of electric transmission lines

**149,945 miles**  
of electric distribution lines

**30,816 miles**  
of natural gas transmission,  
distribution and service lines

**25,590 square miles**  
of combined utility service area

**586 MW**  
of solar in 14 states and  
the District of Columbia at  
432 installations

**776 MW**  
of wind in 11 states with  
721 turbines at 24 locations

**31,594 MW**  
owned U.S. generating capacity

**Almost two times**  
more zero-carbon generation  
(in MWh) than the next largest  
producer

**86.9 million metric tons**  
of GHG emissions avoided  
through Exelon zero-carbon  
generation

**8.75 million electric smart meters**  
93.4 percent of customers

**1.35 million advanced gas meters**  
96.4 percent of customers



## EXELON FAMILY OF COMPANIES



### Energy Generation



### Energy Sales and Services



### Transmission and Delivery



Exelon Corporation (Exelon) is a Fortune 100 company headquartered in Chicago that supplies power generation, competitive energy products and services and electric and gas transmission and delivery. We are the nation's largest utility by customer count and the largest producer of emissions-free energy.

- Exelon is the second largest power generator in the U.S. on an electric output basis, with 31,594 megawatts (MW) of owned capacity as of December 31, 2019.
- As the nation's leading energy provider in competitive energy markets, Exelon does business in 48 states, the District of Columbia and Canada. The company's competitive energy business unit, Constellation, provides energy products and services to approximately two million residential, public sector and business customers, including three-fourths of the Fortune 100.
- Our six utilities deliver electricity and/or natural gas to approximately 10 million customers in New Jersey (Atlantic City Electric, or ACE), northern Illinois (ComEd), Delaware (Delmarva Power, or DPL), southeastern Pennsylvania (PECO), Maryland (BGE, DPL and Pepco) and the District of Columbia (Pepco). ACE, DPL and Pepco are held under Pepco Holdings, LLC (PHI). In some instances, this report refers to four, rather than six, utilities. This occurs in instances where we track the performance or results of PHI as a whole, rather than its component utilities.

Of the \$2.9 billion in Exelon's GAAP net income in 2019, approximately 65 percent was from our regulated utilities and 35 percent was from our Generation business unit (including Constellation). Exelon is a publicly traded company listed on the NASDAQ Global Select Market (NASDAQ) under the symbol EXC. For the 18 years prior to September 25, 2019, Exelon was listed on the New York Stock Exchange. The move to NASDAQ was based on Exelon's interest in listing its shares on the most cost-effective channel to connect with investors efficiently through technology. As of March 2, 2020, there were 973,929,848 shares of common stock outstanding and approximately 95,064 record holders of common stock.

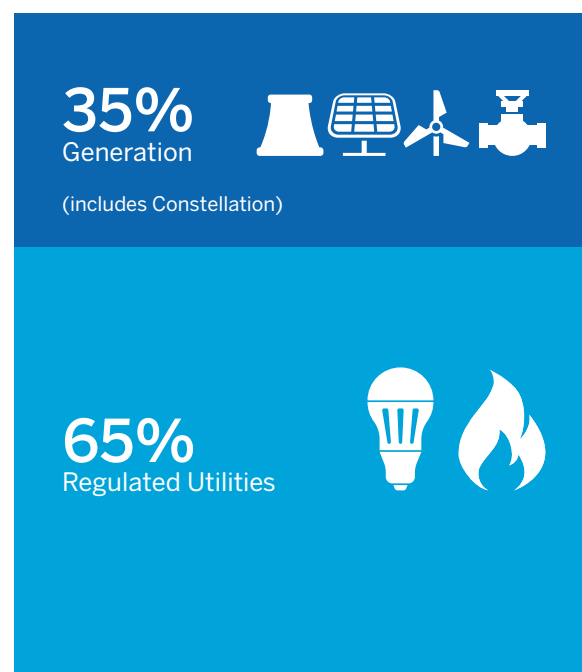
In 2019, Exelon announced a number of significant investments and changes to our generation portfolio, described in further detail in the [Building the Next-Generation Energy Company](#) section of the report.

Highlights include:

- The 200 MW Medway peaking plant project entered commercial operation in May 2019.
- Exelon retired the Gould Street and Riverside fossil peaking stations in Maryland, as well as several other smaller facilities.

## BUSINESS COMPOSITION BY GAAP NET INCOME

As of December 31, 2019



## FINANCIAL PERFORMANCE

dollars in millions, except for earnings and dividends per share

	2017	2018	2019
Revenues	\$ 33,558	\$ 35,978	\$ 34,438
Operating expenses	29,619	32,143	30,096
Net income attributable to common shareholders	3,779	2,005	2,936
Total assets	116,746	119,634	124,977
Total liabilities	84,576	86,587	90,404
Total equity (includes non-controlling interests, preferred securities and preference stock)	32,169	33,047	34,573
Earnings per common share (diluted) <sup>1</sup>	3.98	2.07	3.01
Dividends per common share (diluted)	1.31	1.38	1.45
Cash flow from operations	7,480	8,644	6,659
Payments to capital providers and the government	4,206	2,848	3,143
Dividends paid on common stock	1,236	1,332	1,408
Interest (net of amount capitalized)	2,430	1,421	1,470
Income taxes paid (net of refunds) <sup>2</sup>	540	95	265

<sup>1</sup> Earnings represented are in accordance with GAAP.

<sup>2</sup> Taxes other than income are not included.

- Exelon sold Exelon Wind 4-11 and Marshall Wind 1-6.
- The 837 MW Three Mile Island Generating Station Unit 1 was retired from service on September 20, 2019 after 45 years of operation.
- The 625 MW Oyster Creek nuclear power plant, which permanently ceased operations on September 17, 2018, was sold to Holtec International and its indirect wholly owned subsidiary, Oyster Creek Environmental Protection, LLC on July 1, 2019.

- On November 20, 2019, Exelon Generation received notice that EDF intended to exercise its Put Option Agreement allowing EDF to sell its 49.99 percent ownership share in CENG, the entity that owns the Calvert Cliffs, Nine Mile Point and Ginna nuclear power plants, to Exelon Generation. EDF's share of these carbon-free plants is approximately 2,020 MW. The process and regulatory approvals needed to complete the sale could take several years to complete.

## 2019 EXELON-OWNED CAPACITY AND GENERATION<sup>1</sup>

	Capacity <sup>2</sup>		Generation output <sup>3</sup>	
	MW	%	GWh	%
Nuclear	18,873	59.7%	162,088	85.6%
Gas	6,592	20.9%	20,738	10.9%
Oil/Gas	1,896	6.0%	969	0.5%
Hydroelectric	1,642	5.2%	1,782	0.9%
Oil	1,103	3.5%	10	0%
Wind	776	2.5%	2,450	1.3%
Solar	586	1.9%	937	0.5%
Landfill Gas/Biomass	117	0.4%	489	0.3%
Energy Storage	9	—	—	—
<b>Total</b>	<b>31,594</b>	<b>100%</b>	<b>189,463</b>	<b>100%</b>

1 Exelon Generation sells its electric output in competitive markets. Exelon utilities procure default electric supply through competitive processes and some default utility supply may come from Exelon Generation and the resources listed here.

2 Equity share of capacity as of Dec. 31, 2019. For nuclear stations, capacity reflects the annual mean rating. Fossil stations reflect a summer rating. Wind and solar facilities reflect nameplate capacity. Source: Item 2. Properties of the 2019 Exelon 10-K, pp. 44–47.

3 Equity share of GWh production in 2019 for period of ownership during the year.

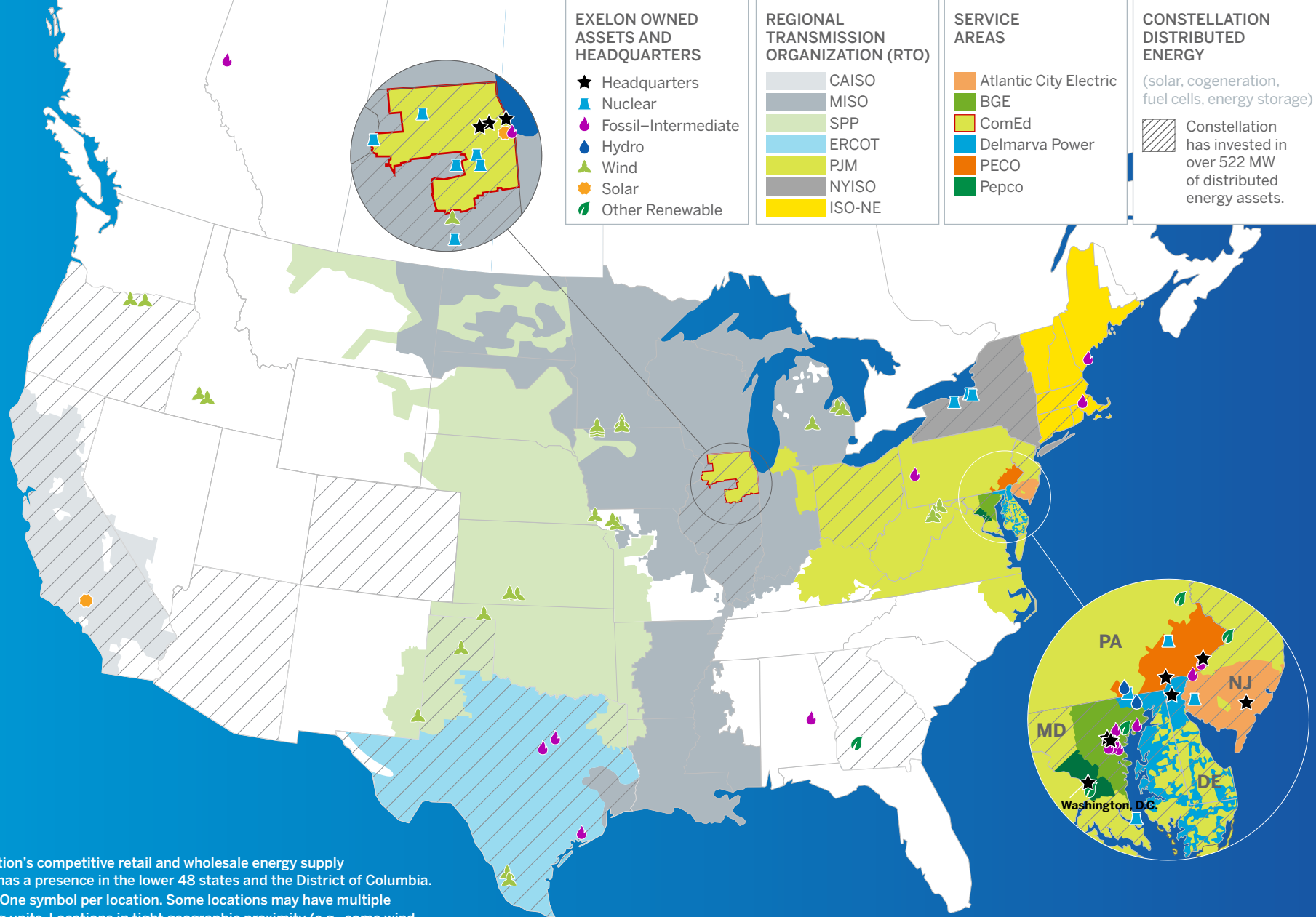
## INVESTMENT GRADE RATINGS

	Credit Ratings <sup>1,2</sup>		
	Moody's	S&P	Fitch
Exelon	Baa2	BBB	BBB+
ComEd	A1	A	A
PECO	Aa3	A	A+
BGE	A3	A	A
ACE	A2	A	A-
DPL	A2	A	A
Pepco	A2	A	A-
Generation	Baa2	BBB+	BBB

1 Senior unsecured ratings as of February 28, 2020, for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd, PECO, ACE, DPL and Pepco.

2 Exelon Corp and all subsidiaries are on "Stable" outlook at Moody's, S&P, and Fitch.





- Constellation's competitive retail and wholesale energy supply business has a presence in the lower 48 states and the District of Columbia.
- Symbols: One symbol per location. Some locations may have multiple generating units. Locations in tight geographic proximity (e.g., some wind locations) may appear as one symbol.
- Peaking plants are not included on this map.

## EXELON SERVICE AREA AND GENERATION ASSETS AS OF DECEMBER 31, 2019

## EXELON PERFORMANCE DATA 2017–2019<sup>1</sup>

	2017	2018	2019
<b>Financial and business results</b>			
Revenue (million USD)	\$33,558	\$35,978	\$34,438
Exelon-owned capacity (MW)	35,168	32,463	31,594
Exelon-owned generation (GWh)	195,307	194,224	189,117
Nuclear capacity factor	94.1%	94.6%	95.7%
Dispatch match	98.8%	98.1%	97.9%
Wind/solar energy capture	95.8%	96.1%	96.3%
<b>Customers</b>			
Cumulative Exelon utility customer energy efficiency (EE) program savings			
EE savings (million MWh)	19.21	21.93	22.26
GHG avoided by EE programs (million metric tons CO <sub>2</sub> e)	8.66	9.88	8.65
Customer satisfaction index			
BGE	7.94	8.06	8.18
ComEd	8.00	8.04	8.17
PECO	8.07	8.00	8.18
PHI	7.59	7.72	7.78
Reliability — SAIFI (average interruptions per customer)			
BGE	0.63	0.84	0.76
ComEd	0.56	0.61	0.55
PECO	0.72	0.82	0.79
PHI	0.81	0.81	0.76

	2017	2018	2019
<b>Communities</b>			
Corporate and foundation giving (million USD)	\$52.1	\$51.3	\$51.5
Volunteer hours (in thousands)	210.2	241.0	250.8
Spend with minority suppliers (billion USD)	\$2.0	\$2.2	\$2.4
<b>Employees</b>			
OSHA recordable rate	0.52	0.57	0.57
Number of employees	34,529	33,298	32,937
Female employees in workforce	23.4%	23.7%	24.4%
Minority employees in workforce	25.7%	26.3%	27.8%
<b>Environment</b>			
Total GHG emissions (Scope 1 and 2, location-based, thousand metric tons CO <sub>2</sub> e)	16,721	15,646	15,497
Total water use (million gallons per year)	15,853,039	18,986,062	15,836,810
Total consumptive water use (million gallons per year)	221,431	228,422	248,114
Thermal generation consumptive water intensity (gallons/MWh)	355	342	390
Percent of total water use that is consumptive	1.4%	1.2%	1.6%
Municipal solid waste recycling rate	60.4%	57.7%	59.2%
CO <sub>2</sub> emission intensity (lbs/MWh — owned generation)	108.0	100.4	100.0
NO <sub>x</sub> emission intensity (lbs/MWh — owned generation)	0.02	0.02	0.02
SO <sub>2</sub> emission intensity (lbs/MWh — owned generation)	0.01	0.01	0.002

<sup>1</sup> Additional context for the metrics in this table is available by clicking the hyperlinks in the left column.

## Managing Sustainability

Exelon's commitment to sustainability is central to our mission of providing clean, reliable, affordable and innovative energy products and services. Our operational excellence and environmental stewardship values drive us to conduct business in a way that is sustainable for our customers, our employees and the communities in which we operate.

### Key Sustainability Issues

The [Global Reporting Initiative \(GRI\)](#) defines key issues that reflect an organization's significant social, governance, economic and environmental impacts or substantively influence its stakeholders. In 2019, we reviewed the 23 issues included in our 2018 report and their definitions. We determined the continued relevance of the issues to Exelon and our stakeholders based on our strategy and objectives, peer reviews, stakeholder engagement and external indices and frameworks. All findings and results underwent review by the Corporate Sustainability Report Editorial Board, comprised of executives from Exelon's operating companies and business services organization.

In particular, we reviewed:

- Customer, community, policy leader, investor and employee engagements and surveys and requests for sustainability information;
- Edison Electric Institute (EEI) surveys of large utility investors and ESG communications;
- Electric Power Research Institute (EPRI) Priority Sustainability Issues for the North American Electric Power Industry;
- Exelon's Enterprise Risk Heatmap;
- A media review of the company and our sector;
- Sustainability disclosure and rating frameworks, like GRI, SASB, CDP, TCFD, DJSI, MSCI and Sustainalytics; and
- Our Ceres stakeholder engagement summary.

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. In 2019, we evaluated our commitment to support the SDGs and mapped our alignment with individual targets of the SDGs to determine where our business most aligns with and contributes to supporting the goals. Our business and sustainability activities indirectly address nearly all of the goals; however in 2019, we identified that our business strategy directly aligns with three priority SDGs at the target-level: SDG 7, 9 and 13.

We further disclose this alignment in the [Next Generation Energy Company section](#) of the report. In the table below, we map all the SDGs aligned with our business alongside our key sustainability issues and why they are important. We prioritize our sustainability issues alphabetically by report section.





## KEY SUSTAINABILITY ISSUES

Key Issues	Relevant SDGs	Why It Is Important
<b>BUILDING THE NEXT-GENERATION ENERGY COMPANY</b>		
Energy system resilience	7, 9, 13	The provision of reliable, clean and affordable energy supplies can be affected by many factors, including climate change. Resilience is achieved through fuel diversity, sufficient generation with firm fuel availability, transmission and distribution systems that incorporate new technologies and that are well maintained, and regulatory and market structures that evolve to maintain a robust system.
Generation efficiency	7, 12	Converting renewable, fossil and nuclear energy as efficiently as possible into useful electric power results in lower costs per kilowatt-hour produced and maximizes the production of useful energy from natural resources.
Investments in energy infrastructure	7, 9, 13	Continued investment in the grid ensures reliable, more resilient and more efficient transmission and distribution of electricity and gas, including the ability to achieve Exelon's Connected Communities vision where our utilities create value for communities by leveraging technology that helps customers actively engage in the emerging smart energy system.
Value of clean energy	7, 13	Customer interest in clean energy requires appropriate valuation of all forms of reliable clean energy resources in the marketplace to ensure continued net gains in low-carbon resources and continued progress toward a lower-carbon economy.
<b>RISING TO THE CHALLENGE OF CLIMATE CHANGE</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. However, climate change also represents business opportunities (such as electrification of the economy) and risks (such as energy system resilience). Through climate scenario evaluation, Exelon is identifying actions to manage risks and pursue opportunities that will benefit customers.
Greenhouse gas (GHG) emissions	7, 9	GHG emissions drive climate change and must be dramatically and expeditiously reduced to move the U.S. economy towards a net zero emission outcome. Through Exelon's Connected Communities vision and our position as the nation's largest producer of zero-carbon electricity, we are uniquely positioned to help our customers reduce their emissions as we continue to reduce our own operational GHG emissions.
<b>CREATING VALUE FOR CUSTOMERS</b>		
Energy affordability	7	Reasonably priced electric and gas service, with updated regulatory frameworks to support the grid of the future, enables performance across all sectors of the economy and allows customers to benefit from smart grid investments.
Innovative products and services	7, 9, 13	By delivering innovative products and services that give customers more choices and control over their energy usage, and by evolving our business to support increased electrification of the economy through measures such as electric vehicles, Exelon enhances both customer and shareholder value.
Service to customers	7	Meeting our commitment to provide reliable service, achieving high customer satisfaction, and enabling and empowering customers to buy, manage and use energy efficiently and cost-effectively are all critical aspects to ensure we provide ongoing value to our customers.

\*Orange SDGs represent Exelon's three priority SDGs

Key Issues	Relevant SDGs	Why It Is Important
<b>PARTNERING WITH OUR COMMUNITIES</b>		
Community development	4, 8, 10	Exelon's business value and success is inextricably linked with the success of the communities that we serve. Exelon supports local communities through jobs, taxes paid, corporate philanthropy, community engagement and stakeholder partnerships that grow opportunities for people and city and regional economies.
Public health and safety	3	With operations throughout multiple states and hundreds of communities, Exelon must protect the public health and safety of those in the regions we serve in the course of our daily operations and in the case of an emergency event.
<b>A SAFE, INNOVATIVE AND REWARDING WORKPLACE</b>		
Diversity and inclusion	5, 8, 10	Fostering a diverse and inclusive workplace ensures that our employees and supply chain reflect and recognize the varied perspectives of our customer base and society, allowing Exelon to succeed by drawing upon a much larger pool of ideas and resources.
Employee engagement	8	Our employees are our greatest asset. Engaged employees 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 take every precaution to minimize health and safety hazard exposure to employees as they work to ensure public safety. Prioritizing health and safety 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 STEM areas, to enable our continued evolution into the next-generation energy company 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 next-generation energy company.
<b>MANAGING OUR ENVIRONMENTAL IMPACTS</b>		
Air quality	3, 11	By focusing on low-emission generation technologies and protective air quality standards, Exelon is supporting a healthier environment for our customers.
Habitat and biodiversity	6, 14, 15	With Exelon utility service areas encompassing 24,915 square miles and generation asset properties in 18 U.S. states and Alberta, Canada, Exelon manages unique habitats that can be enhanced to benefit biodiversity.
Nuclear fuel cycle	12	As the largest nuclear generator in the United States, Exelon Nuclear is focused on the effective and efficient management of spent nuclear fuel and radiological wastes to ensure employee and public safety, including during plant decommissioning.
Water management	6	The effects of climate change and increasing demand for shared water resources require Exelon to continue to minimize consumptive water use and water quality impacts, and may offer new business opportunities related to responsible water use.
<b>EFFECTIVE 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.
Cybersecurity/physical security	13	Protection of customer information and Exelon's electronic and physical assets is of paramount importance, as our transmission, distribution and generation assets represent critical national infrastructure.
Policy engagement	13	Exelon's businesses are subject to a wide range of government laws and regulations. Exelon seeks to engage with policy makers to find solutions that support our business interests, provide more value to customers and create desirable outcomes for stakeholders.
Sustainable supply chain	12	Working 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, 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.

Every year, we facilitate specialized forums with individual stakeholder groups to discuss their sustainability interests and concerns to incorporate in 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 part of the engagement, Ceres convened a group of external stakeholders and Exelon participants in April 2019 to participate in a structured feedback session. The session covered the sustainability-related aspects of our corporate strategic plan, as well as our sustainability performance and reporting activities and key areas of concern such as climate change. A summary of the resulting discussion is available on our [website](#). Additionally, we engaged with S&P Global, an international investment company with a specific focus on sustainability investments, on our DJSI scorecard. We also engaged with CDP, an organization running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts, on our disclosure results to better understand scoring and areas for improvement in the areas of climate change, water and supplier disclosures.

Our operating companies also participated in dozens of stakeholder engagement activities related to specific local issues. In recent years, investors have sought more information about how companies manage climate and sustainability risks. In response, Exelon engaged with more than 20 institutional investors in 2019 on the issues of climate change and other sustainability topics. We will continue engaging with investors and communities in the coming years to ensure our climate strategies align with our business and societal needs.

## STAKEHOLDER ENGAGEMENT



Our Stakeholders

Engagement Mechanisms



## Listening to Our Stakeholders

Exelon continues to develop more meaningful relationships with our stakeholders. In order to build these relationships, we must understand the expectations of stakeholders and how we can meet those expectations. In 2017, we launched a comprehensive research initiative, using extensive qualitative (focus groups and in-depth interviews) and quantitative (online and telephone surveys) research to explore and validate these expectations. Exelon and our operating companies regularly conduct reputation research among different stakeholder audiences across our businesses and markets. As of 2019, our research has sought the opinions of stakeholders through 725 qualitative interviews and 15,673 quantitative survey interviews across all stakeholders and markets. The research included the following key stakeholder audiences:

**Customers.** Separate from our regular surveys on customer satisfaction, we conduct a broad investigation into the deeper expectations of customers on how we operate and address critical issues. We interview residential utility customers in each of our operating company service territories. In addition to our residential utility customers in each of our service territories, we interview current and potential Constellation customers.

**Investors and Analysts.** Professionals who invest in or cover the energy sector are also included in our research.

**Communities.** We interview residents who live in our 34 plant communities (people who live within 10 miles of an Exelon Generation facility).

**Employees.** We interview a representative sample of employees from across all our operating companies.

**Policy Leaders.** We interview a wide range of elected officials or senior staff of federal, state, county and municipal governments. We also interview non-governmental organizations and activists who focus on key issues affecting our business.

One of the most important insights from the research is that the expectations of our stakeholders are greater for our social and environmental impacts compared to other consumer product companies. This is due to both our

## EXELON CORPORATION BRAND PILLARS

Research identified four critical pillars to building deeper stakeholder relationships. Each pillar contains more specific, prioritized themes in order to meet expectations.



unique relationships with our customers and communities, as well as the “universality” of our utilities business. Our stakeholders view us as both a business that serves individual customers as well as a public service to our communities. Therefore, we must balance the changing needs of customers with a commitment to addressing social and environmental challenges. The research identified four critical pillars to building deeper stakeholder relationships. Each pillar contains more specific, prioritized themes in order to meet expectations.

**Health, Safety, Environment.** Carbon reduction and clean energy is a top priority for all of our stakeholders. The most important expectation is to demonstrate our leadership in helping customers and communities lower their carbon footprint.

**Customer Centricity.** Customer expectations rapidly change for our business, with higher expectations for control and convenience. Exelon and our operating companies continue to exceed our customers' expectations for reliability and operational performance.

**Innovation.** Stakeholders expect us to continue to be an innovative company. They want to understand Exelon's long-term vision of the future of energy and how we are working towards our vision.

**Corporate Stewardship.** Our business has a unique responsibility to partner with the communities where we operate, because these communities are part of the foundation of our company. Our utilities have a long history of serving every single resident in our communities. The universal nature of our business — serving everyone no matter who they are — represents a value that is deeply rooted: the value of equity and inclusion.

## SUSTAINABILITY RECOGNITIONS

We participate in a number of voluntary reporting initiatives, including the Dow Jones Sustainability Index (DJSI) and CDP's Climate Change, Water and Supply Chain surveys. For the past 14 years, Exelon was named to the DJSI North America Index, which includes the top-scoring 20 percent of the 600 largest North American companies. In 2019, we scored a B on our CDP Climate Change Disclosure and B- on our CDP Water disclosure. Visit our website to view our responses to both the [CDP Climate Change](#) survey and the [CDP Water](#) survey. JUST Capital ranked Exelon as 27th among 922 companies and second among utility companies in 2020. JUST Capital measures and ranks companies in the United States on issues that include fair pay and equal treatment, sustainability and community engagement. Exelon was also recognized in early 2019 as one of the "World's Most Innovative Companies" by Fast Company, entering the annual list for the first time at number two in the energy sector based on our commitment to clean energy and helping our customers meet their sustainability goals.



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

A close-up photograph of a person's hand plugging a white and black charging cable into the charging port of a white electric vehicle. The background is blurred, showing an outdoor setting with some structures. The image is used as a background for the slide, with a blue overlay on the left side containing text.

## Building the Next-Generation Energy Company

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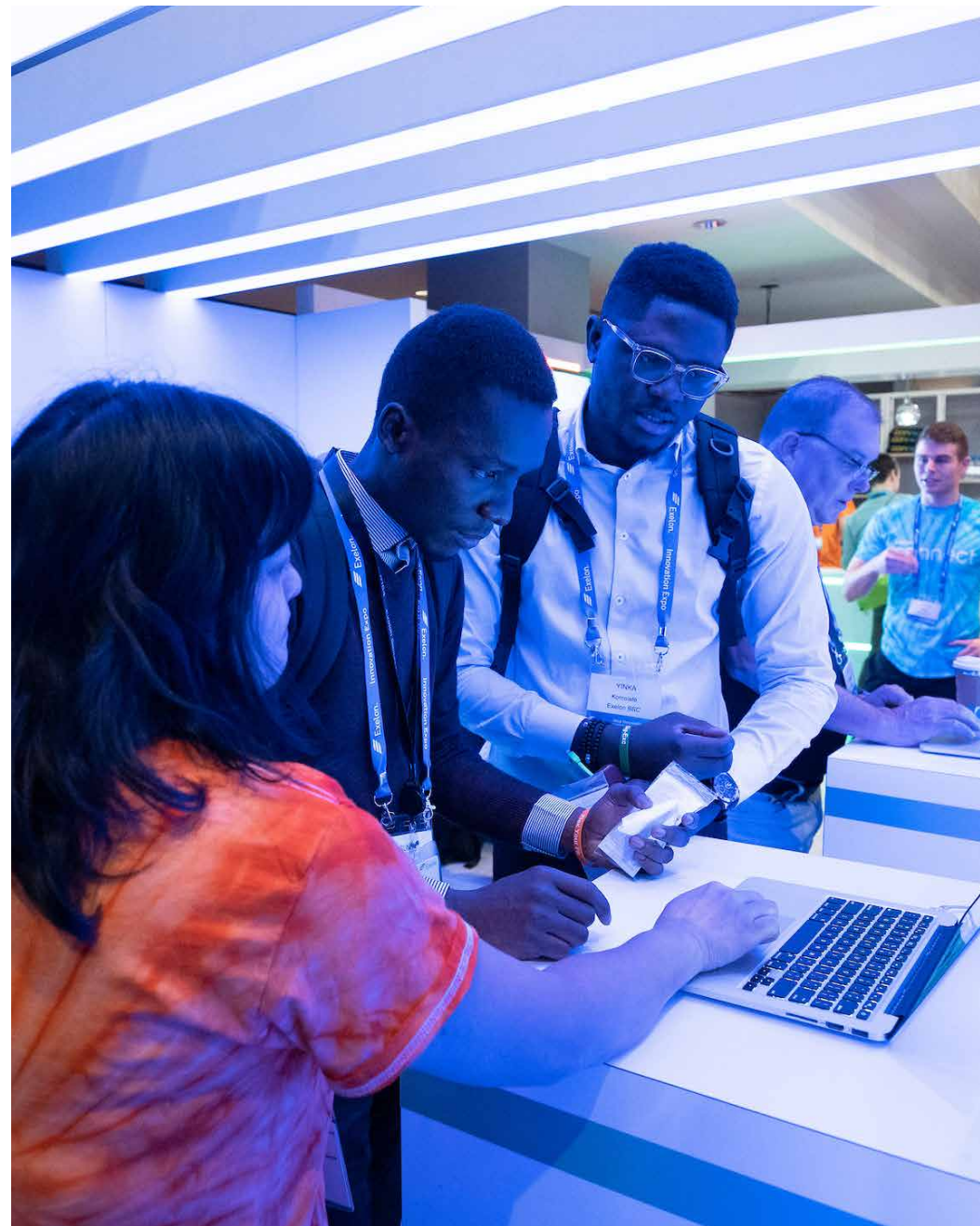
- Executed the Exelon Utilities' Connected Communities strategy with key demonstration projects at each of our utilities
- Deployed almost \$5.5 billion in capital at our utilities to meet our customer expectations in resilience, reliability and infrastructure modernization
- Achieved a record 95.7 percent capacity factor at the nuclear fleet we operate, avoiding almost 84.7 million metric tons of GHG emissions

Exelon powers a cleaner and brighter future for our customers and communities. Our commitment to understanding and addressing our customers' needs and interests drives us to build the next generation energy company. Through innovation, we empower customers to manage their energy use and meet their expectations for clean, reliable and affordable power. As we execute our business strategy, we cultivate connected communities, pursue leadership in civic involvement and local partnerships and enable growth of human potential in our communities and workforce to support a sustainable future.

## Exelon's Business Strategy

Durable trends shape the future energy landscape and have a lasting impact on the electric power industry over the mid- to long-term. Exelon has identified six durable trends — rapid advances in technology, evolving customer expectations, low natural gas prices, growing climate change activism, renewable resource expansion and flat to low demand growth — and have centered our business strategy on responding to them. Our executive team regularly assesses these trends and works with our Board of Directors to evolve Exelon's business strategy to continue delivering value for our customers and communities.

The COVID-19 pandemic created an exogenous shock to the economy in 2020, affecting all sectors. While we understand the near-term effects of the pandemic on our businesses, customers and communities, we are still evaluating the longer term implications for our sector. The conclusion of our work will result in an update on the durable trends and our business strategy, where adjustments are needed.



Exelon employees share ideas about new technologies at the Innovation Expo.



## SIX DURABLE INDUSTRY TRENDS IDENTIFIED BY EXELON



### Rapid Advances in Technology.

Rapidly advancing technology is transforming every component of our business, from our generation fleet operations to our transmission and distribution system (T&D) and our customer-facing engagements. Low carbon grid technologies are growing and achieving scale, particularly battery storage technology. Piloting and leveraging new technologies enables the delivery of lower cost, higher value and cleaner services.



### Evolving Consumer Expectations.

Customers seek greater control over the environmental impact, cost and reliability of their energy use. This includes control of energy efficiency, active management of home energy usage and deploying local generation in homes and businesses.



### Low Natural Gas Prices.

Domestic natural gas supply remains strong due to low extraction costs enabled by fracking technologies, continued production growth and lagging exports. Collectively, these dynamics result in sustained low natural gas prices and expanded use of natural gas for power generation that drive lower wholesale electricity prices.



### Growing Climate Change Activism.

In the absence of federal regulations, states, local governments and customers are increasingly acting to limit the impacts of energy use on the environment. Interest in and commitments to cleaner generation or renewable generation technologies and options are growing. Environmental impact concerns include climate change, ground-level ozone, air toxics and water usage.



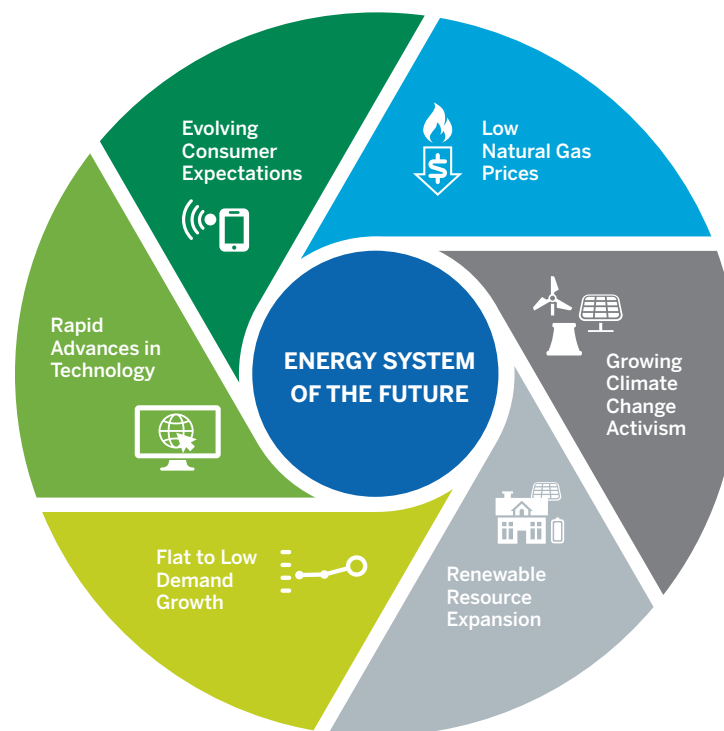
### Renewable Resource Expansion.

A combination of state and federal policies, technology cost reductions and increased demand from corporate entities continues to drive higher levels of adoption. Small-scale generating capacity in private residential and commercial applications is also continuing to increase, driven by local reliability and grid resilience.



### Flat to Low Demand Growth.

After steady growth in load through the 20th century, power suppliers are seeing flat to very low growth in demand in recent years, due in part to deployment of energy efficiency programs. Electrification of end uses, primarily vehicles, is expected to offset declines in load. This is a fundamental shift in market dynamics compared with prior decades when demand growth was higher.



Exelon Strategic Plan

Informed by the durable trends in our industry and influenced by scenario analysis that looks at potential regulatory changes, the emerging technology landscape and projections for climate change impacts, Exelon developed a strategic plan with four key focus areas. These include:

- Evolving our business models and regulatory and market structures;
- Advancing a culture of technology and innovation;
- Maintaining operational excellence, productivity and efficiency; and
- Investing in our markets at attractive returns.

HOW EXELON'S STRATEGY CREATES CUSTOMER VALUE	
<div>FOCUS AREA</div> <div>Evolving our business models and regulatory and market structures</div>	<div>HOW?</div> <div><ul style="list-style-type: none"><li>•Adapting our businesses to meet customer needs and interests in energy use and management</li><li>•Supporting updated regulations that enable clean energy</li></ul></div>
<div>FOCUS AREA</div> <div>Advancing a culture of technology and innovation</div>	<div>HOW?</div> <div><ul style="list-style-type: none"><li>•Integrating innovation throughout our business to achieve efficiency and resilience through technology</li></ul></div>
<div>FOCUS AREA</div> <div>Maintaining operational excellence, productivity and efficiency</div>	<div>HOW?</div> <div><ul style="list-style-type: none"><li>•Operating safely for our customers, employees and communities</li><li>•Maintaining affordability and reliability, proven by high customer satisfaction</li><li>•Maximizing resource efficiency</li></ul></div>
<div>FOCUS AREA</div> <div>Investing in our markets at attractive returns</div>	<div>HOW?</div> <div><ul style="list-style-type: none"><li>•Investing in reliable electric and gas systems</li><li>•Enabling a smart grid that embraces technology</li><li>•Prioritizing low-carbon energy and solutions</li></ul></div>

The four interrelated focus areas form the basis of our business strategy and deliver value for our customers and other stakeholders. As we execute our strategy, we seek to understand and meet our customers' needs and interests. We see shared value in creating connected communities by providing electric and gas service that is safe, affordable and reliable, investing in clean and low-carbon energy options, empowering people and staying on the cutting-edge of technology and innovation.

As a foundational matter, we pursue operational excellence and the delivery of clean, reliable and affordable power across our business. As we look to the future, we are embracing innovation, technology and new business models to create cleaner connected communities for our customers.

FOCUS AREA

Evolving our business models and regulatory and market structures

Evolving Our Business Models and Regulatory and Market Structures

Exelon operates the largest group of T&D companies (based on the number of customers served) and the fourth-largest electricity generation fleet in the United States. Each business faces unique opportunities and challenges related to the durable trends. We optimize our business models in response to changing customer expectations, new technologies and demands on the performance of the bulk power system. Our wholesale generation business operates in competitive markets where market rules govern compensation for the electricity and services provided to the system. Exelon supports changes to federal, regional and state rules and power markets to recognize the consumer and societal value of clean, emissions-free, reliable and resilient resources. The utility side of our business is working to address evolving customer interests and changing regulatory frameworks. Our Connected Communities framework ensures that the utility of the future will meet customer demand for clean, equitable and accessible energy.



## Exelon Utilities — Connected Communities

New technologies and innovation are rapidly transforming how the nation's electric system operates. Exelon focuses on evolving our utility business models to anticipate and meet changing customer expectations of the system. We shape the role of T&D utilities in the grid of the future by working with our customers, communities and other stakeholders to evaluate and promote needed reforms to state and federal frameworks that enable new technologies.

We envision a more distributed and decentralized future electric system. This new system will offer more energy choices for customers and will be increasingly transactional, as more people exchange information, products and services through the grid. It will also be more connected; connections to broader networks become more critical as technology enables a more distributed world.

Clean, local generation will be connected in new ways, such as microgrids, which will strengthen community energy resilience and control. These microgrids enable a beneficial electrification of transportation and industrial processes that magnifies the value of clean energy for our customers and communities.

As new forms of energy resources expand across the system, clean central power station generation will continue to play a role in providing greater reliability, resilience and lower overall costs. Digital networks will manage increasingly complex flows of power and information over the grid. The utility distribution model will operate as a platform that generates value by facilitating connections and transactions between and among customers, generators and communities.

We aspire to this vision of “Connected Communities” as we embrace the changing role our utilities can play in creating value for customers and communities.



PECO is working with PIDC to make the Philadelphia Navy Yard the first Connected Community in southeastern Pennsylvania.

We define a Connected Community as one that harnesses the power of digital communication, remote sensing, distributed and artificial intelligence, distributed energy resources (DER) and the platform of smart infrastructure to reinforce human connections and serve a hierarchy of community needs ranging from the traditional basic T&D services to new uses for utility systems enabled by technology.

The path to Connected Communities requires investment and focus in four key connected community areas: (1) reliability and safety, (2) resilience and security, (3) increased consumer choice and increased access to DER, and (4) decarbonization and beneficial electrification in residential, business,

transportation and other opportunity areas. As we work towards our Connected Communities vision, we are collaborating with stakeholders and policymakers on regulatory matters to achieve the benefits of our Connected Communities vision.

Over the next decade, we will move toward achieving similar outcomes for all of our customers and communities, but with tailored utility-by-utility implementation based on local and state circumstances. The below table depicts the Exelon Utilities connected community areas, including the value to customers of each area, its performance outcomes and a description of benefits.

## EXELON UTILITIES CONNECTED COMMUNITY STRATEGY

Value	Performance Outcomes	Benefits
Reliability and Safety	Reliability Safety Affordability & Efficiency	<ul style="list-style-type: none"> <li>• Fewer outages and shorter duration</li> <li>• Reduce employee accidents and injuries to the public</li> <li>• Value accrues to all customers; bill increases mitigated</li> </ul>
Resilience and Security	Resiliency Security	<ul style="list-style-type: none"> <li>• Grid withstands more intense weather; impacts are less widespread and restoration is faster</li> <li>• System is secure from physical and cyber attacks</li> </ul>
Customer Choice and DER Acceleration	Flexibility Choice Customization Convenience	<ul style="list-style-type: none"> <li>• Grid manages diverse and dynamic loads</li> <li>• Customer DER choices are not inhibited by grid constraints; new service choices are offered</li> <li>• Solutions fitted to individual customers rather than broad classes</li> <li>• Simple and seamless interactions and interconnections</li> </ul>
Decarbonization/Electrification	Cleaner energy	<ul style="list-style-type: none"> <li>• Provide cleaner energy choices; help communities reduce local and global environmental impacts</li> </ul>



## Connected Communities Demonstration Projects

Exelon's utilities are currently focused on demonstrating the potential for connected communities within each service territory. As we learn from our work and partner with stakeholders to better understand value creation in their communities, we will develop more complex and sophisticated program demonstrations. We have created a Connected Communities Council that serves as a peer group resource to share best practices and other information among our utility companies.

**BGE.** BGE signed a Memorandum of Understanding with the City of Annapolis as BGE's First Connected Community. Potential projects include smart streetlights, resiliency hubs at public housing sites, smart kiosks, EV smart chargers, smart sensors and access to community solar and energy efficiency programs. These investments address Annapolis' specific public service priorities and facilitate learning to support further development and adoption of connected technologies.

**ComEd.** ComEd is working with the Bronzeville community on Chicago's near south side which includes a mix of homes, small and large businesses, churches, schools and critical facilities such as hospitals and the Chicago Police Department headquarters. Anchoring this Connected Community is a seven MW microgrid funded in part by the Department of Energy (DOE). A community energy portal shares energy efficiency savings, smart kiosks, off-grid renewable outdoor lighting and traffic, moisture and air quality sensing with interested viewers. For more information, visit <https://bronzevillecommunityofthefuture.com/>

**PECO.** PECO is partnering with the Philadelphia Industrial Development Corporation (PIDC) to develop a Connected Community Master Plan for the Philadelphia Navy Yard. The Navy Yard is considered the most successful redevelopment of a former military facility in the country with 170 businesses and over 14,000 people employed at the location. A number of Connected Community initiatives that are underway include electric vehicle (EV) charging stations, a 425 KW community solar installation, implementation of PECO Smart Ideas energy efficiency program incentives, a building microgrid at Penn State and installation of a 6 MW battery storage project. The Master Plan will continue evaluating and recommending projects related to reliability, distributed energy integration, street lighting, EV transportation, cybersecurity and other opportunities.

## RESILIENCY CENTER FOR THE JUBILEE COMMUNITY AT THE MAYCROFT APARTMENTS

Jubilee Housing and Pepco, along with New Partners Community Solar and the District of Columbia Department of Energy and Environment (DOEE), launched the District of Columbia's first affordable housing resiliency center powered by solar and battery storage. Pepco provided a \$65,000 grant to support this project, which is representative of Pepco's broad-based effort to transform the future energy experiences for customers and communities.

The Maycroft currently hosts a 70.2 KW solar panel array on its roof and a resilience room capable of powering its Family Resource Center and Teen Center for three days. The resilience room provides refrigeration for medications, a television and radio connecting residents to important information, lighting and multiple electrical outlets to charge cell phones and other communications devices. Pepco is managing the interface between the battery storage and solar installation in a pilot environment, allowing the company to learn more about how these technologies can be used in future applications. The Maycroft has 64 spacious units, a no-cost healthy food market, Jubilee's Teen Drop-In Center and Family Resource Center, as well as a host of other resources. In addition to providing a resiliency center, the project will also lead to cost savings for the residents.

In 2019, the Resiliency Center received Solar Builder Magazine's editor's choice award.



**PHI.** Delmarva Power partnered with the City of Wilmington, Delaware on Wilmington 2028, a plan that envisions creating a “brighter, safer, cleaner and technologically-advanced city.” The work integrates community development opportunities, expands partnerships and uses smart city technology to create a safer, smarter, more sustainable and more connected community. The initial project with Delmarva Power focuses on LED smart streetlight conversions, smart sensor technologies and electrification opportunities. Phase One of ConnectWilmington included a pilot LED Streetlight conversion of 250 streetlights. Within the demonstration area Delmarva Power worked with the City of Wilmington to showcase three smart city sensors: traffic monitoring, gunshot detection and air quality monitoring sensors to understand priority issues for the city. In the future, Delmarva Power will expand work in the city to include expansion of the LED streetlight conversion, an indoor agriculture pilot, implementation of an electric bus and additional smart sensor and smart cities technologies. Learn more about the effort at our [website](#).



LED smart streetlight conversion, Wilmington, DE.

### ***Public Policy: Creating a Clean Energy Future for Our Communities***

Exelon's public policy efforts are focused on maintaining affordable, reliable and clean energy for our customers and communities. We advocate for policies based on sound science and thorough consideration of environmental, economic and community impacts. We work on policy at the federal and regional level and at the state and local level in our key operating states with utility and power generation assets. As our Constellation business is present across the lower 48 states, we engage with stakeholders across the country.

With a base of 10 million electric and gas customers in major metropolitan areas in Illinois and the Mid-Atlantic states, we have longstanding connections with our communities. We strive to stay aware of evolving customer needs and interests regarding energy-related products and services and to innovate to improve how we generate and deliver energy. Our industry is more dynamic than ever, requiring us to work closely with our diverse stakeholder base to balance objectives and advance shared goals.

We participate in various trade organizations, like EEI, American Gas Association (AGA), Gridwise Alliance (GWA), Energy Storage Association (ESA), Smart Electric Power Alliance (SEPA), the Nuclear Energy Institute and the Clean Energy Group. These groups advocate broadly on behalf of our industry and they are also guided by Exelon to pursue our principles of a clean, affordable and reliable energy future for our customers and communities. In many cases, we are in alignment with the advocacy positions of these organizations, but not always. In cases where our views diverge, we may voice our positions separately or in conjunction with other stakeholders who are more closely aligned, most notably to promote and expand support for clean energy alternatives.

Exelon also contributes to political candidates and organizations as part of our engagement in policy dialogue. We do so in accordance with our [Corporate Political Contributions Guidelines](#), available on our website along with the semiannual disclosures of our political and trade association contributions.

## OUR PUBLIC POLICY PRIORITIES AND EFFORTS

Priorities	Why is it Important?	Select Examples of What We are Doing
Securing a Clean Energy Future	Addressing the climate crisis is one of the single greatest things we can do to ensure that our communities remain strong, safe and prosperous. Volatile weather is fast becoming the norm in our communities and the physical stress and damage to energy infrastructure is something one can already see and measure. Policy and market designs must recognize the value of zero-carbon generation. Solutions must be affordable for all customers.	<ul style="list-style-type: none"> <li>• We support state clean energy programs that maintain and expand emissions-free generation.</li> <li>• We participate in Federal and state efforts to cap or price carbon (RGGI, NYISO) to drive lower emission generation across states and regions.</li> <li>• We participate in state utility rate design proceedings to seek the right incentives and structures to support energy efficiency and reduction of GHG emissions via electrification.</li> </ul>
Empowering Customers	Customers must have the ability to choose clean energy from their suppliers. Market and regulatory structures need to evolve to allow customers the option to participate in a two-way power system with distributed energy resources, while continuing to reliably and affordably obtain power from the grid on demand.	<ul style="list-style-type: none"> <li>• Exelon Utilities participate in grid modernization proceedings at our commissions to advance options of interest to our customers, such as electric vehicles, distributed energy, microgrids and energy storage.</li> <li>• Exelon works with our jurisdictions on rate designs to ensure fairness for all customers as usage of the grid evolves over time, including protections for low- and moderate-income customers.</li> <li>• Exelon Utilities is guided by a vision of Connected Communities where we create platforms to connect energy and other services to expand customer choice, create a smarter energy grid and enhance customers' lives.</li> </ul>
Reliability and Resilience	Families and businesses require a power system that reliably delivers 24/7 electricity. Wholesale power markets need to evolve to select resources based on their true cost, including their ability to withstand fuel supply disruptions. Enhancing the resilience of electric infrastructure against severe weather and other threats is essential.	<ul style="list-style-type: none"> <li>• Our utilities are working with states to support policies focused on enhanced reliability and resilience.</li> <li>• Exelon supports the development of industry and regulatory guidance on best practices for resilience-based design standards and planning criteria.</li> <li>• We are leading the industry in work with EEI and EPRI to engage Federal and State agencies in developing tools to assess benefits of resilience-based investments.</li> </ul>
Market Design	Wholesale and retail energy market designs must enable efficiently procured and reliable energy for customers, while at the same time recognizing state environmental preferences and allowing served communities to achieve their environmental and public policy priorities for energy. Electric markets, designed correctly, can play a critical role in helping states meet their clean energy policy objectives.	<ul style="list-style-type: none"> <li>• Exelon is working with states and customers on adapting to potential changes in capacity market rules that would otherwise undermine state clean energy objectives and increase costs to consumers.</li> <li>• Exelon continues to work with the Federal Energy Regulatory Commission (FERC) and independent system operators (ISOs), such as PJM, ERCOT, ISO-New England and NYISO, to support energy market price reforms to more accurately reflect the value of all units serving load, including their environmental benefits.</li> <li>• Exelon is developing additional opportunities for industrial and commercial customers to procure clean and affordable energy.</li> </ul>

## Federal Perspective on Climate Change Mitigation

A comprehensive, meaningful national climate program remains Exelon's preferred pathway to address greenhouse gas (GHG) emissions. Indeed, given the magnitude of GHG emission reductions needed to both meet current and future U.S. commitments, it is necessary to achieve these improvements in the most efficient and economic manner possible. While the likelihood of such a national program in the near term is remote, we continue to work with stakeholders on proposals related to how this comprehensive federal action could be achieved.

Exelon is a founding member of the [Climate Leadership Council](#) and its proposal to create an escalating, nationwide carbon fee and dividend program in the United States. Such a program would introduce a meaningful carbon price signal into the U.S. economy in order to promote action by businesses and consumers to deploy lower-carbon solutions. The initiative would also pay dividends back to consumers to help mitigate the costs of the program while reducing the costs of climate change itself. In addition to our work with the CLC, Exelon plays an active role in the [CEO Climate Dialogue](#), which is comprised of over twenty major corporations and four non-governmental organizations working to support a market-based approach to achieve meaningful GHG emission reductions across the economy. We are also actively engaged on other efforts that could come into effect sooner, such as a national Clean Energy Standard (CES) that would drive the U.S. to 100 percent clean electricity as soon as practicable.

Across all of our efforts, we remain focused on supporting policies that recognize, value and support all forms of existing and new zero-carbon electricity resources. Given the magnitude of the challenge, anything less is unacceptable.

With regard to the ongoing and worsening physical effects of climate change, Exelon and our utilities continue to work with industry associations and governmental agencies on industry planning and response. For example, we participate in the [DOE Partnership for Electric Sector Climate Resilience](#) under which the DOE and industry partners identify best practices for resilient utilities in a changing climate. We discuss our ongoing analyses regarding transition and adaptation risks across Exelon's operations in the [Rising to the Challenge of Climate Change](#) section of this report.



The 2,648 MW Peach Bottom Atomic Power Station, Delta, Pennsylvania. Exelon's zero-carbon nuclear fleet avoided 84.7 million metric tons of GHG in 2019.

## State and Regional Perspectives on Climate Change Mitigation

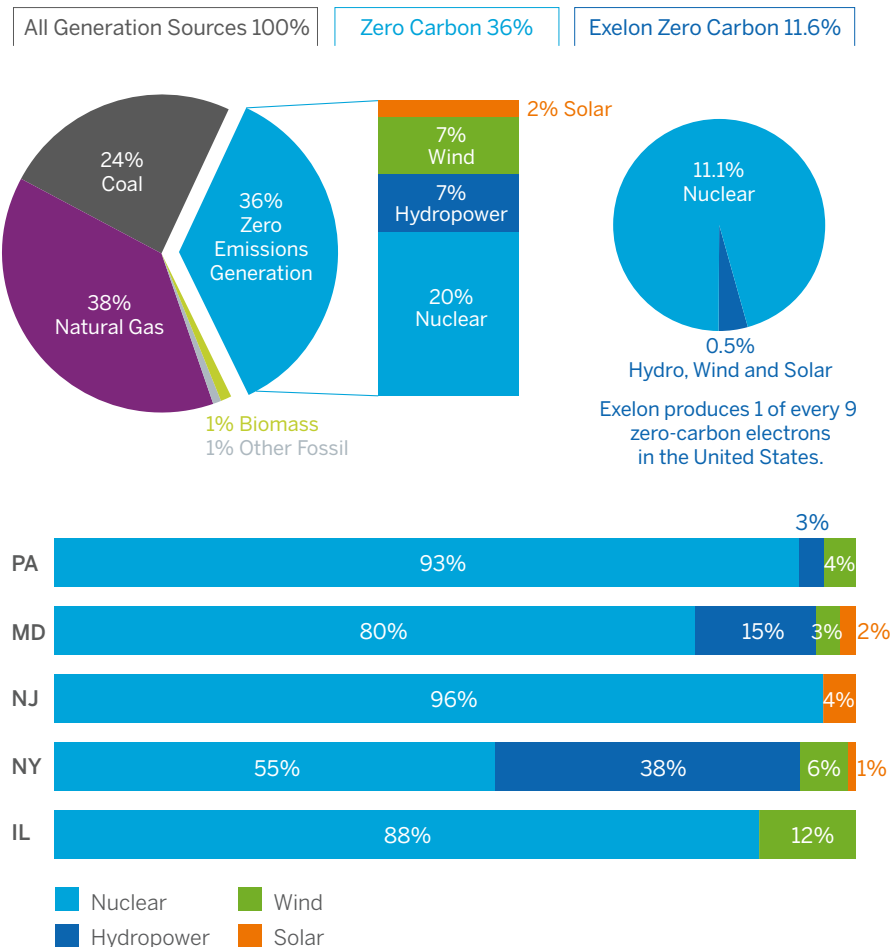
Securing a clean energy future for our states and regions continues to be a primary objective for Exelon, particularly in the face of relative inaction at the federal level. In our key utility service area jurisdictions of Illinois, Pennsylvania, Maryland, New Jersey, New York and the District of Columbia, we continue to work to advance clean energy policies, including those that leverage the reliable and zero-carbon electricity of Exelon's nuclear fleet that represents the majority of zero-carbon generation in most of these states. We recognize that we cannot wait for comprehensive federal action and we are working on targeted opportunities to promote clean energy now.

To that end, Exelon supports market design initiatives at the state, regional and federal levels to address greenhouse gas (GHG) emissions. In all these venues, we are consistently advocating for policies that achieve each state's clean energy objectives while protecting consumers. Proper wholesale market design features are essential for electricity markets to function as needed. In 2020, we will continue efforts to address market flaws in energy price formation that impact market signals in PJM, ERCOT and ISO-NE. FERC's Minimum Offer Price Rule (MOPR) in 2019 created uncertainty and implications for the functioning of the PJM capacity market and how states can implement their clean energy policies going forward. Exelon remains actively engaged with our states in responding to developments and seeking solutions that support state clean energy plans.

At the same time, we continue to support regional efforts to reduce GHG emissions directly. One example is the Regional Greenhouse Gas Initiative (RGGI), which several states recently took steps to join or rejoin, including New Jersey, Virginia and Pennsylvania. We support many eastern states' efforts to stand up the Transportation and Climate Initiative (TCI), which, when implemented, will employ a similar regional approach to reduce GHG emissions from transportation fuels. Most Exelon service territory states (New Jersey, Pennsylvania, Maryland and Delaware) are participating in TCI. One key tool to reduce these emissions and to improve local air quality is electrification. Widespread electrification of transportation represents a significant opportunity to reduce GHG emissions from the transportation sector, which is currently the largest category of GHG emissions in the United States and disproportionately so in our service territories,

due in part to the contributions of our emissions-free fleet. Enabling and deploying electric vehicles including passenger cars, transit, fleet vehicles and service vehicles — is a key part of Exelon's **Beneficial Electrification** program for our service areas and operations.

### ZERO-CARBON ELECTRIC GENERATION IN THE U.S. AND KEY EXELON OPERATING STATES



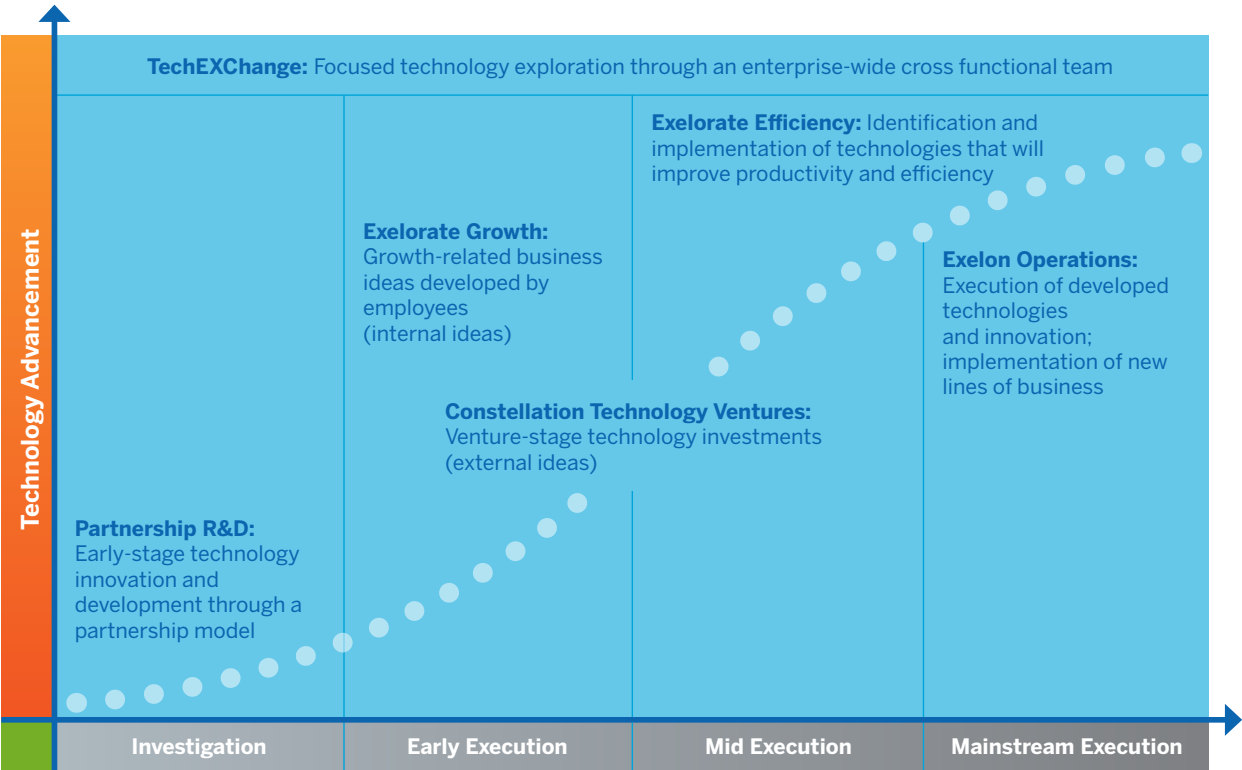


# Advancing a Culture of Technology and Innovation

In response to our durable trends, Exelon strategically focuses on advancing a culture of technology and innovation. We gather our passionate employees and external experts to develop innovative solutions for 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 graphic below depicts our key programs for managing technology and innovation opportunities across all maturity levels, ranging from early investigation to full deployment across our operations. Thanks to these programs, Exelon was selected as Fast Company’s second Most Innovative Company in the Energy sector in 2019.

## EMERGING TECHNOLOGY MANAGEMENT AT EXELON



A number 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. Governing committees, like the Innovation Peer Group, champion innovation at operating companies and evaluate growth-related ideas developed by employees.



The **Corporate Innovation Team** identifies new and disruptive technologies that could generate growth and lead to improvements in productivity within our existing businesses. The team applies Exelon's innovation framework to identify opportunities, pilot emerging technologies and implement them quickly.

While the industry is changing, it is essential to continue to build upon our mature innovation foundation, which engages our workforce and increases relevance with our customers. The Corporate Innovation Team works to enhance and reinforce the six dimensions of the innovation foundation: Learning, Leadership, Organization, People, Processes and Culture. The team supports an Exelon-wide open innovation application that enables internal crowdsourcing of ideas from Exelon employees. This tool is critical to strengthening the innovation foundation because it allows employees to easily share and collaborate on projects, processes, ideas and opportunity areas that will help reinvent Exelon and transform the future of the energy landscape. Additionally, the team offers training courses designed to help leaders and employees think creatively and advance innovative ideas from conception to completion.

The Corporate Innovation Team works with a diverse ecosystem of startup companies, universities, research labs and government agencies to learn about emerging technologies and potential applications throughout Exelon. The team collaborates with startup communities through multiple avenues, such as Exelon's membership in 1871, a technology and entrepreneurship center in Chicago that was named the World's #1 Private Business Incubator by UBI Global in 2019. We also host pitch-day events with energy-related startups to connect them to different parts of our business.



The Corporate Innovation Team is exploring many new technologies, such as virtual reality, to improve efficiency and safety in our operations.

## EXELON INNOVATION EXPO

In October 2019, Exelon hosted its eighth Innovation Expo in the District of Columbia. The Innovation Expo is an annual event that showcases exciting technologies, employee displays and pilot projects underway across Exelon's operating companies. The event promotes internal collaboration and empowers employees to develop new ideas and efficiencies.

At the 2019 Innovation Expo: A Cleaner and Brighter Future, more than 270 teams pitched their ideas to transform every aspect of the energy experience. Over 3,700 employees and 300 guests contributed to a record attendance of more than 4,000 at the Walter E. Washington Convention Center in Washington, D.C. Additionally, 44 "viewing parties" across Exelon business sites live-streamed the Expo to another 1,100 employees.

Attendees listened to panel discussions hosted by industry experts and leaders from companies and cities within Exelon Utilities' territories. Topics included electrification of transportation, climate change and innovation as an engine of success. Bill Nye, "the Science Guy," served as the keynote speaker and shared his insights and views on the challenges and opportunities of climate change.

Attendees and expert judges voted to identify the employees' ideas that created the most value. The highest-scoring groups of employees participated in a "Fast Pitch" competition where they presented their ideas in front of the entire Innovation Expo audience, onsite and offsite. With the launch of the onsite and offsite voting option for the "Fast Pitch," more than 6,600 votes were cast.



## Exelorate Efficiency

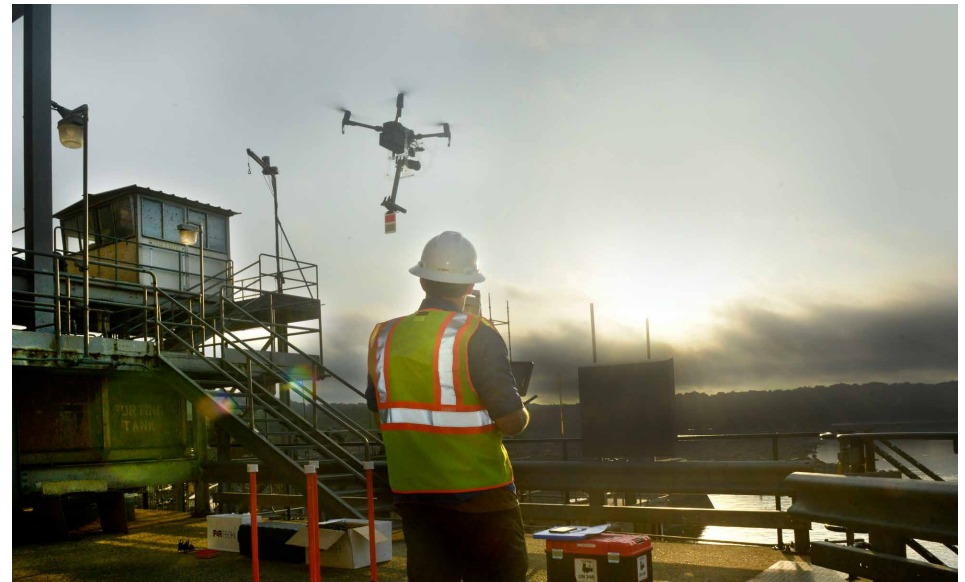
In addition to supporting the innovation foundation at Exelon, the Innovation Team explores and implements technologies to enhance productivity, efficiency and safety. Focus areas include our Digital Worker initiative, drones and robotics, blockchain, artificial intelligence and the internet of things. The team utilizes lean principles to identify opportunities and uses Exelon's innovation operating system to move these opportunities from an idea to scale.

Our Digital Worker initiative leverages technologies such as mobile applications, augmented reality glasses, smart vests, smart helmets, smart tools and digital assistants. In 2019, the team piloted a new resistance-measuring drill technology for wood utility pole inspections. Field workers can use this drill to gather data about a utility pole's condition and expected remaining service life based on the amount of decay and number of cavities. Access to this information has improved the accuracy of our pole inspections while reducing the cost required to complete them. This pilot program proved the technology reduces time and cost of the pole inspection, as well as decreases the environmental impacts around the pole.

We use drones and robotics to improve the accuracy, speed, cost effectiveness and safety of many duties around the business, including in aerial, underground and underwater settings. In 2019, BGE and the Corporate Innovation Team investigated the use of drones to install overhead conductor markers on distribution lines crossing navigable waterways. The markers improve safety for boat traffic, both to increase situational awareness and mitigate the risk of boat-strikes with energized distribution conductors. The Corporate Innovation Team used the same drone technology with PECO in partnership with EPRI to cost-effectively install highly reflective avian flight diverters on power lines to prevent bird collisions with overhead power lines. The pilot was completed at Conowingo Dam in Darlington, Maryland, which has the largest population of bald eagles east of the Mississippi River.

## Exelorate Growth

During 2019 our internal **Exelorate Growth Board**, composed of senior leaders from across Exelon's businesses, evaluated and managed growth-related business ideas developed by employees. We looked at new opportunities and ideas in a five-



Exelon is using new technologies like drones and robotics to enhance safety and productivity.

stage process focused on maximizing benefits to customers. The process quickly and cost-effectively identified key customer expectations and developed and tested potential solutions.

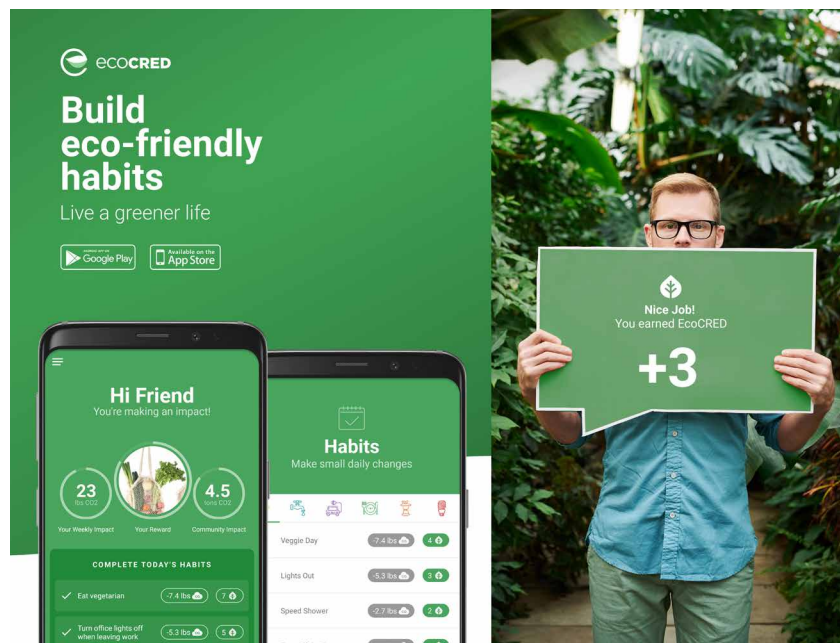
Based on this work, several new businesses were launched in 2019 and several strategic opportunities were explored related to electric vehicles and distributed energy adoption. One of the startups launched in 2019 was Aquify, which leverages Exelon's expertise in power and gas distribution and applies it to public-water infrastructure. Launched on Earth Day 2019, another startup was EcoCRED which is a mobile application that helps consumers discover their carbon footprint and build ecoconscious habits.

We are identifying new insights into the role that technology and innovation can play in responding to the challenges of COVID-19 on our business and customer operations. For example, there is growing customer interest in Exelon Clearsight and its remote drone inspection programs. We will report 2020 learnings in greater depth in the next corporate sustainability report. For more information, see [Exelon's Role in Responding to the COVID-19 Pandemic](#).



## ECOCRED

**EcoCRED** is a mobile application (available through the Apple Store and Google Play) that helps consumers and communities develop eco-conscious habits to reduce their environmental impacts. The EcoCRED app educates users about their carbon footprint and provides resources to learn more about the climate crisis. However, EcoCRED isn't just about understanding a user's impact — it's about taking real climate action. EcoCRED shows how a user's actions can make a difference at both the personal and community level and offers product guides to help users make positive lifestyle changes. Features such as community rankings, personal statistics and rewards motivate users to remain consistent. By the end of 2019, EcoCRED helped over 20,000 users across all 50 states collectively reduce more than 700 tons of CO<sub>2</sub>.



## AQUIFY

The underground pipes and systems that deliver water to our homes and businesses are old and failing at an alarming rate. According to a 2018 report by Utah State University, break rates of cast iron and asbestos cement pipes, which make up 41 percent of the installed water mains in the US and Canada, increased by more than 40 percent from 2012 to 2018. In 2019, Exelon launched a new venture, **Aquify**, through the Exelorate Growth program. Aquify leverages Exelon's experience and expertise in power and gas distribution and applies it to the infrastructure that delivers water. Similar to the "smart" electrical grid that uses technology to identify power outages and coordinate faster repairs, Aquify uses sensors along miles of the underground water supply network to identify and address maintenance needs and emerging issues. Often, if a water pipe starts leaking, it goes unnoticed until the water rises to the surface or pressure gradually builds up in and around the pipe until it breaks. Aquify is partnering with municipal water utilities to install cutting-edge sensors that constantly measure and monitor key metrics to identify where and when an event occurs. Then, it can be addressed proactively before it becomes a costly or dangerous problem. Those sensors are then combined with artificial intelligence (AI) software, a cybersecure network and 24/7 monitoring and analytics resources into a turnkey professional service for water utilities. By deploying these smart water 'grids,' Aquify will reduce water loss, improve reliability and create more sustainable communities.



## EXELON CLEARSIGHT

**Exelon Clearsight** (formerly AeroLabs) is an asset inspection and performance improvement business that increases reliability, safety and efficiency of critical infrastructure. Using innovative technologies such as drones and robotics, coupled with artificial intelligence (AI) and machine learning, Exelon Clearsight offers valuable insights that traditional inspections cannot provide. Their solutions generate significant value and prove the enormous benefit of innovation. In its first year, Exelon Clearsight quoted approximately 175 projects worth more than \$7 million of total value and earned \$1.4 million in revenue. Their means of inspection significantly improves safety and efficiency while avoiding major expenditures and additional resources for every project.

Exelon Clearsight recently completed an assessment of the flue gas desulfurization system at a coal plant in only eight hours. This saved the plant more than 120 labor hours and the expense of building scaffolding. Additionally, the team used a submersible to recover 10 foreign objects from the cold-water basin at a nuclear plant. This eliminated the need for divers or draining the pool, reducing industrial safety risk and saving water.

By using drones to inspect utility lines, Exelon Clearsight identified more issues than a traditional circuit patrol while ultimately reducing time and vehicle fuel use. They also made history performing an emergency assessment of a derailment accident inside an underwater tunnel. The team navigated the site with ease by using a confined space robot and provided real-time insights which helped to strategize restoration efforts.

Exelon Clearsight, along with other teams at Exelon, continue to create new products, services and businesses that use new technology to make our industry safer, more reliable and more efficient.



Exelon Clearsight operations team uses drone technology to perform remote inspections of transmission lines in Pennsylvania.



## TechEXChange

Through the TechEXChange, a cross-enterprise team evaluates technologies and emerging trends that have the potential to impact the enterprise and transform the industry. Representatives from across the enterprise form a team to collaborate with government and industry associations, national labs, top universities, venture capital and private equity firms and other industry leaders with subject matter expertise in the trend or technology.

TechEXChange teams develop a view on specific technologies and evaluate opportunities to invest in, or innovate around, the technology across the business. To date, the team has evaluated and identified opportunities to power transportation and industrial processes (such as indoor agriculture and data center market growth) with alternative fuels, battery storage, fuel cells, water and hydrogen. These innovations have the potential to have significant positive impact on energy markets and the communities where we live and work.

## Beneficial Electrification

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, providing benefits to society by reducing GHG emissions. Electrification also reduces local emissions that can cause asthma and other health issues in our communities. At the same time, electrification offers an opportunity to balance renewable resources on the grid.

The 2018 TechEXChange evaluated the technical and economic potential of electrification across transportation, buildings, industrial processes and emerging areas. The transportation sector is an early mover in electrification, given declining costs and improved performance, among other factors. In 2019, a cross-enterprise team focused on identifying opportunities for Exelon to accelerate the transition to electrified transportation, particularly by alleviating barriers to customer adoption. Direct engagements with customers and with our internal fleet of almost 8,500 vehicles highlighted myriad opportunities to accelerate electrification of the transportation sector.

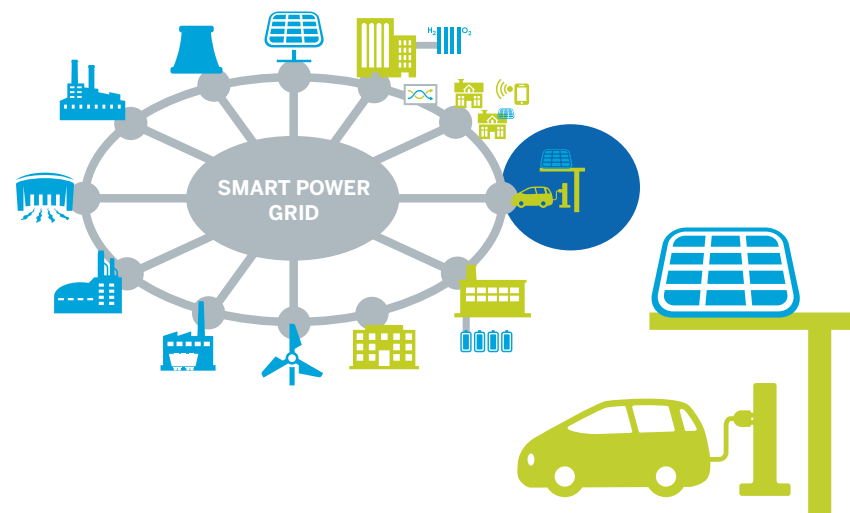
Across our Operating Companies, we are taking a targeted approach to pursue the identified opportunities and alleviate barriers to adoption. For example, we invest

in emerging technologies with growth potential through Constellation Technology Ventures (CTV), including three companies involved with electric transportation and electric vehicle charging. In addition, each of our utilities is at various stages of working with public service commissions and stakeholders to create programs that promote electric vehicles and vehicle charging in our service areas. These programs may include residential, commercial and/or utility-owned vehicle charging and consideration of electric vehicle charging rates (electric vehicle only and/or whole house time of use). We also pursue educational outreach and develop projects that serve underserved areas through initiatives such as public charging, car-sharing and bus electrification.

Electrification presents a strategic opportunity for Exelon to improve the lives of customers in our communities, reduce emissions across the economy and support a cleaner and brighter future.

## ELECTRIFICATION OF TRANSPORTATION

Electrification of transportation, backed by zero-carbon electricity, is a key climate change solution set in the emerging smart power grid.



## ELECTRIC VEHICLE PROGRAMS AT BGE AND PHI

BGE's EVsmart initiative launched on July 1, 2019 under a program approved by the Maryland Public Service Commission (PSC), which has authorized BGE to install up to 500 charging stations throughout the BGE service territory. At the end of 2019, BGE had begun the process of designing and installing 120 charging stations as an initial step, which was based on the government entity requests received to install BGE-owned public electric vehicle charging stations. By the end of 2019, BGE had over 20 charging stations in operation. BGE expects to have all 500 chargers installed by the end of 2021.

BGE's EVsmart program also includes rebates for residential and multi-family customers that purchase and install an eligible smart charger. Residential customers can receive a \$300 rebate and multi-family customers can receive a rebate up to \$25,000 per location. During 2019, BGE also worked to finalize and offer an EV-Only Time of Use (TOU) rate to customers with an eligible smart charger; customers could begin using the rate in the second quarter of 2020. BGE will utilize the embedded metrology of the smart chargers to bill TOU rates for the customer's EV charging consumption. This EV-Only TOU rate will be the first of its kind in the industry. Most other utilities set a second meter to capture the consumption for the EV charger or provide flat credits for off-peak charging. By using the embedded metrology of the smart chargers, BGE saves the cost of installing and maintaining a second meter at the residential customer premise. As an Exelon utility, BGE also coordinates with PHI where applicable to share best practices and learnings, since both utilities have been authorized to deploy similar program offerings.

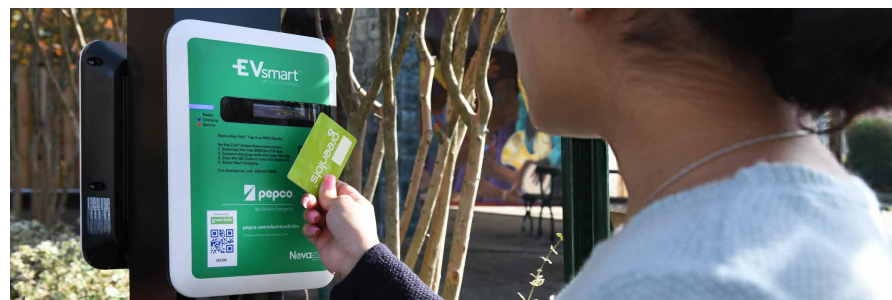
PHI's Maryland EVsmart program also commenced July 1. It features a comprehensive portfolio of sub-programs across the Pepco and Delmarva service territory, including rebates for 1,000 residential chargers, bringing 250 chargers to multi-family units and deploying 350 utility-owned public chargers. In addition, PHI will be installing 137 Smart Chargers in a residential application and managing the output during capacity events. PHI has also developed a

Green Rider where customers can voluntarily choose to offset their energy use with Renewable Energy Credits, which provides for carbon-free charging. PHI has applied the Green Rider as a default for all of its public chargers to create one of the first carbon-free charging networks in the country.

PHI's new EVsmart programs in the District of Columbia and Delaware will also increase charging opportunities, driving further EV adoption. In D.C., Pepco will provide "make-ready" infrastructure to support public, taxi, rideshare and bus charging. Delmarva Delaware's EVsmart program will involve installing, owning and operating four chargers located in primary transportation corridors and neighborhoods.

In 2020, Pepco and Delmarva Power's Maryland residential customers will have the option to choose TOU metering and a managed charging program, while demand charge credits will be available to qualified non-residential customers for their charging solutions. TOU rates are also being introduced for District of Columbia and Delaware customers. In D.C., the TOU rates will apply to the entire residential premise, while the TOU rate in Delaware will apply to EV charging only. These rates will support PHI's efforts to promote electric vehicle adoption while encouraging customers to charge during off-peak periods.

Additional information on all Exelon utility electric vehicle programs can be found at [BGE](#), [Delmarva \(Delaware, Maryland\)](#), [Pepco \(D.C., Maryland\)](#), [PECO](#) and [ComEd](#).



## CTV ELECTRIC TRANSPORTATION INVESTMENTS

Constellation Technology Ventures is the venture investing organization within Exelon. CTV invests in companies in a number of areas, including electric transportation.

**Proterra** is a leader in the design and manufacture of zero-emission electric transit vehicles and electric vehicle technology solutions for heavy-duty applications. Since 2004, Proterra technology has been proven through more than 11 million miles on the road in their purpose-built electric transit buses. As major cities convert to 100 percent electric fleets, Proterra vehicles have become the most popular electric buses on the road in North America. Proterra has sold over 900 electric buses to 120 communities across 43 U.S. states and Canadian provinces. Today, Proterra buses are also deployed at airports, universities, National parks and companies. <https://www.proterra.com/>

**XL Fleet** is on a mission to provide simple, sustainable electrification solutions to the commercial fleet market. It has also become the leader in fleet electrification solutions for Class 2-6 commercial and municipal vehicles. With thousands of XL-equipped vehicles on the road, surpassing 100 million cumulative miles in operation, XL has helped save customers over two million gallons of fuel and eliminated over 20,000 metric tons of CO<sub>2</sub> emissions. <https://www.xlfleet.com/>

**ChargePoint** is the largest electric vehicle (EV) charging network, with a growing global presence across North America, Europe and beyond. The company offers a diverse portfolio of charging solutions for fleets, commercial businesses and for EV drivers who charge at home, at work, around town and on the road. With more than 107,000 places to charge on its network, ChargePoint is effectively serving the rapidly growing EV driver community. ChargePoint also offers a suite of software and cloud services designed to optimize the user experience and make driving electric more seamless than ever. Its mobile app, available on iOS and Android, enables drivers to easily find available charging stations, start a charging session and receive status updates regarding their charging sessions. The software also provides analytics, pricing and energy management, along with many other services. ChargePoint drivers have avoided using more than 82,517,197 gallons of gas, which translates to over 276,209 metric tons of CO<sub>2</sub>e of greenhouse gas emissions. <https://www.chargepoint.com>



## Partnership Research & Development Program

The **Partnership R&D Program**, which complements the TechEXChange, invests in early-stage technology innovation by funding and collaborating on projects at leading research institutions, including Argonne National Laboratory, MIT, Northwestern University and the University of Illinois. Over three years, Exelon screened over 100 technology ideas through its R&D program and invested in 14 transformative projects. These projects support our access to new markets and products; enhance customer value; contribute insights in key science, technology

and industry trends; enable Exelon to obtain ownership of and access to valuable technical intellectual property; enhance our workforce by challenging existing patterns of thinking within the company; and create solutions for technical and market challenges. Through the Partnership R&D program, Exelon engages the intellectual ecosystem that is developing technologies that will revolutionize the industry. This two-way collaboration benefits researchers who want 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 its customers.

## EXPLORING NUCLEAR POWER PLANT HYDROGEN PRODUCTION

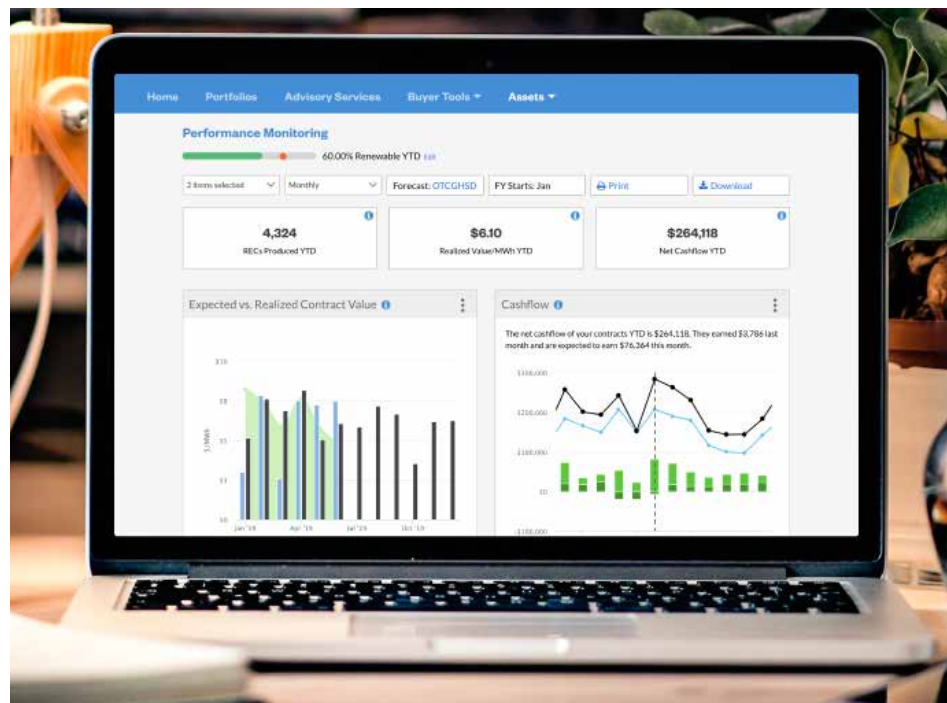
Hydrogen can be used in a clean energy economy in a variety of applications, such as energy storage or as a clean fuel for transportation and other applications. In 2019, Exelon received a conditional commitment from the DOE to co-fund a demonstration of a hydrogen electrolyzer at a nuclear plant site. The project will demonstrate dynamic operation of an electrolyzer in a manner that paves the way for at-scale, electricity price-responsive, hydrogen production. In addition, it will supply hydrogen internally to the associated nuclear plant. Exelon anticipates launching the project in 2020, subject to DOE award negotiations.

Exelon engages in energy storage technology development through its strategy partnership with **Volta Energy Technologies**. Through Volta, Exelon has invested in four storage companies with transformational solutions relevant for the grid.

## Constellation Technology Ventures

In addition to our internal efforts around advancing a culture of technology and innovation, we are investing in emerging energy technology companies through Constellation Technology Ventures (CTV). CTV invests in growth-stage companies representing technological or business model innovations that could complement or disrupt Exelon's core businesses, with the goal of providing new solutions to Exelon's operating companies and our customers. Investments made by CTV encompass a range of themes, including electrification of transportation, distributed generation, energy storage, sustainability and intelligent building controls. Following investment, portfolio companies engage with the Innovation and CTV Commercialization team, a specialized group that facilitates commercialization of CTV investments and other new concepts within Exelon's business units. The following companies illustrate the range of technologies included in CTV's portfolio:

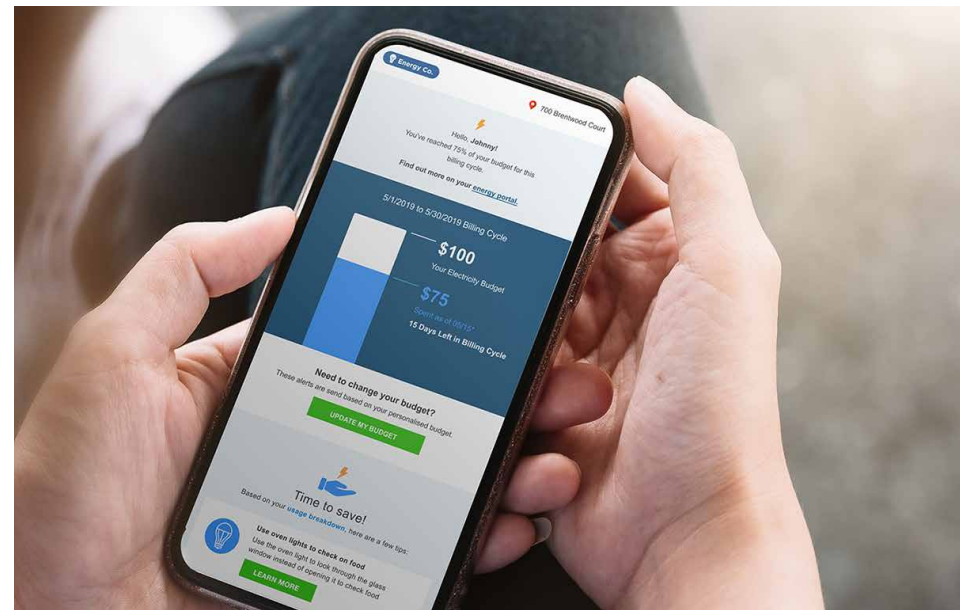
**LevelTen Energy** is a renewable energy procurement platform that reduces the cost, complexity and risk of power purchase agreements (PPAs) for corporate and industrial buyers. On the LevelTen Marketplace, buyers can access robust analytics on nearly every renewable energy project under development in North America and Europe, giving these buyers the data they need to enter into a PPA with the most value and least risk. To find the optimal project - or portfolio of projects - for its clients, LevelTen Energy engages its Dynamic Matching Engine, which uses data science to analyze the massive amount of data in the LevelTen Marketplace and find an ideal match between buyers and sellers. In addition, LevelTen Energy uses proprietary software to improve the procurement experience every step of the way, from soliciting RFPs to monitoring a PPA's performance once the project is online. The result is a vastly more efficient process for buyers and sellers. More information is available at <https://leveltenenergy.com/>.



LevelTen renewable energy performance monitoring dashboard.



**Bidgely** is an AI-powered SaaS Company that enables global utilities and energy retailers to create a hyper-personalized customer experience, provide greater business value for customer communities, enhance existing services for tech savvy or low/medium income customers, unlock energy savings and help utilities accelerate their transition to zero carbon. Bidgely's UtilityAI™ platform for hyper-personalization is the AI industry leader in energy disaggregation with over 15 energy patents. They are also a thought leader on how AI will transform the energy industry in the next three years. Utilities can use UtilityAI™ to transform multiple dimensions of customer data — such as energy consumption, demographic and social interactions — into accurate and actionable consumer energy insights. Bidgely leverages these insights to empower each customer with personalized recommendations tailored to their individual personality and lifestyle, usage attributes, behavioral patterns, propensity and beyond. From energy efficiency tips and electrification to EV chargers, solar PVs or Smart Thermostats, Bidgely UtilityAI™ recommends customized value-added products and services to customers as if they each had their own personal energy assistant. For more information, please visit [www.bidgely.com](http://www.bidgely.com) or the Bidgely blog at [bidgely.com/blog](http://bidgely.com/blog).



Bidgely empowers energy usage insights for customers.

**Vutiliti®** is an energy data company that created the first truly wireless, LoRaWAN® enabled, energy meter called the HotDrop™. Each meter is installed non-intrusively in less than two minutes without wires, batteries or the need to de-energize circuits. This new technology is cloud-connected for real-time access to energy data from the toughest and most remote sites. Because the HotDrop™ utilizes inductive power, it has no wires and can be deployed in the most difficult of environments. From HVAC units to refrigerators to conveyors and hundreds of other devices, the HotDrop™ device enables fast and easy measurement, monitoring and preventive maintenance of critical assets. Real-time data is available through APIs and web experiences for granular energy detail in homes, buildings, factories and even utility grids. The Vutiliti HotDrop™ is the most cost-effective metering solution on the market. HotDrops™ are built for the hardest conditions and are backed by a lifetime warranty. For more information, visit [www.vutiliti.com](http://www.vutiliti.com).



Vutiliti HotDrop™ wireless energy meters can be non-intrusively installed and are inductively powered.

**FOCUS AREA**  
 Maintaining operational  
 excellence, productivity  
 and efficiency

## Maintaining Operational Excellence, Productivity and Efficiency

Operational excellence at our regulated utilities and in our generation business is foundational for our company. Our 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 utilize 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.

### Regulated Utilities

Exelon’s utility management model focuses on the continuous pursuit of operational excellence in areas such as system reliability, customer service and safety. 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, reliability performance was mixed across Exelon’s utilities in 2019, due to an active storm season in the Mid-Atlantic States. Only ComEd achieved top quartile in both outage frequency and duration. There was a slip in performance by the other three companies, although BGE achieved top quartile in outage duration. Each utility continues to demonstrate outstanding performance in customer operations metrics: all achieved first quartile performance in service level and abandon rate and best-ever performance on our Customer Satisfaction Index (CSI). BGE, ComEd and PECO achieved top decile performance in CSI and best-ever call center satisfaction. PHI’s performance has improved significantly over the past three years, with a 2019 best-ever CSI, missing top quartile by only 0.01 points; PHI is executing well on its strategy.

In addition to performance driven by best practice sharing, we enhance performance over time through the deployment of innovations and technology on our systems, such as smart meters, as well as capital investment to modernize utility electric and natural gas T&D infrastructure.

### EXELON UTILITIES OPERATIONAL METRICS VS. INDUSTRY PEER GROUP (RESULTS COMPARED TO 2017 BENCHMARK)<sup>1</sup>

Operations	Metric	YTD 2019			
		BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate				
	2.5 Beta SAIFI (Outage Frequency)				
	2.5 Beta CAIDI (Outage Duration)				
Customer Operations	Customer Satisfaction				
	Service Level — Percentage of calls answered in <30 seconds				
	Abandon Rate				
Gas Operations	Percentage of calls responded to in <1 hour		No gas operations		

Performance Quartiles	Q1	Q2	Q3	Q4
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1 As Exelon has grown our portfolio of utilities over time, we have worked to identify, share and leverage best practices to drive operational excellence, productivity and efficiency across all of our utilities in order to advance clean, reliable and affordable energy systems for our customers and communities. Targets set for 2019 are established in 2018 using a 2017 benchmark.

Source: Adapted from Exelon 2019 Q4 earnings call materials.

### Exelon Generation

Exelon Generation continues to focus on operating power generation assets at world-class performance levels. We take pride in safely operating one of the most reliable power generation fleets in the country. Our nuclear, wind, solar, hydroelectric and battery storage plants represent over 21,000 MW of zero-emission electricity. Exelon Generation is the largest generator of zero-carbon power in the United States due to our generation technology investments, our methodical approach to operational excellence and investment in increased capacity at existing plants.

By operating our electric generating plants efficiently and working to make sure that they are available to meet demand, we are working to provide our customers with affordable, reliable and clean energy. In 2019, for the fourth year in a row, the Exelon-operated fleet achieved a capacity factor in excess of 94 percent, with production of 154,822 GWh (ownership share) and a best ever fleet capacity factor of 95.7. Our dispatch match — a measure of unit revenue capture when it is called on for generation — was 97.9 percent. Our utility-scale wind and solar energy capture rate was a record 96.3 percent. Our current wind fleet includes 721 utility-scale wind turbines operating at project locations across 10 states.

## OPTIMIZING OUR PORTFOLIO

	2017	2018	2019
Nuclear Capacity Factor <sup>1</sup>	94.1%	94.6%	95.7%
Dispatch Match <sup>2</sup>	98.8%	98.1%	97.9%
Fossil EFORD <sup>3</sup>	3.2%	5.4%	7.6%
Wind/Solar Energy Capture <sup>4</sup>	95.8%	96.1%	96.3%

1 Nuclear Capacity Factor: Capacity factor for the nuclear fleet excludes Salem. 2017 fleet capacity factor includes Fitzpatrick from acquisition date of March 31, 2017. 2018 fleet capacity factor reflects Oyster Creek operation prior to retirement on September 17, 2018. 2019 fleet capacity factor reflects TMI operation prior to retirement on September 20, 2019. Capacity factors reflect Exelon's ownership share.

2 Dispatch Match: Expressed as a percentage, dispatch match reflects fossil and hydro units' actual production, or capture of, revenue when they are called upon for generation. Factors that adversely impact dispatch match include forced outages, derates and failure to operate to the desired generation signal.

3 Fossil Equivalent Forced Outage Rate (EFORD): Measure of the portion of time a unit is in demand but is unavailable due to a forced outage.

4 Wind/Solar Energy Capture: The energy capture percentage is an indicator of how efficiently the installed assets capture the natural energy available from the wind and the sun. It is expressed as an energy-based fraction, the numerator of which is the energy produced by wind turbine generators or solar cells and the denominator of which is the total wind or solar energy available at the site during that time period.



The 242 MW Antelope Valley solar photovoltaic plant, Lancaster, California.

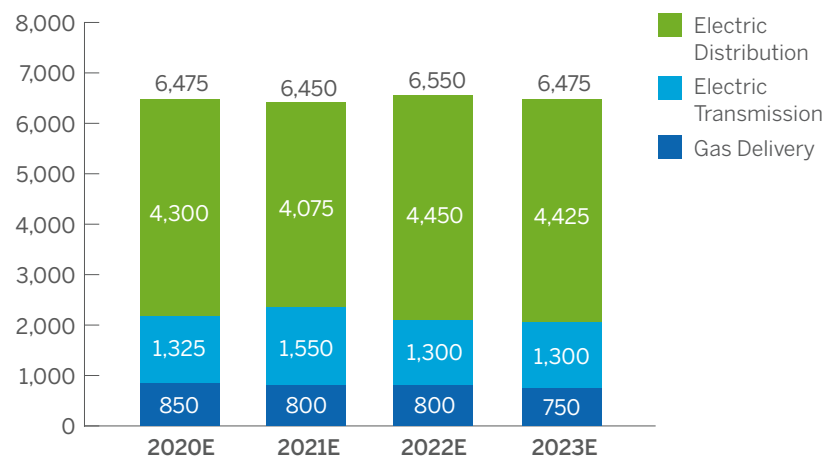
## Investing in Our Markets at Attractive Returns

### Regulated Utilities

Exelon invested almost \$5.5 billion across our regulated utilities in 2019 and plans to invest approximately \$26 billion from 2020 through 2023. 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. Of note, with the exception of ACE, Exelon's utilities

#### EXPECTED EXELON UTILITIES CAPITAL INVESTMENTS<sup>1</sup>

dollars in millions



Source: Adapted from Exelon 2019 Q4 earnings call materials. Please consult Exelon's Investor Relations [website](#) for any updates issued during 2020 quarterly earnings calls.

<sup>1</sup> Numbers rounded to nearest \$25M and may not add due to rounding.

have completed their investments in smart meter technology. We discuss the details and results of past investments in some of these areas in more detail in the [Creating a Smarter Power Grid](#) section of this report. We upgraded more than 10 million smart electric and gas meters across Exelon utilities, enabling a wide range of system and customer benefits. From an operational perspective, these new meters allow the utilities to remotely connect or disconnect service, provide enhanced information to help identify and 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 usage.

Due to the structure of our industry, Exelon's utilities are generally unable to directly invest in and own power generation resources. However, our utilities use other means to enable renewable energy investment and deployment in our service territories by third parties. For example, we are deploying smart meter technology to integrate local generation and making other physical grid improvements. As described in the [Green Power Connection](#) section of this report, Exelon's utilities enabled more than 103,000 customers to connect 1,232 MW of local renewable generation to the emerging smart grid. We continue to work on ways to assist customers in connecting local resources to the grid.

Our utilities used 10 million RECs and alternative energy credits to meet state renewable energy requirements last year, supporting the deployment of renewable energy resources in the regions where we operate. Exelon's utilities are also evaluating potential actions to evolve their business models and state regulatory frameworks so they can play an even more significant and central role in enabling renewable energy integration into the emerging smart grid.

Additional investments in our utilities aim to make our existing infrastructure more resilient. We describe these efforts in detail in the [Customer Service and Reliability](#) section and [Natural Gas Emissions Reductions](#) section in this report.



## CAPITAL GRID PROJECT

In August 2019, the Public Service Commission of the District of Columbia approved Pepco's proposed Capital Grid Project (Phase I). Phase II was approved in December 2019.

The Capital Grid project is a forward-looking plan designed to strengthen the resiliency and reliability of the District's energy grid by modernizing two substations, building an additional substation and installing a 10-mile underground 230-kilovolt transmission line in the District of Columbia. The project allows Pepco to increase system capacity, update aging infrastructure and network the system for greater resiliency and alternative pathways of power — which are all long-term benefits meant to better serve customers across the Capital Region. Specifically, the project will enhance the grid and better serve customers in the following ways:

**Enhanced Service** through new infrastructure that will reduce the strain on surrounding areas, improving service for customers.

**Stronger System** through enhancements that will lessen the impact and speed recovery from storms and other emergencies.

Source: Economic benefits analysis relies on IMPAN, an economic modeling and software data package.

**Added Capacity** through a more robust energy grid to handle energy needs, as the District experiences rapid residential and commercial development.

**Economic Support** through increased opportunities for minority, women, veteran and disabled local businesses and contractors to support project work as we energize local communities where we live and work.

We estimate the construction of the Capital Grid Project to create 766 full-time jobs and \$85.7 million in GDP economic benefits to the District of Columbia economy over the construction period. In Maryland, we estimate the construction of the project to create 1,500 jobs and \$133.2 million in GDP economic benefits over the construction period.

This results in an estimated combined impact of approximately 2,265 jobs and \$220 in GDP economic benefits from the project in the District of Columbia and Maryland. Total estimated federal and state tax benefits will be \$62 million.

This project enables the integration of distributed energy resources on the electric distribution system, which aligns with the clean energy goals of the District of Columbia.

## Investments in Generation

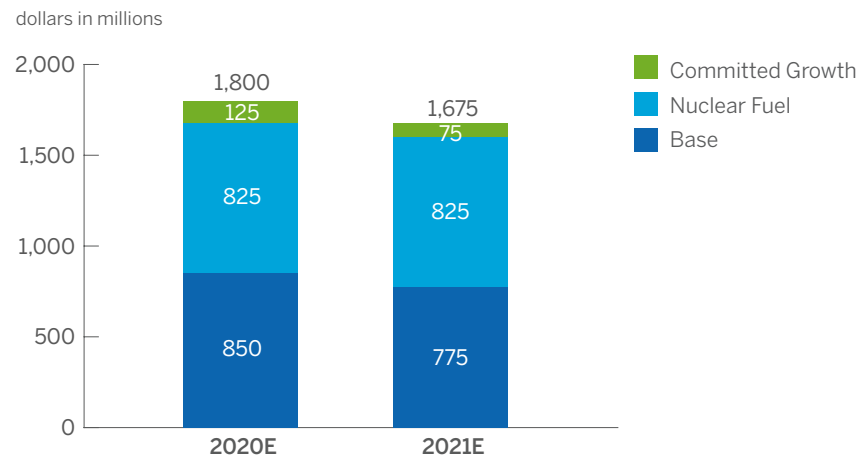
Exelon Generation's capital deployment focuses primarily on investments that support and improve our existing plants' ability to generate electric power efficiently, cleanly and reliably. This focus is due to low market demand for new power generation resources and Exelon's current focus on higher-return utility growth opportunities.

During 2019, Exelon Generation's 200 MW Medway Peaker Project in Massachusetts entered commercial operation. This new simple-cycle generation facility utilizes two state-of-the-art General Electric LMS100 combustion turbine-generators to power up to 200,000 homes. With its rapid start technology, the plant can

achieve full output within 10 minutes (versus several hours for a thermal baseload plant), providing ideal responsiveness to balance variable wind and solar energy resources. This project will provide the town of Medway with \$75.2 million in tax payments over 20 years, in addition to other payments.

Unfortunately, some nuclear plants across the country continue to face significant economic challenges. Exelon Generation retired Three Mile Island Unit 1 prematurely in September 2019 because Pennsylvania failed to enact a policy solution to recognize the value of zero-carbon resources.

## EXPECTED EXELON GENERATION INVESTMENTS<sup>1</sup>



Source: Adapted from Exelon 2019 Q4 earnings call materials. Due to uncertainties about the PJM auction process, Exelon is currently not forecasting capital spend at Exelon Generation for 2022–2023. Please consult Exelon's Investor Relations [website](#) for any updates issued during 2020 quarterly earnings calls.

<sup>1</sup> Numbers rounded to nearest \$25M and may not add due to rounding.

Exelon Generation remains committed to the safe, long-term operation of its nuclear plants and has obtained initial 20-year operating license renewal extensions (extending the total license term to 60 years) for all of its operating nuclear units, except for Clinton Power Station. The company intends to apply for an initial 20-year renewal for the Clinton unit no earlier than the first quarter of 2024. Additionally, on July 10, 2018, Generation submitted a second 20-year license renewal application to the Nuclear Regulatory Commission (NRC) for Peach Bottom Units 2 and 3 that would extend their retirement dates to 2053 and 2054 respectively. On March 6, 2020, the NRC granted Generation this plant license extension, enabling the plant to continue producing carbon-free electricity for over 2.7 million homes and businesses through 2054. Exelon Generation and EDF are currently in negotiations for Exelon to acquire EDF's 49.99 percent share of the CENG facilities (Nine Mile, R.E. Ginna and Calvert Cliffs nuclear plants).




## NET POWER—DEVELOPMENT OF NEW ZERO-CARBON TECHNOLOGY SOLUTIONS





Exelon constantly seeks new technologies to provide customers with low-carbon energy solutions. One example is the NET Power project, located in LaPorte, Texas. The project uses Allam-Fetvedt Cycle technology to combust natural gas with pure oxygen and uses high-pressure supercritical carbon dioxide (sCO<sub>2</sub>) as a working fluid to drive a combustion turbine. The NET Power plant technology produces a high-quality, high-pressure CO<sub>2</sub> byproduct that is ready for pipeline transportation and storage. In many locations, we could sell this CO<sub>2</sub> for use in enhanced oil recovery, permanently sequestering the CO<sub>2</sub> and providing significant added value to future plants that use this technology. In March 2016, NET Power, Exelon Generation, McDermott and 8 Rivers Capital broke ground on a 50-MWth plant to demonstrate sCO<sub>2</sub> cycle technology. This technology offers higher density and competitive thermal efficiencies versus conventional steam- and gas turbine-driven power generation technologies without producing atmospheric emissions. Construction of the demonstration project was completed in 2017 and combustor testing and Balance of Plant startup completed in August 2018. The turbine testing phase began in November 2018 and we achieved first fire with the integrated turbine and combustor in December 2018. We will complete the turbine testing phase in 2020. In November 2018, the NET Power project received the 2018 Breakthrough Technological Project of the Year award at the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC). ADIPEC is one of the world's largest and most influential oil and gas events. More information is available at [www.netpower.com](http://www.netpower.com).

# Exelon Priority SDGs

Exelon's business strategy focus areas align significantly with the United Nations SDGs. As an energy company, our main contribution to achieving these global

goals is prioritizing new technologies and systems that enable clean and efficient energy use. The adjacent table depicts the three most relevant SDGs for Exelon and how our four business strategy focus areas link to these SDGs, with specific actions that we are taking that support the targets associated with each SDG.

Three SDGs Where Exelon's Business Strategy is Having the Greatest Impact	Exelon Business Strategy Focus Areas	Business Strategy Linkage to SDGs	Key Actions
	<b>FOCUS AREA</b> Evolving our business models and regulatory and market structures	Exelon is focused on providing <b>clean, reliable and affordable power</b> for our customers. New technologies are enabling a transformation of the power grid to allow for two-way power flows and integration of distributed energy into the integrated system. As technology enables different uses for the power grid, Exelon is engaging stakeholders to envision the energy system of the future. In some cases, to enable optimum results for our customers and communities, we need to work with policymakers to update regulatory frameworks that may no longer be optimal as new technologies have emerged or customer expectations have evolved. We also continuously review our business models to respond to emerging opportunities. Through these actions, we ensure that Exelon remains relevant with customers and communities and their objectives for energy and that we are supporting the SDG's objectives for affordable and clean energy.	<ul style="list-style-type: none"> <li>Exelon implements <b>Connected Communities</b> vision to drive our utilities' evolution into the next generation energy company. This model seeks to: modernize for reliability, promote system resilience and security, support customer choice, integrate distributed energy into the grid and promote the use of clean energy. This includes the use of decarbonized electricity in industrial, commercial and residential applications to drive additional, net GHG emission reductions across the economy.</li> <li>Exelon works with policymakers to <b>support state and federal clean energy and climate change goals</b>. Objectives include creating a price on carbon to properly value the contribution of zero- and low-carbon resources in climate mitigation.</li> <li>As an energy supplier in competitive markets, Constellation develops new programs to meet emerging customer needs. For example, <b>Constellation's CORE</b> product allows commercial and institutional customers, interested in using renewable energy, to leverage Constellation's size, scale, scope and expertise to receive tailored solutions that can involve physical on-site renewable energy and/or renewable energy sourced from market.</li> </ul>
 	<b>FOCUS AREA</b> Advancing a culture of technology and innovation	Exelon is working to identify, develop and embrace <b>new technologies</b> and <b>innovative</b> approaches to design products and services that benefit customers. We have created a technology ecosystem under which we are engaged internally with our own employees and externally with academia, government and community entrepreneurs at all levels of technology development, from early investigation through mainstream execution. What we are learning is being applied in a variety of ways, including investment in grid operations to drive efficiency and flexibility, to enable new customer actions and programs and to create entirely new lines of business and business ventures. Under our <b>Connected Communities</b> vision, our utilities are working on projects that customers are interested in, such as energy efficiency, local renewable generation and electric vehicle charging.	<ul style="list-style-type: none"> <li>Exelon has created an ecosystem to foster innovation and manage all phases of emerging technologies.</li> <li>Exelon has established a series of internal groups to identify, foster and develop emerging technologies. These include: <b>TechEXChange</b> which explores new technologies; <b>Partnership R&amp;D program</b> which works with universities; <b>Exelorate Growth</b> which advances employee ideas for new technologies; and <b>Exelorate Efficiency</b> which drives operational efficiency.</li> <li><b>Constellation Technology Ventures (CTV)</b> invests in emerging technologies such as electric vehicles and buses, EV charging, energy efficiency, residential solar, renewable energy and other beneficial technologies.</li> <li>The Exelon Foundation and Exelon support the <b>2c2i initiative</b> to drive entrepreneurial investment in new technologies in Exelon's service areas that have a climate change benefit.</li> <li>Exelon utilities work to enable distributed renewable energy through their <b>Green Power Connection</b> programs, to enable energy efficiency through their <b>Smart Usage Rewards Program</b> and to enable <b>electric vehicles</b>.</li> </ul>

Three SDGs Where Exelon's Business Strategy is Having the Greatest Impact	Exelon Business Strategy Focus Areas	Business Strategy Linkage to SDGs	Key Actions
 	<b>FOCUS AREA</b> Maintaining operational excellence, productivity and efficiency	<p>Operational excellence at our power generation facilities and across our transmission and distribution systems is focused on producing and delivering energy as efficiently as possible, resulting in more <b>affordable energy</b> and <b>lower greenhouse gas emissions</b> per unit of energy produced and delivered. Exelon also strives for operational excellence in maintaining a highly reliably electric and gas distribution system, with an increasing focus on resiliency in response to the effects of climate change on the natural environment, including increased weather extremes and sea level rise. These processes also consider how the grid may need to respond to changes in energy demand caused by both the physical effects of climate change as well as policy responses to climate change.</p>	<ul style="list-style-type: none"> <li>Over 88 percent of the electric output from Exelon owned power generation is from zero-carbon nuclear or renewable energy, enabled by industry-leading nuclear capacity factors. Our capacity factors averaged over 94 percent for the last four years, with a record nuclear capacity factor of 95.7 percent in 2019 that avoided 84.7 million metric tons of GHG emissions.</li> <li>Exelon utilities' energy efficiency programs saved customers 22.3 million MWh in 2019 and avoided almost 8.7 million tons of GHG emissions.</li> <li>93.4 percent of Exelon utility customers have <b>electric smart meters</b> that allow greater customer participation in the energy system and enhance power grid operational capabilities.</li> <li>The use of smart meter technology has helped us avoid 743,000 service truck trips for basic services such as turning customer power on and off, reducing our GHG emissions footprint and saving man-hours.</li> </ul>
 	<b>FOCUS AREA</b> Investing in our markets at attractive returns	<p>Exelon's capital investments focus primarily in our utilities and relate to opportunities to improve the reliability and resilience of our systems, including against the physical effects of climate change. Our investments focus on making the grid work for our customers by enabling two-way power flows, distributed renewable energy resource integration and <b>advanced smart meter technology</b>. Additionally, through our Constellation business, we also work to help commercial and institutional customers deploy renewable energy resources and competitive retail customers to buy renewable energy products.</p>	<ul style="list-style-type: none"> <li>Exelon plans to spend \$26 billion between 2020 and 2023 across our utilities to support our <b>Connected Communities</b> vision, including investments in resilience.</li> <li>Exelon is currently updating its views on <b>business transition risk management</b> and <b>business adaptation risk management</b> related to climate change and our future investment strategies.</li> <li>Constellation invested in <b>commercial solar</b> and had 417 MW of commercial solar operating at over 620 sites in 15 states and the District of Columbia by the end of 2019.</li> </ul>

## Going Forward

Exelon's business strategy focuses on creating value for customers and building economically vibrant communities that enable a sustainable future. Today, we remain centered on operational excellence and low-carbon resources to deliver clean, reliable and affordable power and energy delivery systems. In the long term, we are working to embrace the possibilities of innovation, technology and new business models to help us create the connected communities of the future. We will continue to work collaboratively with our stakeholders to define

and implement a shared vision for a system of connected communities and to anticipate emerging needs, such as offering better support and aligning our actions with the shared objectives of the UN SDGs to create a more sustainable future. Going forward, we understand that our business strategy must create both economic and social value for the communities that we serve. Continuous dialogue with key stakeholders, including our customers, business partners, governments and investors is critical to supporting Exelon's long-term success and value for those that we serve.



The background image shows two utility workers in yellow hard hats and safety gear working on a high-voltage power line tower. They are using white bucket lifts. The scene is outdoors with trees in the background. A large blue rectangular box is overlaid on the left side of the image, containing white text. The text is arranged in a title and a bulleted list. There are several small, colorful dots (orange, green, blue, white) scattered across the bottom and right side of the image.

## Rising to the Challenge of Climate Change

- Achieved 2019 interim milestone and on track to achieve a 15 percent reduction in operations-driven emissions by 2022
- Used scenario analyses to better understand timelines and technologies, support advocacy for carbon pricing and drive innovation and funding for businesses that support clean energy transition
- Integrating climate change vulnerability assessments into infrastructure planning processes and working to develop a framework for proactive resiliency efforts



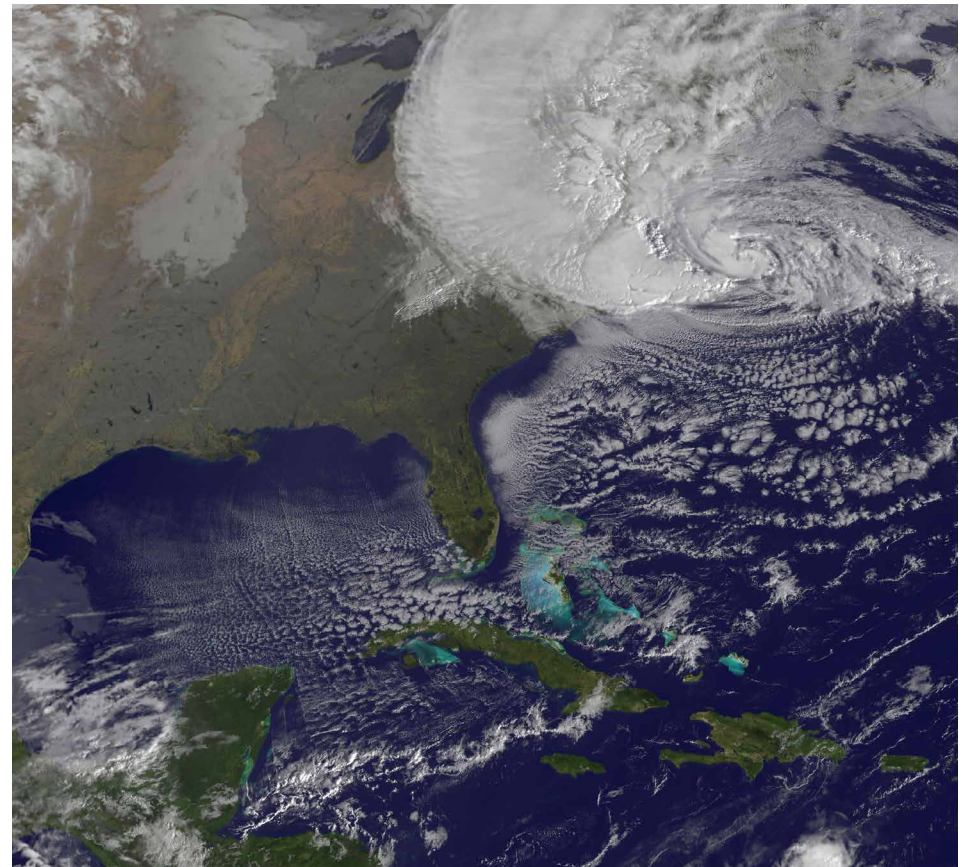
Climate change is one of the most serious global challenges facing society today. Exelon contributes to addressing climate change by reducing our own emissions, helping customers reduce their carbon footprints, advocating for clean energy policies and investing in a more resilient low-carbon energy system.

The pace at which we transform our energy use towards carbon-neutrality will impact climate conditions for future generations. The physical changes that are occurring as a result of past GHG emissions will continue for decades to come due to their long life in the atmosphere. Therefore, we need to both eliminate future GHG emissions and prepare for the unavoidable physical impacts already occurring. At Exelon, we manage climate change impacts and risks as an integral part of our business and we continue to be a leading supporter of non-emitting energy and climate change action.

## Our Record on Climate Change Action

Exelon's business strategy is based on delivering clean, affordable and reliable electric generation to our customers. Since our inception in 2000, Exelon has maintained a strong leadership position on the need to reduce carbon emissions in our industry and across the national economy.

Our two primary businesses — Exelon Utilities (regulated electric and natural gas utilities) and Exelon Generation (merchant electricity generation) — have already been reducing emissions and positioning themselves for success in a low carbon economy. We successfully completed our two prior GHG emission



As Exelon advocates for policy solutions to reduce GHG emissions, we are also working to enhance system resilience in response to the increasing impacts of climate change.

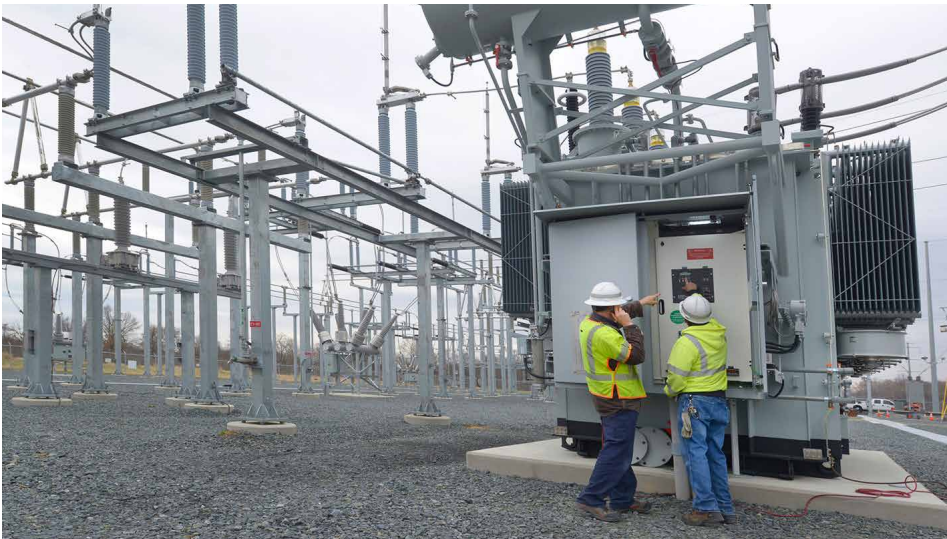
Photo credit: NASA Goddard Space Flight Center

reduction goals under the U.S. Environmental Protection Agency (EPA) Climate Leaders and Exelon 2020 programs. We are currently pursuing an internal GHG emission reduction goal to reduce operations-driven emissions by 15 percent from 2015 levels by 2022, as we also continue to expand our efforts to support our customers and communities in their carbon reduction efforts. On the utility side of our business, we focus on minimizing emissions from utility operations and educating customers on efficient energy use. For our generation company, we work toward retiring higher emitting sources, while also increasing our zero-carbon generation and encouraging customers to specify cleaner generation in

their electricity purchases. Through the combined efforts of all our companies, we reduced, displaced or avoided nearly 100 million metric tons of U.S. electric sector emission each year from 2005 to 2020.

The Exelon utilities have also made, and are continuing to make, substantial investments in the energy delivery system as part of our **Connected Communities strategy**, enhancing reliability and resilience and creating a platform to connect customers with emerging technologies that reduce their carbon footprints. Exelon plans to invest an additional \$26 billion in utility infrastructure from 2020 to 2023, of which over \$4 billion relates to projects that have a co-benefit of also increasing resilience.

As an organization, we are working to understand how the physical impacts of climate change could affect our customers and operations. We collaborate with organizations such as the National Oceanic and Atmospheric Administration (NOAA) to support our understanding of the potential climate change risks and opportunities facing our organization, our cities and communities. We work with other experts and peers to analyze potential decarbonization pathways to inform how our evolving business strategy can both help drive progress and position our company for business success in a low carbon future.



Delmarva Power Carville Substation, Carville, Delaware. Part of the Exelon utilities planned investments in transmission and distribution systems to enhance grid reliability and resilience.

## Aligning Our Reporting with the Task Force on Climate-related Financial Disclosure (TCFD)

This climate change discussion follows and aligns with the TCFD guidance to inform our investors and other stakeholders on the climate-related issues that may impact our business and communities. This format helps us explain our process to respond to these challenges meaningfully and comparably in context with our peers and growing expectations for transparency.

EXELON'S CLIMATE CHANGE RESPONSE	
<p><b>GOVERNANCE</b></p> <p>Oversight of climate-related risks and opportunities</p>	<p>Exelon maintains a Climate Change Policy to establish support for actions at the highest level of the company and to ensure employees understand the company's position on the issue and our areas of focus.</p>
<p><b>STRATEGY</b></p> <p>Advancing business strategy through climate change scenario analysis</p>	<p>As part of the electric sector, we recognize that issues of climate change are fundamental to our business and are incorporating them into our considerations for short-, mid- and long-term planning.</p>
<p><b>RISK MANAGEMENT</b></p> <p>Identifying, assessing and managing climate-related risks</p>	<p>Exelon will continue to incorporate climate change issues into our existing, already robust, risk management and systems planning processes.</p>
<p><b>METRICS AND TARGETS</b></p> <p>Metrics used to assess our efforts are in with our strategy</p>	<p>Exelon will continue to measure our GHG emissions, establish long-term goals and report on relevant performance indicators.</p>

## GOVERNANCE

Oversight of climate-related risks and opportunities

### Governance: Oversight of Climate-related Risks and Opportunities

The Exelon Board's Corporate Governance Committee oversees the company's strategy and performance for addressing sustainability and environmental issues, including climate change. We maintain a [Climate Change Policy](#), adopted and first published in our CSR in 2015, which establishes our corporate position on this issue.

Our Senior Vice President of Corporate Strategy and Chief Innovation and Sustainability Officer is responsible for supporting senior leadership with setting priorities and performance goals for addressing climate change, overseeing the implementation of our climate change efforts and reporting to the Corporate Governance Committee at least annually. The Corporate Sustainability team has been brought together with the Corporate Strategy and Innovation team, which helps ensure that the business strategy reflects the most current views on relevant climate-related issues and the other sustainability interests of our stakeholders. The strategy, innovation and sustainability teams advise senior leadership on how climate change considerations may affect our business and

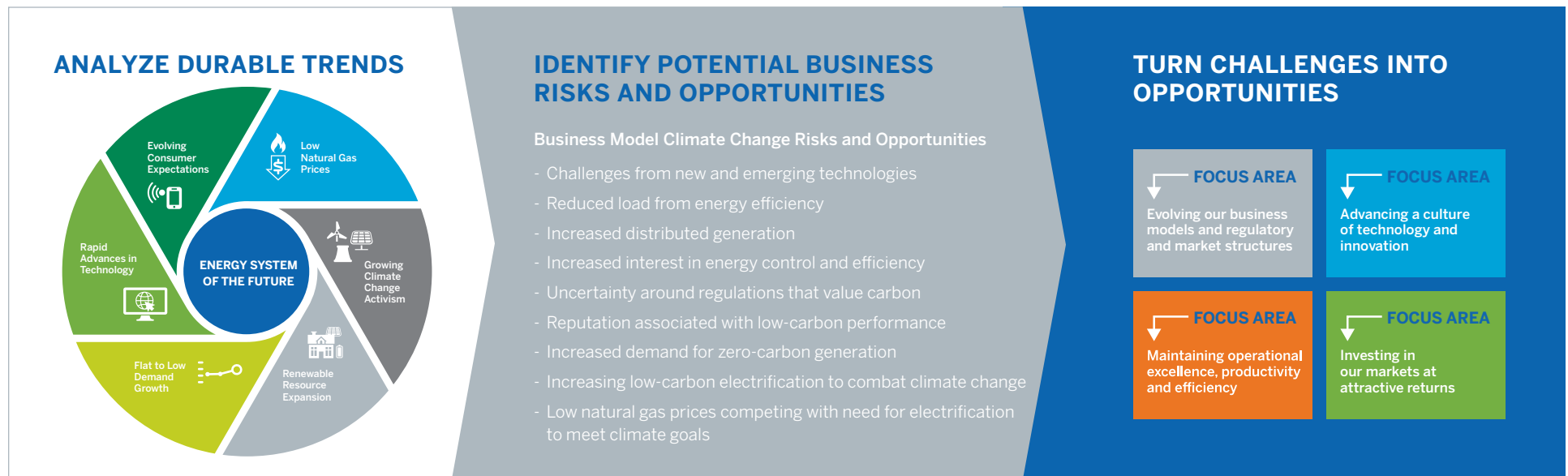
relate these impacts to other industry trends that drive our overall strategic business planning. These teams also work collaboratively throughout the company to help integrate a focus on resilience and decarbonization into new products and initiatives. On a quarterly basis, we communicate progress on our GHG mitigation goal and clean generation performance to our executives. Clean generation performance (top-in-class nuclear capacity and renewables energy capture rate across our fleet) is tied to executive compensation.

## STRATEGY

Advancing business strategy through climate change scenario analysis

### Strategy: Advancing Business Strategy through Climate Change Scenario Analysis

Being a low-carbon energy company is an important part of our company identity. Our business strategy addresses wholesale, industrial, commercial and residential customers' expectations of reliable and affordable production and delivery of clean power. As such, we focus on advancing public policy and technological innovation that shape the grid of the future. Our actions to address climate change align with [UN SDG 13: Climate Action](#).





Action to address climate change risks and opportunities is integral to our **overall business strategy**. We identified climate change as one of the six durable industry trends shaping our industry. From potential load changes from carbon mitigation efforts (short term reductions from energy efficiency and increased demand because of electrification) to increased interest in distributed low carbon generation, to potential asset damage or population shifts due to changing climate conditions, we thoroughly consider the impacts of climate change in our strategy.

Exelon performs scenario analyses to better understand how climate change could affect the energy economy, customers and communities where we operate. All scenarios suggest a varying degree of potential impacts for society and the energy sector and present opportunities and risks for Exelon's competitive hybrid model. Our business will be impacted regardless of whether the world continues with business as usual, or begins to collectively mitigate greenhouse gases, either of which could be exacerbated by extreme physical climate changes. There is a wide range of preferences and expectations about what is required to achieve future outcomes, including whether it is an 80 percent reduction by 2050, limiting global temperature rise to 1.5 degrees Celsius or going carbon negative.

Across any potential solution, it is clear that zero-carbon solutions are necessary as soon as possible to avert the most severe impacts of climate change.

Incorporating climate change scenario analysis into our business strategy ensures that as we focus on the durable trends that impact our strategy today, we also consider the evolution of these durable trends under different climate change related conditions. We are looking at a range of scenarios, as informed by the International Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP), where the U.S. energy system has successfully transitioned to minimize climate change (RCP 4.5, which focuses on limiting average global temperature increase to two degree Celsius, referred to as "2C"); as well as scenarios that focus on continued high emissions, where our communities and assets must adapt even more to endure more impactful and potentially destructive climate changes (RCP 8.5, which focuses on limiting average global temperature increase to four degree Celsius or less, referred to as "4C").

An economy-wide perspective is critical for successful decarbonization. Our analysis includes all of the U.S. and all sectors of the economy. We have partnered

### CLIMATE SCENARIOS UNDER EXPLORATION BY EXELON

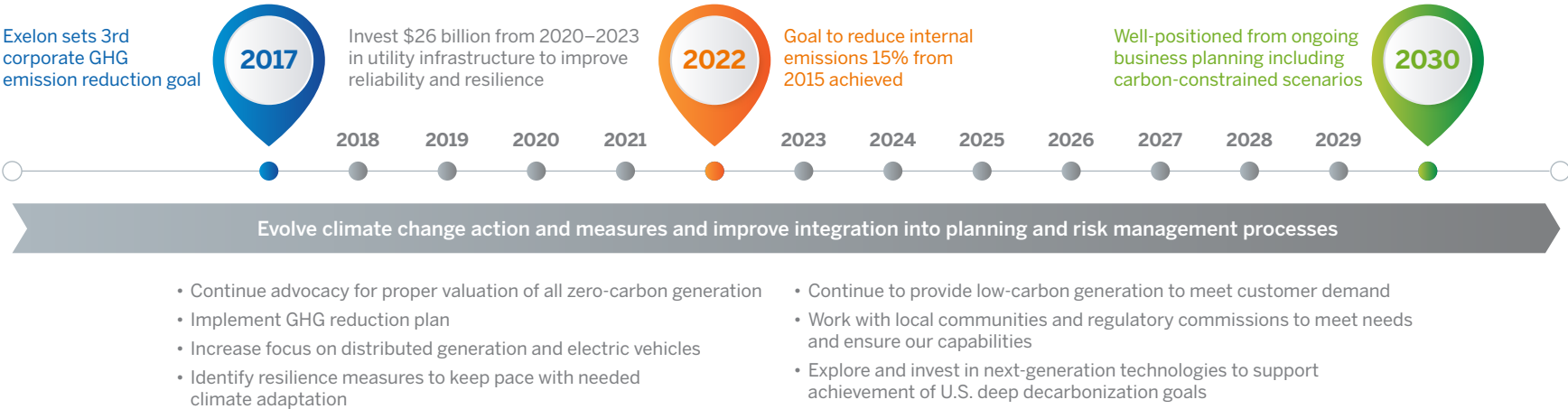
	Business As Usual	80% Reduction	Carbon Neutral	Carbon Negative
IPCC Data Set	RCP 8.5 4C by 2100	RCP 4.5 2C by 2100	RCP 4.5 2C by 2100	RCP 4.5 2C by 2100
Level of GHG Mitigation by 2050	Current or proposed regulations only	High electrification with limited carbon capture and Storage (CCS) & hydrogen (H2)/biofuels and 95% emissions reduction for the electric sector	High electrification with wider adoption of Industrial CCS, H2 and/or biofuels and a Zero-carbon electric generation	Carbon Neutral scenario plus biofuels with CCS & Direct Air Capture (DAC)
Sensitivities	With and without physical effects of climate change temperature impacts	Same demand side with electric generation goal achieved with renewables only	Same demand side with electric generation goal achieved through 100 percent renewable energy	High DAC scenario, off-grid where electric sector takes on less burden

with experts in climate science and technology to consider the extent and speed at which end-use sectors must transition to zero-carbon energy. Similarly, we are exploring how different end-use sector responses affect the role of the electric sector in meeting increased demand levels, changing load shapes and different requirements for GHG emissions reductions. More specifically we look at end-use demand and equipment turnover rates and draw insights on what transition barriers (social, technological or economic) exist in key sectors and what policies and technologies could accelerate the pace of change. Our customers and communities have stated ambitions for carbon neutrality and have expectations for how electricity supply sources meet those necessary electricity demands. We consider how these goals and expectations align with what is necessary for a successful transition. Considering all stakeholder perspectives and factors informs our understanding of potential market size, considerations for investment in new or emerging zero-carbon technologies and the parts of our current business that may need to transition in the future.



Exelon's utilities are enabling electrification of the economy through partnerships such as PECO's work with SEPTA and Proterra to deploy electric buses in Philadelphia.

**EXELON CLIMATE CHANGE STRATEGY IMPLEMENTATION THROUGH 2030**



Through the combined insights from a variety of scenarios and considering the current business and regulatory environment, Exelon is currently focused on integrating the following short-, mid-, and long-term climate change imperatives into our overall business strategy:

### CLIMATE CHANGE CONSIDERATIONS IN EXELON'S BUSINESS STRATEGY

Timeframe	Mitigation Action	Resiliency Action
Short-term (through 2025)	Reduce emissions within our operations and the electric sector by maximizing the amount of zero-carbon generation that we supply to the grid (2022 GHG Reduction goal and Annual Nuclear Capacity Factor Target to maximize zero-carbon generation).	Invest \$26 billion from 2020–2023 in utility infrastructure to improve reliability and resiliency in response to emerging climate change considerations. This includes developing <a href="#">Green Power Connection</a> approaches and platforms to assist and enable deployment of distributed residential and commercial renewable energy in our utility service areas.
Mid-term (2025–2030)	Drive electrification of transportation in our service territories, such as by installing charging infrastructure and metering options.  Support the establishment of economy-wide carbon policy to enable the transition of the electric grid to be zero-carbon. See the <a href="#">Beneficial Electrification</a> section of this report for more information.	Improve the connection between climate projections and infrastructure performance and support the evolution of sector infrastructure standards to better reflect that connection. See the <a href="#">Public Policy</a> section for more information on our efforts with peer and industry groups and state and federal agencies to drive consensus-driven approaches.
Long-term (2030–2050)	Continue to monitor the business and climate environment to maximize our business development and investments to drive GHG mitigation and physical climate change adaptation in the most cost-effective manner for the communities that we serve. Specifically, invest in R&D and start-up businesses that support a transition to a low-carbon and climate change resilient economy. This will be measured by our 2c2i program goal for climate impact investment discussed further in the <a href="#">Partnering with Our Communities</a> section of this report.	

RISK  
MANAGEMENT

Identifying, assessing  
and managing  
climate-related risks

### Risk Management: Identifying, Assessing and Managing Climate-related Risks

Exelon views potential climate-related risks and opportunities in two main categories:

- 1) Transition Risks: Changes to the energy systems as a result of new technologies, changing customer expectations and/or emerging GHG mitigation goals and regulation; and
- 2) Adaptation Risks: Physical climate changes and how these may manifest as changes to current weather patterns.

We explore how these risks may impact our existing assets in their current lifespan. We also look more broadly throughout the energy sector to explore new opportunities and technologies and to also better understand areas of our business that may not succeed in an evolving future.

#### Transition Risk Management — Emerging Climate Change Policy and Economies’ Response to Climate Change

Transition risks depend on technology development and cost, consumer response, the evolution of power markets and future regulatory structures. Companies’ choices depend on a combination of these factors; therefore transition risks are inherently uncertain. There are many possible pathways to achieve the emission reductions necessary to support a 2C outcome by 2050. Each pathway requires broad actions and consideration of the implications of the use of different technologies or approaches at the scale required to transition the economy. Timely, meaningful and effective policy measures are an imperative to coordinate sectors through such a transformation.

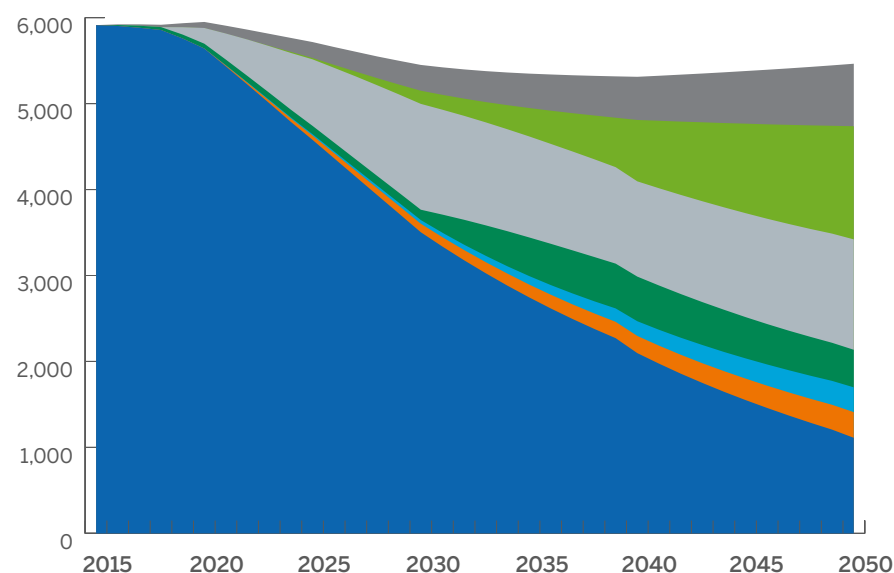
Electrification, coupled with simultaneous decarbonization of electric generation, is a pathway to emissions reduction. Exelon can play a role in both the necessary growth in distribution and expansion of carbon-free generation associated with this pathway, creating an opportunity for our businesses. Electrification plays a strong role in Exelon’s analysis as well as most successful decarbonization

## EXPLORING ENERGY SYSTEM TRANSITIONS

We looked at the U.S. and all sectors of the economy to examine potential implications of decarbonization. Below is a representative example of a potential energy system transition pathway to achieve a 2C by 2050 outcome, with representative interim 2030 actions that would be needed to achieve deep decarbonization across the economy by 2050.

### Needed Emissions Reduction Over Time

million metric tons GHG emissions



### Needed Adoption Rates by 2030 for a Decarbonized Future

Examples of levels and types of actions needed under each category (does not show all actions)	Current	2030
Residential Efficient Building Shell	unknown	~100%
Commercial Efficient Building Shell	unknown	60%
Light Duty Vehicle (LDV) Electrification	<1%	60%
Medium Duty Vehicle (MDV) Electrification	~0%	30%
Heavy Duty Vehicle (HDV) Electrification	~0%	10%
Residential Heat Pump Conversion	18%	60%
Commercial Heat Pump Conversion	10%	30%
Industry Electrification	0%	15%
% Zero Carbon Electric Generation	12%	~60%
Industrial Carbon Capture and Storage (CCS)	30	50
Bio-gas Blending in Natural Gas Supply	3.8%	8–50%
% Hydrogen (H2) in Transportation	0%	2%



pathways published by peers and academics. However, there are barriers to achieving decarbonization solutions which need to be removed to fully achieve this transition pathway. Electrification must become more economically attractive. There are technology barriers associated with electric vehicle range and charging infrastructure. Electricity markets do not properly value zero-carbon attributes of generation. Exelon engages in identifying and pursuing electrification opportunities for customers as part of its medium- and long-term business strategy through its [TechEXChange](#), [R&D Investments](#), [Exelorate Growth Board](#) programs like STEER and [CTV electric transportation investments](#). The Constellation group focuses on distributed renewable generation programs for customers and new environmental attribute products, such as RECs and Emission-Free Energy Certificates (EDECs), that support zero-carbon renewables and nuclear on the grid. Exelon, in partnership with the Exelon Foundation, funds start-up businesses in our utility territory that support GHG mitigation and climate change resilience efforts in those communities. This [2c2i partnership](#) hopes to fuel additional development of a low-carbon, climate-resilient economy.

Emissions avoided by our existing nuclear generation fleet are also a key part of any deep decarbonization solution. Without the current amount of zero-carbon electricity generation supplied by nuclear generation, new zero-carbon renewables are not enough to lower U.S. electric sector emission rates. This informs our short-term business strategy by increasing the importance of policy advocacy and market reform to prevent pre-mature retirement of nuclear units. One way we promote a sensible national approach to mitigating climate change is through our membership in [Climate Leadership Council \(CLC\)](#), which we joined in 2018 as a founding member. The objective of the CLC is to implement a national carbon dividend system to meaningfully reduce nationwide emissions while protecting the most vulnerable citizens.

Exelon uses this information, and the position of our business, to break down barriers to implementation and invest in pilots or demonstration projects for emerging opportunities. An example is our recent [partnership with the DOE](#) to explore the production of hydrogen at our nuclear power plants.

## ***Adaptation Risks Management — Physical Environment Changes Driven by Climate Change***

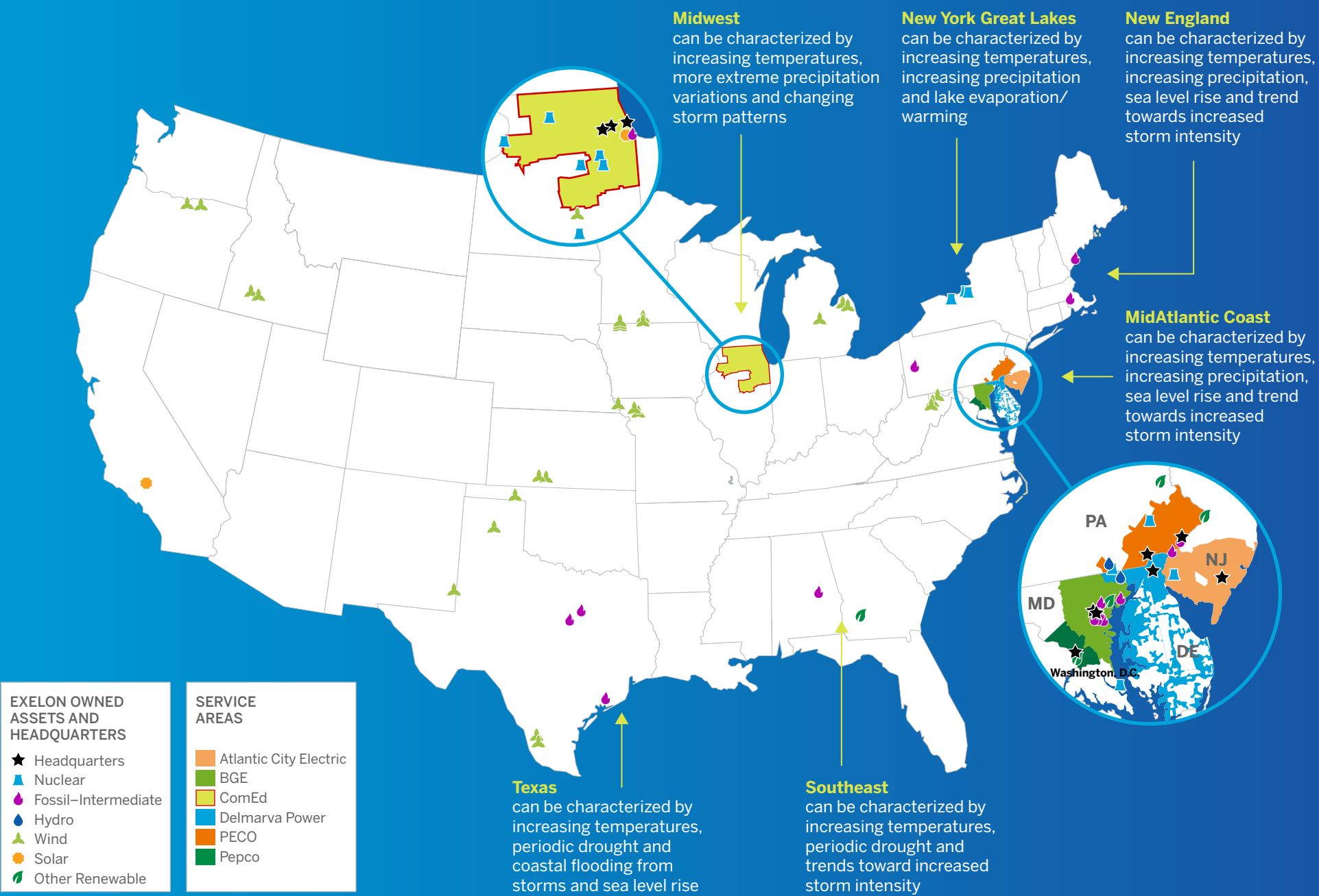
The science of climate change is compelling and the evidence of physical damages is clear. However, the exact extent of how these changes will occur at a local level presents some uncertainty. Accordingly, along with our focus on GHG mitigation, Exelon began looking into physical climate change data available from NOAA and the IPCC emissions scenarios and the associated climate impacts described in the U.S. National Climate Assessment. It is clear that climate change is already occurring and additional climatic changes are expected to continue through 2050 and beyond, and that we need to prepare for a certain level of adaptation to address these challenges that these changes pose.

We incorporate these temperature, precipitation, storm frequency and intensity trends and sea level rise projections into our business planning and risk assessment processes. We review flood risk for all critical substations and assess the implications, at a high-level, of worst-case conditions. We work with NOAA and others to improve access to industry data and understand the climate change projections that would most impact electric sector operations and equipment.



Hurricane Sandy storm damage, ACE service territory, Longport, New Jersey.

# CLIMATE PROJECTIONS IN MAJOR EXELON SERVICE AREAS THROUGH 2050



We recognize the importance of aligning with other resilience efforts underway in our communities, cities and states. For example, we partner with our peers, local governments, regulators and the Federal Emergency Management Agency (FEMA) to build on the maturity model for a resilient utility, developed through the DOE Partnership for Electric Sector Climate Resilience.

In conjunction with EEL, we support efforts to better inform and evolve infrastructure standards for resilience to extreme events (including cyber, physical attacks and natural disasters). We also support the development of a common methodology for applying details of potential impacts to utility infrastructure planning given the uncertainty of future projections and potential scenarios and the need to balance cost of investment with public benefits achieved. See our [public policy discussion](#) for more information on our efforts with peer and industry groups and state and federal agencies. In 2019, our CEO Chris Crane became the Chairman of EEL and established two strategic initiatives. The first focused on workforce development and the second on grid resilience and the value of proactive, resilience-based investment on behalf of our customers.

Determining whether, how and when to invest in resilience in the face of deep uncertainty around climate change projections requires a flexible, metrics-based framework to assess costs and benefits. As Exelon continues to manage climate change risks and opportunities, Exelon's utilities work to develop a framework that estimates the costs associated with investing to avoid potential climate change impacts and advancing resilience in electric and gas utility strategy, operations and investments. We approach this by:

- Improving analysis of high-impact, low-frequency events to better connect climate measurement with potential damage and spend;
- Optimizing resiliency spend by better capturing benefits and results;
- Establishing a framework for adapting the strategy for resilience as actual physical climate changes continue to develop; and
- Developing a comprehensive resiliency plan for each of the regions where we operate.

Finally, we explore opportunities to raise awareness of climate change in planning, by providing training to stakeholders both inside and outside of our company and coordinating with local organizations on climate adaptation and resilience plans.

#### METRICS AND TARGETS

Metrics used to assess our efforts are in with our strategy

### Metrics and Targets: Metrics Used to Assess Our Efforts Are in Line with Our Strategy

Exelon is developing a series of key climate change indicators to help us assess the effectiveness of how we integrate climate change into our business governance, strategy and risk management across multiple time horizons. Our focus indicators are:

- Metrics to Ensure Short-term Imperatives:
  - Exelon's GHG Emissions: Owned & Supply Chain (Scope 1, 2 & 3)
  - Reducing GHG Emissions from our Operations
  - Reducing GHG Emissions on the Grid
- Metrics to Ensure Mid and Long-term Imperatives:
  - Investment in Utility System Resiliency
  - 2c2i Investment in Emerging Business that support Clean Energy Transition and Resilience

#### *Metrics to Ensure our Short-term Imperative: Managing our Own Emissions and Supporting our Customers to Lower Theirs*

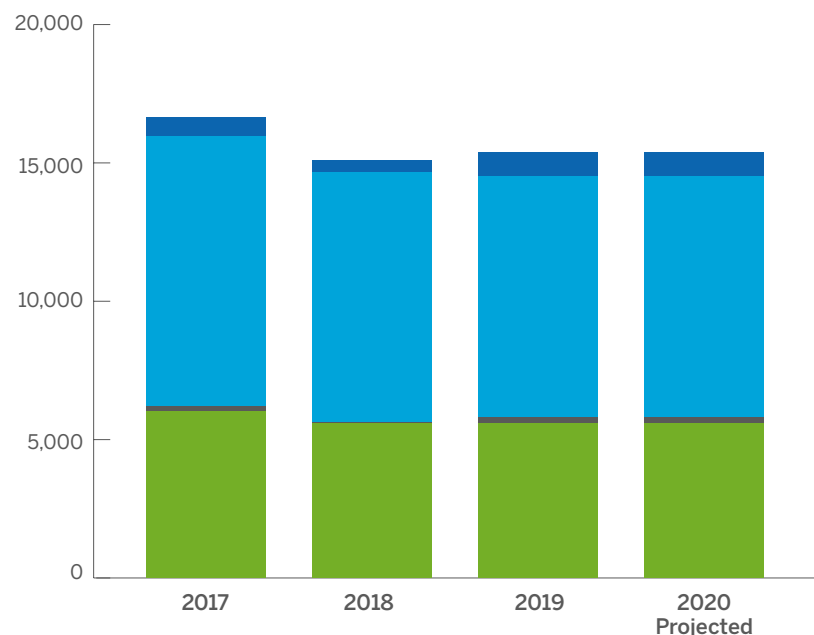
##### Exelon's GHG Emissions Profile

Exelon measures its GHG emissions related directly to its own operations (Direct emissions/Scope 1 & Indirect Emissions associated with its own electric use/Scope 2), as well as the emissions associated with our customers' use of the product and services we provide (Scope 3). Understanding this full emissions profile helps ensure that business strategy decisions are aligning with our focus on long-term decarbonization.

Exelon's Scope 1 & 2 GHG inventory is one of the lowest among large electricity generators in our sector. At 15.1 million metric tons, our inventory is comprised of about half direct emissions from our fossil-fueled generation fleet and half from indirect T&D line loss emissions associated with our utilities' delivery of electricity to their customers.

## EXELON GHG INVENTORY (SCOPE 1 + SCOPE 2 — LOCATION-BASED ACCOUNTING)

thousand metric tons GHG emissions



- Operations Driven<sup>1</sup>
- T&D Line Losses
- Upstream Gas / LNG Gas Plant
- Generation<sup>2</sup>

1 Includes optional source Ozone Depleting Substances.

2 Excludes CO<sub>2</sub> emissions from biofuels which were 833 thousand metric tons.

Total Exelon GHG Emissions	2017	2018	2019
Scope 1	10,200	9,526	9,395
Scope 2 (Location-based — As Delivered)	6,521	6,120	6,103
<b>Total Scope 1 &amp; 2, Location-based</b>	<b>16,721</b>	<b>15,646</b>	<b>15,497</b>
Scope 2 (Net of Zero-carbon Electricity Purchases)	5,037	4,817	4,914
<b>Total Scope 1 &amp; 2, Market-based</b>	<b>15,926</b>	<b>14,779</b>	<b>15,141</b>
Supplemental Biomass	688	436	833
Relevant Scope 3	195,220	197,376	180,732

Please see Table 1: Exelon Corporation GHG Inventory Breakdown table in the appendix for a more granular view of Exelon's GHG emission inventory. Relevant Scope 3 emissions refers to the most relevant supply chain emissions for Exelon and are broken out by category in [Table 1](#).

## EXELON SCOPE 1 & 2 EMISSIONS AND RELATED MWh MANAGED

Emissions Source	GHG Category	2019 Emissions (thousand mtCO <sub>2</sub> e)	Related MWh Managed (thousands) <sup>1</sup>
Electric Generation	Scope 1	8,581	189,463
Utility Electric Delivery Losses <sup>2</sup>	Scope 2	5,580	13,271
Utility Natural Gas Delivery System	Scope 1	348	233
Other (buildings, fleet vehicles, SF <sub>6</sub> )	Scope 1 & 2	988	1,288
<b>Direct and Indirect (Scope 1 &amp; 2) Footprint</b>	<b>Scope 1 &amp; 2</b>	<b>15,497</b>	<b>204,254</b>

1 For mmbtu natural gas delivered, a rate of 0.293 MWh per mmbtu has been used to convert the energy of natural gas into MWh-equivalent (MWh).

2 Emissions are based on MWh lost during transmission and MWh shown are those lost to line losses.



## HOW EXELON'S UNIQUE BUSINESS MODEL INFLUENCES OUR GHG EMISSIONS ACCOUNTING

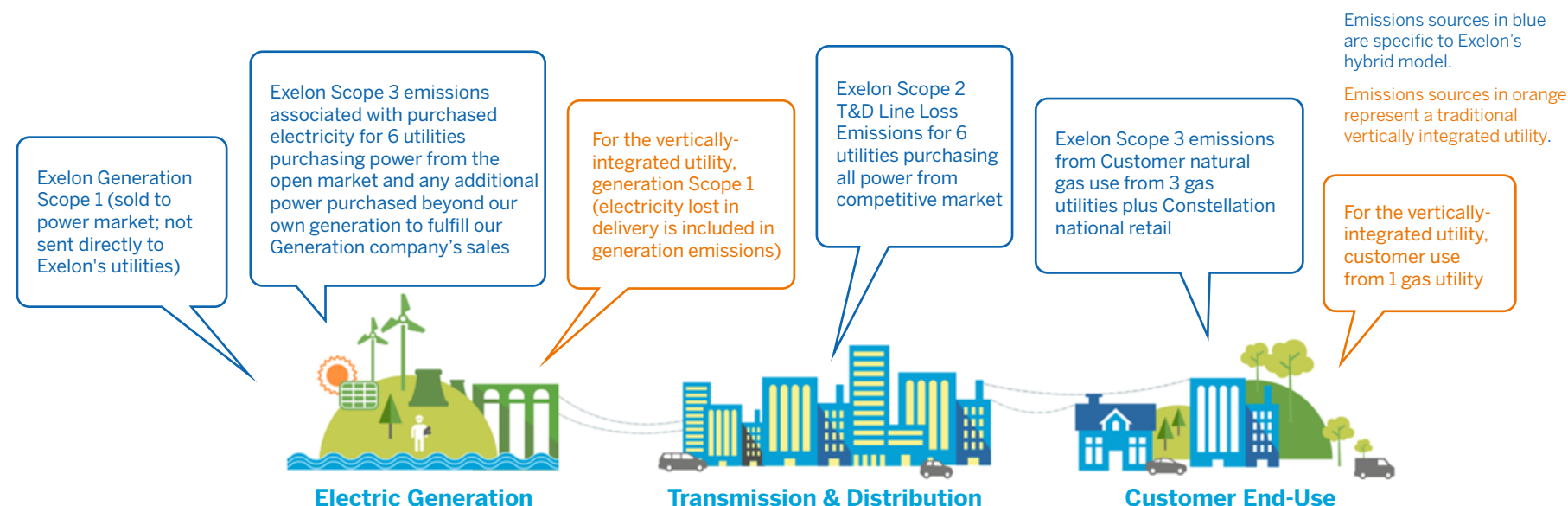
Exelon's hybrid utility business model is one reason why Exelon's GHG inventory looks different from other utilities. The hybrid Exelon model is distinct from many other utility companies across the United States, many of which are organized as vertically-integrated utilities. In a vertically integrated utility, the local utility owns both the T&D system, as well as all, or most, of the power generation needed to supply the local utilities' T&D customers.

**Exelon Generation** produces electricity for sale in the U.S. wholesale power markets or for sale through bilateral transactions. Investment in these generating assets is not under the jurisdiction of state utility commissions and the financial return from these assets is largely driven by competitive wholesale power markets. Exelon Generation may bid to sell electricity to Exelon Utilities through competitive auctions but there is no direct flow or guarantee of sale.

**Exelon Utilities** procure and deliver electricity and natural gas for retail customers and are regulated by states' utility commissions. Exelon's utilities are eligible to earn a return on investment for capital and O&M that support system operations. The utilities procure electricity from wholesale power markets and sell to customers. Any portion of this electricity provided by Exelon Generation is the result of competitive bid.

Exelon's hybrid utility business model results in a different set of sources for GHG emission accounting. Exelon reports generation emissions related to Exelon Generation power plant emissions as direct emissions (Scope 1) for MWh sold in competitive markets and emissions associated with its utilities' T&D line losses as indirect emissions (Scope 2) as this is additional electricity acquired separately from the grid or delivered for other retailers. We also have more customers because of our national retail electric and gas sales business, so emissions associated with customer use is larger (Scope 3). In contrast, under a vertically-integrated utility model, the T&D line losses are captured in their direct Scope 1 emissions from generation and typically a set customer base ensures most power delivered is from owned assets to meet that need.

Currently Exelon touches approximately three percent of US electricity use (including one in nine zero-carbon electrons) and five percent of U.S. natural gas consumption.



Exelon's current Scope 3 GHG inventory includes the emissions associated with the additional power purchased beyond our own generation to fulfill its customer electricity demand and the emissions associated with our customers' use of the natural gas we sell and/or deliver. We do not have the ability to control the type of electricity purchased or how it is used, but we do measure it and view it as an opportunity to educate and engage our suppliers and customers on the importance of GHG emissions reductions. Examples of our efforts to improve accessibility to zero-carbon electricity include our utilities' EPA Energy Star Award winning customer [energy efficiency programs](#) and our [Constellation Energy](#) innovative energy procurement products.

Exelon's energy supply chain sources of emissions are as follows for the most pertinent Scope 3 emissions for our business.

Exelon also recognizes that there are additional Scope 3 emissions associated with the goods and services we purchase as part of our business. While we are still in the process of developing an inventory of these purchased goods and services GHG emissions, we were a founding member and remain actively involved in the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA) where we work with 15 industry peers to increase engagement with our goods and services suppliers on sustainability issues, which include GHG mitigation and climate change adaptation and resilience. Please see our [Supply Chain section](#) for additional information on these efforts.

## RELEVANT EXELON SCOPE 3 ENERGY SUPPLY CHAIN EMISSIONS AND RELATED MWH-ELECTRIC MANAGED

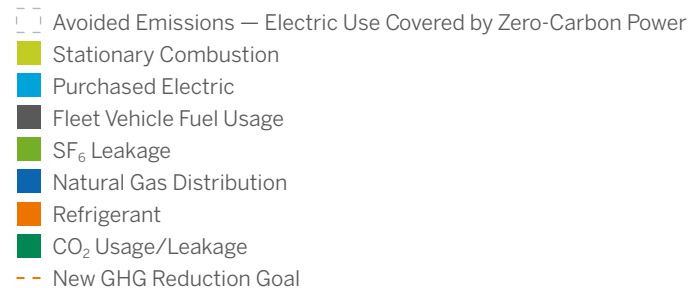
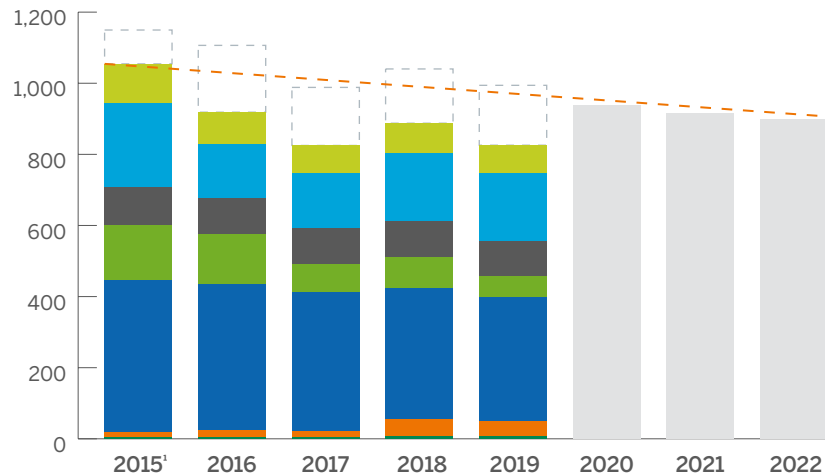
Emissions Source	GHG Category	Emissions (thousand mtCO <sub>2</sub> e)	Related MWh <sup>e</sup> Managed (thousands) <sup>1</sup>
Electricity Distributed by our Utilities	Scope 3	73,708	203,148
Natural Gas Distributed by our Utilities (as used)	Scope 3	11,109	61,402
Longterm and Spot Market Electricity Purchases for Resale	Scope 3	18,864	70,939
Natural Gas Sold by Constellation New Energy (as used by customer)	Scope 3	76,581	423,269
Other (Business Travel, Waste Management, Operated for Others, etc.)	Scope 3	470	1,712
<b>Total of Relevant Supply Chain Emissions<sup>2</sup></b>	<b>Scope 3</b>	<b>180,732</b>	<b>760,470</b>

1 For mmbtu natural gas delivered, a rate of 0.293 MWh per mmbtu has been used to convert the energy of natural gas into MWh-equivalent (MWh<sup>e</sup>).

2 WRI identifies 17 categories of Scope 3 emissions. We only capture those that are most relevant for our businesses and that we can have an impact on. For example, we do not currently include Scope 3 emissions from the upstream mining/production of fuels or plant equipment used for electric generation.

## EXELON OPERATIONS-DRIVEN GHG EMISSION REDUCTION GOAL: 15% REDUCTION BY 2022

thousand metric tons GHG emissions



1 2015 Baseline adjusted for divestitures and acquisitions.

## Reducing Emissions from Our Operations

Exelon's goal is to reduce emissions in our direct control by 15 percent by 2022 compared to a 2015 baseline. Building on significant GHG reductions achieved over the past 10 years, the goal focuses on GHG emissions associated with our buildings, our fleet vehicles and our processes and equipment that emit GHGs (methane, SF<sub>6</sub>, CO<sub>2</sub> and refrigerants). This excludes emissions from electric generation and emissions associated with utility T&D line losses.

We remain on track to achieve our goal in 2022, despite changes to our portfolio in 2018 which included the addition of new sources of emissions. To reach our operational emission reduction goal, we are:

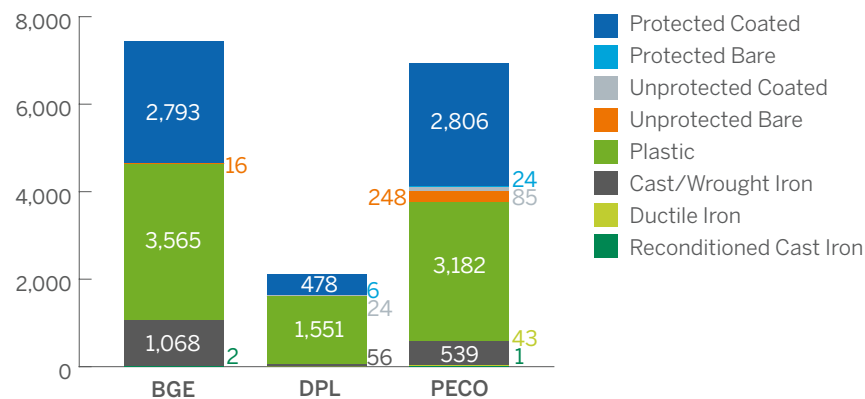
- Investing in natural gas pipe replacements to minimize methane leakage;
- Continuing to focus on energy efficiency and expanding zero-carbon electricity procurement for our operations;
- Investing in new switchgear to reduce SF<sub>6</sub> volumes on our systems; and,
- Investing in the electrification of our own vehicle fleet.

## Natural Gas Emissions Reductions

Three of Exelon's utilities — PECO, BGE and DPL — provide natural gas distribution service to customers through approximately 16,000 miles of gas mains. In 2019, 206.7 billion cubic feet (BCF) of natural gas was delivered to customers by Exelon's gas utilities. In addition, Exelon's utilities manage a limited amount of gas transmission (less than 200 miles). 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. [Main and service by company details](#)

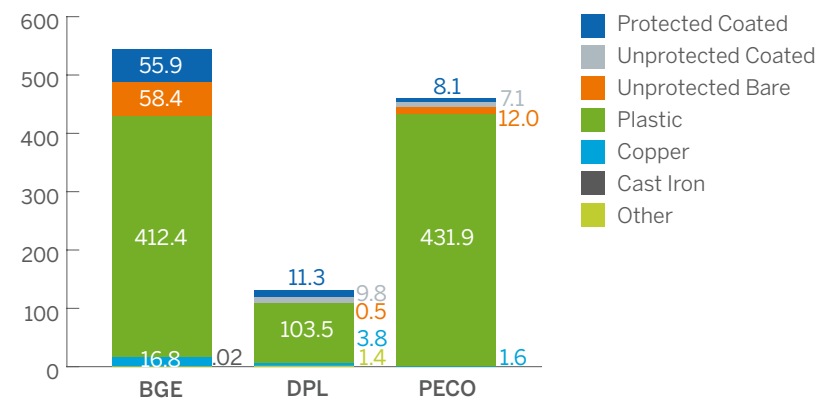
Exelon's utilities have active programs in place to replace old cast iron and bare steel gas mains that may be more prone to methane leakage due to their age and physical properties. Similarly, older gas services are being upgraded as needed on a proactive basis. As can be seen in the bar charts below, DPL has already

## EXELON UTILITIES NATURAL GAS MAIN MILEAGE



## EXELON UTILITIES NATURAL GAS SERVICES

in thousands



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 2037. [Replacement program details](#)

From a safety perspective, Exelon conducts periodic surveys of gas main and service assets, regardless of pipe type or age, to identify potential fugitive emission leaks, using a variety of technologies. These include optical methane detectors, remote methane leak detectors and combustible gas indicators. 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](#)

Exelon's gas utilities are members of the U.S. Environmental Protection Agency (EPA) Methane Challenge program, under which our utilities have committed to replace at least two percent of cast iron and unprotected steel natural gas distribution piping per year through 2021. Under Exelon's new GHG emission reduction goal to reduce operations-related GHG emissions by 15 percent by 2022, methane emission reductions are a key component of our emission reduction strategy. Since 2015, Exelon utilities have reduced fugitive emissions

from their natural gas distribution systems by over 70,000 mtCO<sub>2</sub>e, and our percent emissions per weather-corrected throughput has declined from 0.44 percent to 0.35 percent. [GHG emission and intensity details](#)

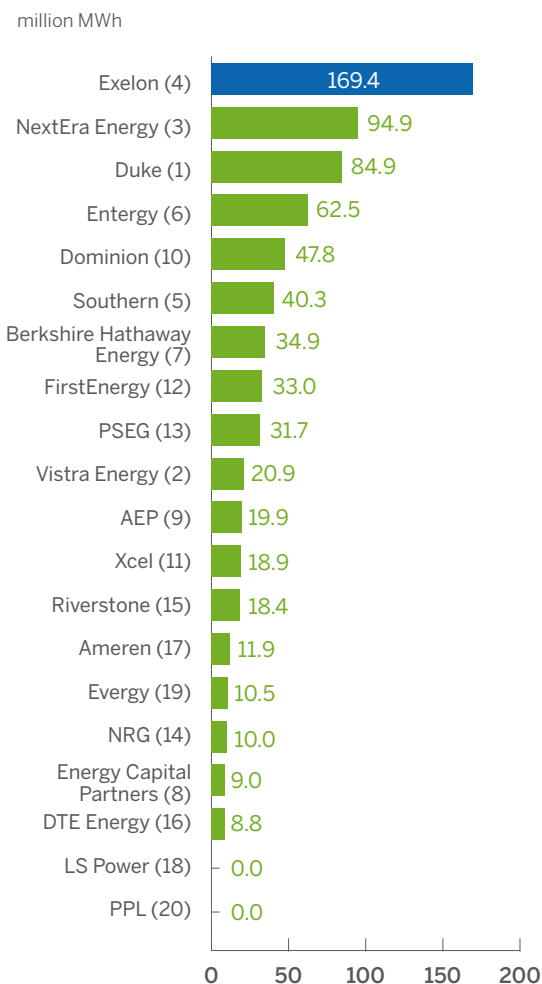
## Reducing Emissions on the Grid

Our nuclear fleet plays a significant role in zero-carbon electric generation in the U.S., and we support and invest in climate action that maximizes and expands the capacity of our nuclear facilities. We achieved a 95.7 percent capacity rate across our fleet in 2019 and we have invested in uprates that added 575 MW of new nuclear capacity at our existing sites since 2008. Our ownership of 18,873 MW of zero-carbon generation capacity at 23 nuclear units produced 162 TWh of electricity in 2019 — 11.1 percent of U.S. zero-carbon electric supply. The national electric sector emissions rate (957.2 pounds of CO<sub>2</sub> MWh of electricity supplied) would be five percent higher without Exelon's nuclear generation. In the grid areas where we operate, electric sector emissions rate would be 22 percent and 39 percent higher in PJM and New York ISOs respectively without Exelon's nuclear generation.

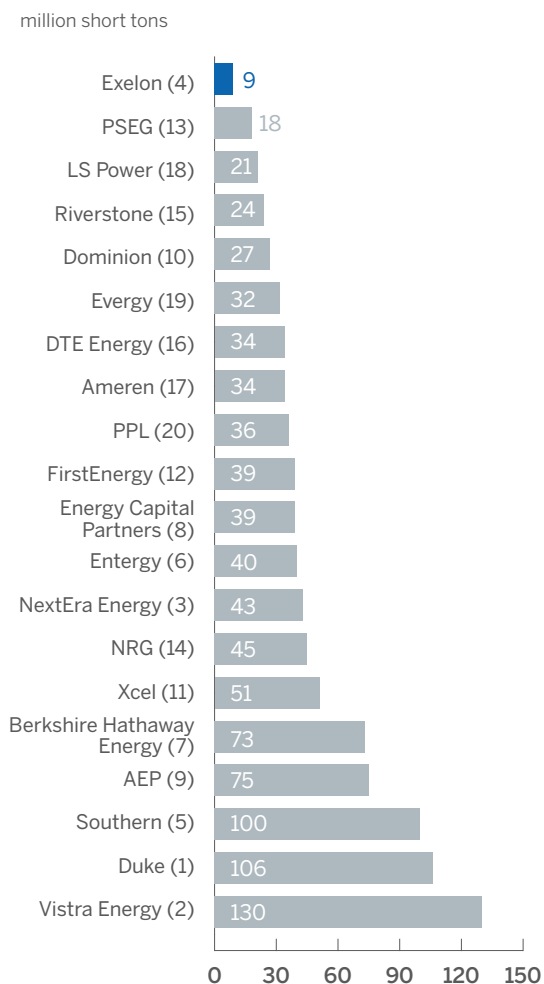


## CARBON PERFORMANCE OF LARGEST 20 INVESTOR-OWNED POWER PRODUCERS

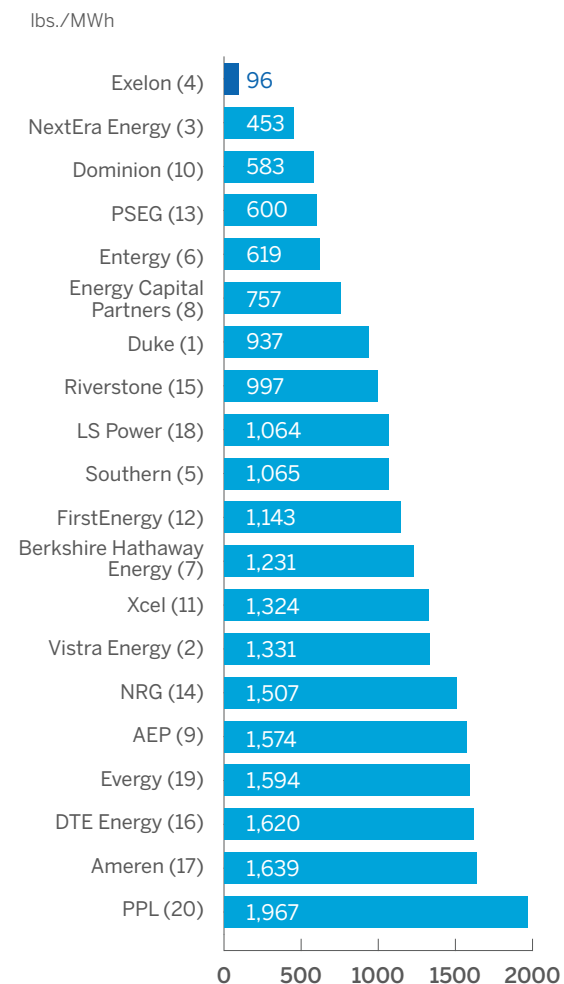
### ZERO-CARBON GENERATION



### CO<sub>2</sub> EMISSIONS



### CO<sub>2</sub> EMISSION RATE



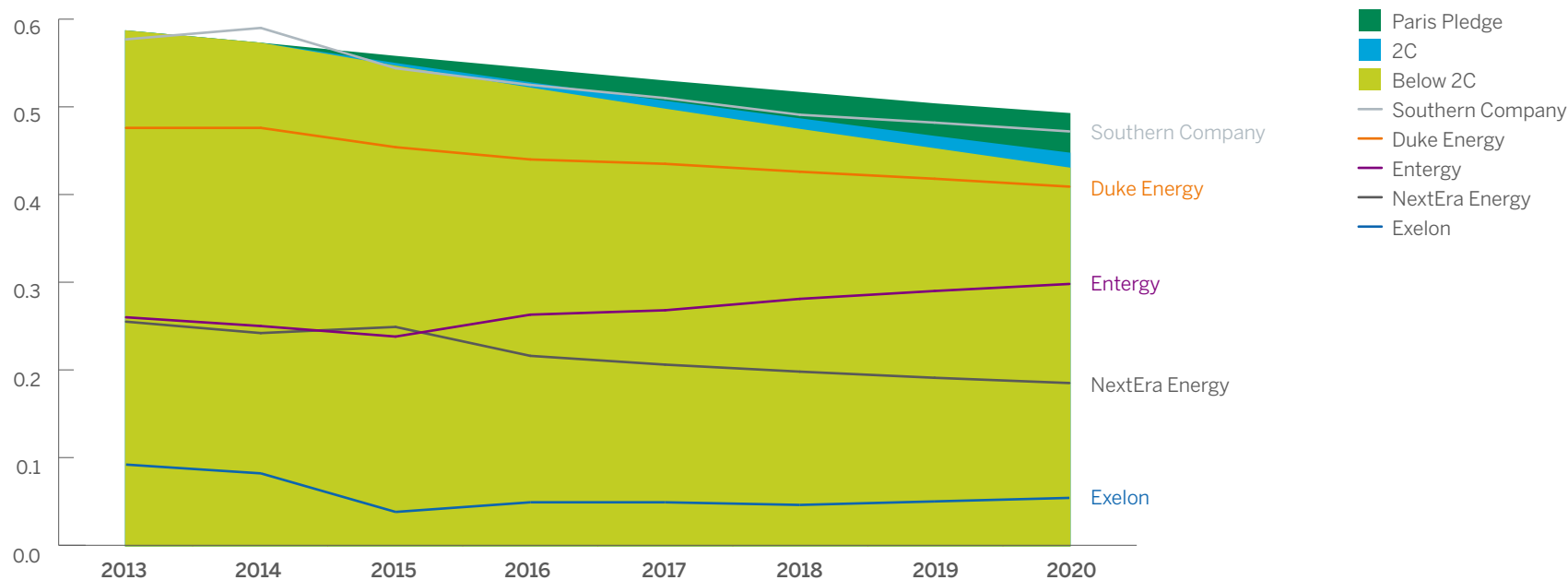
Source: Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States, M.J. Bradley & Associates (July 2020). Data used in the benchmarking report was calendar year 2018. Number in parenthesis by company name is the company generation ranking in 2018. E.g., Exelon was the fourth largest investor-owned producer in 2018.

In 2019, Exelon Generation's owned-generation intensity rate was 100 pounds of CO<sub>2</sub> per MWh, about 90 percent lower than the national average emission rate (see the [Reducing Our Air Emissions](#) section). This level is far below the contemporaneous glidepath intensity rate suggested by the Science Based Targets initiative as necessary for industry to progress toward limiting

average global temperature increase to 2C by 2050. Because of the significant contribution of our nuclear fleet, the future of our generation emissions intensity rate will depend on the success of these plants in the electric markets. Exelon will continue to advocate for meaningful carbon pricing policies that recognize the value of these assets now and into the future.

## CARBON INTENSITY OF LARGE U.S. INVESTOR-OWNED PRODUCERS COMPARED TO TPI GLIDEPATHS (PARIS PLEDGE, 2C, BELOW 2C)

metric tons CO<sub>2</sub> per MWh



Data downloaded from the Transition Pathway Initiative (TPI) website on April 17, 2020: <https://www.transitionpathwayinitiative.org/tpi/sectors>. Data presented is for the five largest MWh producers for which TPI has emissions data. TPI does not have data for Vistra Energy which is otherwise a top five producer.

## **Mid and Longer-term Imperatives: Transitioning to Zero Carbon Energy Systems and Resilient Communities**

### **Investment in Utility System Resiliency**

Currently we use Exelon Utilities' investments in its **Connected Communities Strategy** to improve reliability and resiliency as our measure of performance and their goal to invest \$26 billion from 2020 to 2023 as the target. Each of Exelon's utilities is currently focused on demonstrating the potential for connected communities within each of its service territories. Through these demonstration projects, Exelon will be able to identify additional measures for progress and goals for successful community transition. Potential projects include applications like smart streetlights, resiliency hubs at public housing sites, smart kiosks, EV smart chargers, smart sensors and access to community solar and energy efficiency programs.

Based on physical climate change projections and our initial vulnerability analyses, Exelon's utilities developed a definition of resilience and began designing and advocating for an industry-standard metric for the measurement of utility resilience. Additional metrics and indicators will be developed around physical climate change adaptation as our strategy for resilience further evolves.

**Exelon's public policy efforts** focus on collaboration with key stakeholders to implement market designs, policies and regulations that achieve a reliable,

affordable and clean energy future for our customers and communities. While we do not have specific metrics to measure progress, we maintain an ongoing focus on four key policy priorities: policies that recognize the value of zero-carbon generation and solutions that are affordable for all customers, empowering customers' ability to choose clean energy from their suppliers, public support for reliability and resilience for electric generation supply and utility infrastructure investment and electric market design that enables states to meet their clean energy policy objectives.

Our \$20 million **Climate Change Investment Initiative (2c2i)** is one recent example of our support of long-term transition efforts. Launched in 2019, the initiative is designed to cultivate startups working on new technologies to reduce greenhouse gas emissions and mitigate climate change. The Exelon Foundation will contribute \$10 million over the next 10 years to fund 2c2i, which will focus on clean energy and environmental technologies with potential for wide-scale commercialization. Exelon Corporation will match that grant with up to \$10 million of in-kind pro-bono services, including mentoring entrepreneurs on ways to access additional capital, structure business plans, allocate financial resources and meet regulatory requirements.

As Exelon continues to manage climate change risks and opportunities, we are committed to advancing clean energy and economy-wide decarbonization efforts.



## Creating Value for Customers

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- Achieved best-ever performance on our Customer Satisfaction Index
- Helped utility customers save 22.3 million MWh and avoid 8.7 million metric tons of CO<sub>2</sub>e through energy efficiency programs
- Prevented the emissions of approximately 667,000 metric tons of carbon dioxide through our Constellation Offsite Renewables (COfRe) product



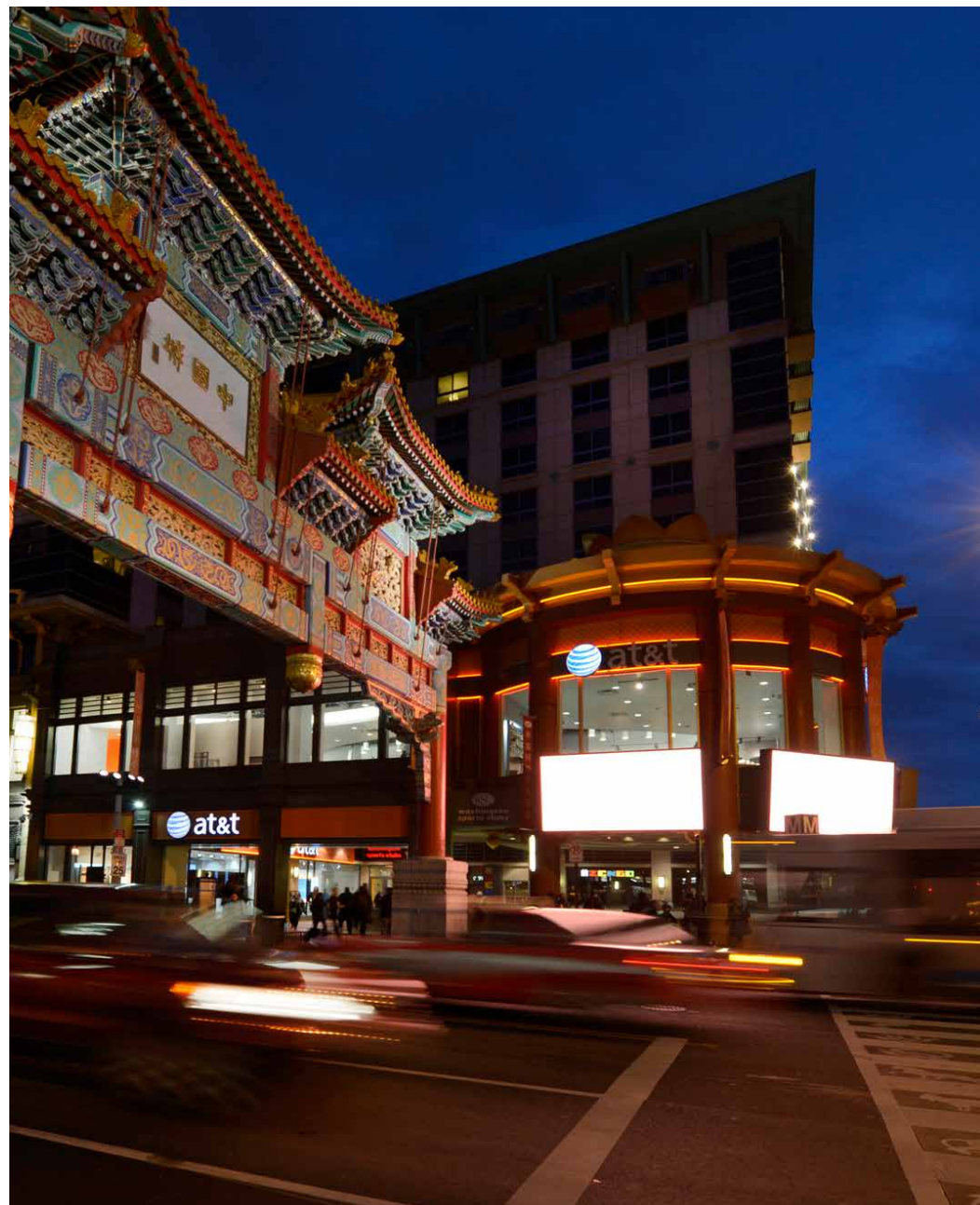
Exelon and our customers remain focused on energy efficiency and low-carbon energy supplies. We know our customers value clean, affordable and reliable energy and power distribution systems. Therefore, we pursue operational excellence that drives efficient transmission, distribution and production of energy and translates into affordable service for our customers. By investing in the smart grid and innovative new technologies, we enable an integrated energy system, improve reliability and empower customers to participate in their energy system.

## Connected Communities

Our six utilities deliver electricity and natural gas to approximately 10.4 million customers in communities throughout Delaware, Illinois, Maryland, New Jersey, Pennsylvania and the District of Columbia. We respond to changing customer needs and trends in the industry to better serve our customers today and in the future. We invest in technology, information systems and infrastructure that create connected communities and make our physical grid more efficient and resilient. We remain focused on operational efficiency and higher system reliability, while innovating to actively connect more customers to the energy system. When our customers are empowered to manage their energy use through access to data and integrating customer generation, connections among people, business and the entire energy system flourish.

## Creating a Smarter Power Grid

A smart grid merges the powers of the latest technology with the electric grid. By investing in a smarter grid, we enable an electric system that is reliable, resilient, responsive, more energy efficient and secure. Our customers benefit through instant access to energy information, faster outage detection and response, enhanced reliability, greater energy efficiency and increased involvement in the energy system.



Exelon is working to empower customer and community engagement in the emerging smart energy system.

## Smart Meters

As part of our investment in the grid of the future, we have installed a base of more than 8.75 million electric smart meters and over 1.35 million advanced gas meters across our utilities. Smart meters not only help customers to manage energy use, but they allow for better integration of distributed energy resources (such as solar photovoltaics) into the grid. Exelon's utilities avoided over 743,000 truck trips in 2019 through the use of smart meter remote connect/disconnect switches and sensing capabilities. Smart meter technology also enables Exelon Utilities' innovative demand response programs that provide credits to customers for reducing energy use during peak times.

With smart meters, customers can make informed decisions about their energy use by signing up to receive alerts that will notify them if their usage is trending higher than normal. Weekly usage reports summarize past week's usage, informing customers to adjust their behavior, if appropriate. Customers can also view their

daily and hourly usage data online and learn ways to reduce energy consumption. Smart meters also provide outage restoration information, interruption frequency and duration metrics and support reductions in customer debt.

## Distributed Energy Resources

In 2019, Exelon saw unprecedented DER interconnection activity, fueled by federal and state solar incentives. There were 35,053 DER applications received in 2019, with 21,026 distributed generation facilities interconnected, representing 289 MW.

## Improving Reliability through Automated Service Restoration

In 2019, Exelon installed over 1,600 new smart electronic switches, which protect customers from service interruptions and automatically reroute power around problems such as damaged equipment. With over 17,000 of these modern devices in operation, Exelon was able to avoid nearly 5.3 million customer interruptions in 2019.

### SMART ELECTRIC AND NATURAL GAS METER DEPLOYMENT ACROSS EXELON UTILITIES AS OF DEC. 31, 2019

Electric	BGE	ComEd	PECO	PHI	Total
Smart Meters Installed (in thousands) <sup>1</sup>	1,291	4,219	1,785	1,455	8,750
Percent of Total Meters <sup>2</sup>	96.9%	99.9%	100%	71.8%	93.4%
Total Electric Meters Installed (in thousands)	1,332	4,225	1,785	2,028	9,370
Avoided truck trips related to service connect/disconnect transactions (in thousands, for 2019 only)	96	387	102	158	743
Natural Gas <sup>3</sup>					
Smart Meters Installed (in thousands)	660	N/A	555	138	1,353
Percent of Total Meters	93.2%	N/A	100%	98.6%	96.4%
Total Gas Meters Installed (in thousands)	708	N/A	555	140	1,403

1 Exelon's utilities, with the exception of ACE, have completed their planned major smart meter program deployments. ACE has filed a proposal with the NJ BPU to deploy smart meters for its New Jersey customers. Final determination yet to be made.

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 Delmarva Power. ACE, ComEd and Pepco provide only electric service.

## Customer Service and Reliability

Our utilities are committed to improving customer satisfaction through the delivery of reliable and cost-effective service. Each utility pursues programs for achieving a high level of reliability and maintaining exceptional customer focus. In 2019, we continued our strong performance in minimizing the average number of interruptions per customer (SAIFI), with ComEd attaining best on record and top decile performance and PECO performing at top quartile. PHI 2.5 Beta (SAIFI) and (SAIDI) average interruption duration were our best on record, and PHI 2.5 Beta (SAIDI) ranked in top quartile performance based on 2017 benchmark quartile rankings. Similarly, BGE achieved top quartile and ComEd achieved best on record and top decile performance for outage duration (CAIDI). 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;
- 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; and
- Investigating new technologies for opportunities to reduce outage frequency and duration.

### RELIABILITY

SAIFI <sup>1</sup>	2017	2018	2019
BGE	0.63	0.84	0.76
ComEd	0.56	0.61	0.55
PECO	0.72	0.82	0.79
PHI	0.81	0.81	0.76

CAIDI <sup>2</sup>	2017	2018	2019
BGE	82	86	85
ComEd	81	81	78
PECO	91	94	101
PHI	86	87	90

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.

### 2019 AWARD

In 2019, ComEd, Pepco, ACE and Delmarva Power all received reliability awards from PA consulting. ComEd won the ReliabilityOne™ Award for Most Improved Utility for setting the gold standard for reliable electric service, technology and innovation and customer engagement. Multiple departments participated in the interview assessments of our data, operations, customer experience and technology and innovation to achieve this award. Pepco and ACE won ReliabilityOne awards for Most Improved Utility as well, and Delmarva Power received an award for Outstanding Reliability Performance for a Midsize Utility.



## 2019 AWARD

In June 2019, Delmarva Power ranked number one for residential electric satisfaction in the East Midsize Region, according to the J.D. Power 2019 Electric Utility Residential Customer Satisfaction Study<sup>SM</sup>. Delmarva Power also ranked highest for the J.D. Power 2019 Electric Utility Business Customer Satisfaction Study<sup>SM</sup> for the East Midsize category. J.D. Power ranked BGE “Highest in Customer Satisfaction with Business Electric (Large Utilities) and Natural Gas Service in the East”.



Delmarva Power is focused on customer satisfaction with its electric and gas service.

## DC PLUG

The DC Power Line Undergrounding (DC PLUG) initiative is a \$500 million partnership between the District of Columbia and Pepco to improve the reliability and resiliency of the District of Columbia energy grid by placing select feeders underground in Wards 3, 4, 5, 7 and 8.

The DC PLUG initiative has a long history, dating back to 2012, when D.C. Mayor Vincent Gray established the Mayor’s Power Line Undergrounding Task Force following severe storms that caused days-long outages for portions of the District of Columbia. The Task Force determined that improvements to the District of Columbia’s electric distribution system to enhance its resiliency and reduce power outages caused by storms would require new investments. Pepco and the District Department of Transportation (DDOT) proposed what would become the DC PLUG initiative in response to the findings of the Task Force.

Mayor Muriel Bowser signed amended legislation into law allowing DDOT and Pepco to move forward with the DC PLUG Initiative in May of 2017. DDOT and Pepco submitted their application for approval of the first Biennial Underground Infrastructure Improvement Projects Plan (First Biennial Plan) to the Public Service Commission of the District of Columbia (Commission) on July 3, 2017. The Commission approved the joint application in November 2017.

Since the approval of the First Biennial Plan, work has commenced on the feeders identified in the first phase, with six feeders approved for undergrounding. In January 2020, the Commission approved placing the 10 feeders in the second Biennial Plan underground.



## CUSTOMER SATISFACTION INDEX

	2017	2018	2019
BGE	7.94	8.06	8.18
ComEd	8.00	8.04	8.17
PECO	8.07	8.00	8.18
PHI	7.59	7.72	7.78

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. BGE, ComEd and PECO had record Customer Satisfaction Index scores and achieved top quartile results in 2019. PHI also had positive satisfaction across both customer segments, with an index score in the second quartile. Customer care center satisfaction continues to improve and all utilities exceeded targets in 2019. We attribute these primarily to our focus on improving first call resolution, self-service enhancements and standardized training and process improvements.

**ComEd.** ComEd's improvement in customer satisfaction was due to increased residential satisfaction related to controlling costs, responsiveness, outage information, customer service, informing customers and outage preparedness. Among small business customers, there was also meaningful improvement in perceptions related to employees.

**PECO.** PECO's top decile performance was attributable to high reliability and customer service satisfaction among both residential and small business segments. Small business customers displayed their highest levels of satisfaction

## 2019 AWARDS



BGE was named a "Trusted Business Partner" and a "Customer Champion" in the **Utility Trusted Brand & Customer Engagement™: Commercial** study from Escalent.

ComEd was recognized as a "Customer Champion" in the 2019 **Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential** study from Escalent.

PECO was recognized as a "2019 Most Trusted Brand" in the 2019 **Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential** study from Escalent.

in PECO's ability to restore electricity during outages, contributing to the overall distinguished performance. In addition, PECO's company-wide +1 Customer Service training initiative, designed to enhance the culture by managing perceptions and expectations to continuously deliver a premier customer experience, was well-received, with more employee recognitions given during the year.

**BGE.** BGE's improvement in customer satisfaction was due to increased awareness of energy efficiency programs and community involvement. BGE ranked number one in the J.D. Power 2019 Electric Utility Business Customer Satisfaction Study and in the 2019 Gas Utility Business Customer Satisfaction Study for customer satisfaction among electric and gas business customers in the East Large segment.

**PHI.** PHI continued strong performance, in terms of customer satisfaction with reliability, with ongoing efforts in place to enhance the customer experience across segments. Each of the three PHI utilities showed improvement in 2019. Notable enhancements include new alerts for energy usage and outages, a new online account system and improved payment options.

## Energy Efficiency

We are committed to assisting our customers in saving money, reducing emissions and managing their energy use. While our customers are interested in reducing emissions from energy use, we understand that affordability will always be a critical component of our customers' decisions. Our programs enable us to partner with our communities, creating innovative opportunities to grow the workforce while helping our communities reach their sustainability goals.

### Hourly Pricing and Smart Usage Rewards

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

**BGE.** BGE's residential demand response program, BGE PeakRewards<sup>SM</sup>, continued to add participants with more than 322,000 air conditioning and 24,000 water heater customers at year-end, receiving nearly \$22 million in bill



Exelon utilities offer many programs to help customers understand and more efficiently manage their energy usage.

credits and creating a potential demand reduction of 275 MW. During 2019, the PeakRewards program installed smart thermostats in customers' homes with over 12,000 installed during 2019, bringing the total smart thermostats installed under the program to more than 37,000. Since program inception, PeakRewards customers have received over \$272 million in bill credits and benefited from over \$165 million in the value of the devices installed in their homes. BGE customers with a smart meter can participate in BGE's Smart Energy Rewards Peak Time Rebate Demand Response Program. During 2019, BGE initiated two Energy Savers Day events with average participation of 758,000 customers. The demand reduction from these events is estimated to be 111 MW. Participating customers received over \$6.6 million in bill credits for their participation during these events based on their individual energy reductions.

**ComEd.** In 2019, ComEd offered two residential smart usage reward type programs: Central Air Conditioning Cycling Program and Peak Time Savings Program. The AC Cycling Program at the end of 2019 included 67,220 customers using a traditional direct load control switch option and 33,211 customers using the Nest smart thermostat option for a total of 100,431 customers in the program. The Peak Time Savings Program completed its fifth summer season in 2019 with approximately 290,000 participants and more than \$4.6 million in summer bill credits issued. ComEd also offered a pay-for-performance demand response program to commercial and industrial customers called the Voluntary Load Response Program that included 2,724 customers with a potential peak hour reduction of 968 MW. ComEd's Hourly Pricing Program allows residential customers to purchase electricity at prices that vary each hour based on the wholesale market price for electricity. At the end of 2019, the program had over 34,000 active participants. Since the program's inception, Hourly Pricing participants have saved more than \$22 million in energy supply costs, approximately a 19 percent savings versus the ComEd fixed-price rate.

**PECO.** In 2019, PECO offered the Smart A/C Saver program and Demand Response Aggregator program to residential, small business and large commercial customers to reduce demand during peak times. The Smart A/C Saver program is a summer demand reduction program that cycles central air conditioners during times of peak demand for more than 60,000 control devices installed

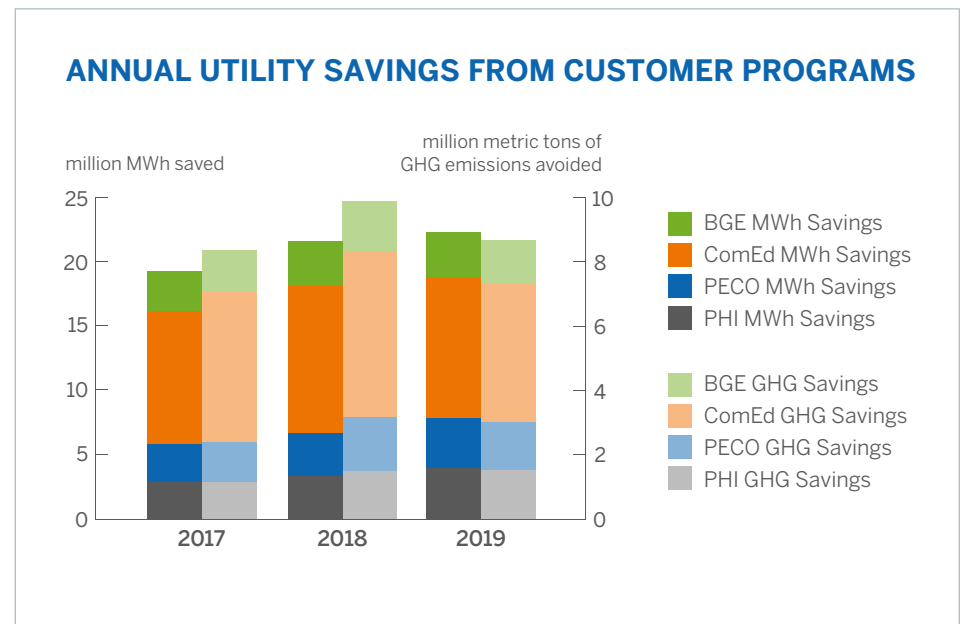
in residential and small business customer facilities. Customers receive a \$10 per month credit on their bill from June through September. Since the program launch, PECO Smart A/C Saver customers received over \$52.9 million in incentives through bill credits during the four-month summer peak electric load season. The 2019 reported verified gross demand savings was 26 MW for PECO's Smart A/C Saver program and for the program to date, the reported verified gross demand savings for the Smart A/C Saver program is 30 MW. The Demand Response Aggregator program engages large commercial customers in demand reduction activities. When PECO calls a demand response event, customers reduce their electric load by a specified amount for the duration of the event in exchange for financial incentives. For 2019, both residential and commercial reported verified demand savings of 140.3 MW and the program to date verified average demand savings of 162.6 MW.

**PHI.** PHI's direct load and behavioral programs continue to offer a range of smart usage reward options for customers. The Energy Wise Rewards (EWR) program offers residential customers with central air conditioning in Delaware, the District of Columbia, Maryland and New Jersey the option of either a programmable thermostat or outdoor direct control unit (DCU) switch, which allows the utility to cycle their usage during times of peak summer demand. In 2019, the programs paid more than \$13.6 million in incentives and bonuses to customers based on the load response provided by over 408,000 active devices. Of PHI customers, 71 percent opted for the DCU control switch and 29 percent used thermostats, including more than 14,000 Wi-Fi thermostats introduced in Maryland starting in 2016. For the first time in 2019, customers were able to enroll their smart thermostat from ecobee, Honeywell or Emerson in the Maryland EWR program, resulting in 700 thermostats enrolled. Of these customers, 98 percent also enrolled in the Thermostat Optimization Program (TOP). TOP leverages a customer's smart thermostat data to automatically make customized energy-savings adjustments for their home, helping to save more energy. An estimated 395 gross MW in demand reduction came from direct load control programs and, since inception, the EWR programs have provided more than \$117 million in customer incentives. PHI offers its Peak Energy Savings Credit, a voluntary load reduction program, to residential customers in Maryland and residential and small commercial customers in Delaware. PESC rewards customers by giving credits

for voluntary load reduction during events, with an average participation rate of 78 percent in 2019. Pepco's PESC programs returned over \$6.2 million in bill credits to customers in 2019 and provided 712.6 MW of reductions.

## Energy Efficiency Programs

In 2019, through a combination of new and prior-year investments, our Exelon utilities helped customers save over 22.3 million MWh of energy through the ComEd and PECO Smart Ideas® programs, BGE Smart Energy Savers Program® and PHI Home Energy Savings Program®. This equates to almost 8.7 million metric tons of CO<sub>2</sub>e emissions avoided, the equivalent of nearly one million homes' energy use for one year or the carbon sequestered by 11.3 million acres of U.S. forest in one year. These programs encourage customer savings through home energy audits, lighting discounts, appliance recycling, home improvement rebates, equipment upgrade incentives and new innovative programs like smart thermostats and combined heat and power (CHP) 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.



**BGE.** BGE's Smart Energy Savers Program® saved over 841,000 MWh and 5.4 million therms in 2019. Participating customers received over \$78 million in rebates and incentives and saved nearly \$666 million on energy bills over the estimated useful life of the installed measures. As part of BGE's residential lighting markdown program, 203,000 participating customers saved nearly 188,000 MWh and purchased almost five million LED bulbs. BGE also donated about 500,000 LED bulbs to low-income residents. BGE customers with a smart meter may also participate in BGE's residential behavioral energy efficiency program, which includes home energy reports, usage alerts and online tools. In 2019, about one million eligible customers saved over 201,000 MWh of electricity and over 3.9 million therms of natural gas. Since inception of the behavioral program, participating BGE customers have saved over 900,000 MWh of electricity and over 16 million therms of natural gas. To date, more than 2.6 million participants have received over \$648 million in rebates and incentives through BGE's traditional residential and commercial energy efficiency programs, which have saved over four million MWh and nearly 12.3 million therms of natural gas. These customers will benefit from lower bills of more than \$5.3 billion over the estimated useful life of the measures installed.

**ComEd.** The ComEd energy efficiency program provides residential and business customers with easy and accessible ways to manage their energy use, save money and help the environment. Residential programs provide lighting discounts, appliance recycling, installation of energy-efficient products such as smart thermostats for single-family homes and rebates for home improvements and qualifying ENERGY STAR® appliances. Business programs give customers the opportunity to improve efficiency in existing building systems, data centers, new construction and industrial systems. They also provide an array of cash incentives for energy efficiency measures including lighting, smart thermostats, motors, HVAC equipment and chillers. In calendar year 2019, the ComEd energy efficiency program helped customers reduce their energy usage by 1.7 million MWh, providing savings of over \$167 million on their electric bills. Since 2008, ComEd customers saved \$4.57 billion on their electric bills and achieved more than 41.1 million net MWh of energy savings.

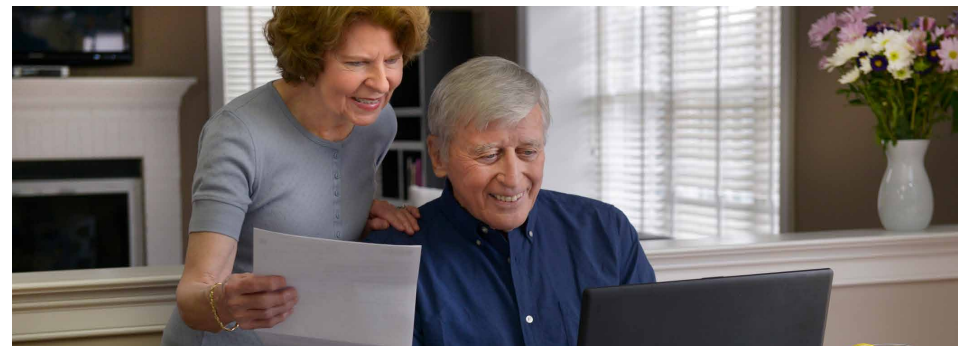
## 2019 AWARDS



In 2019, Exelon utilities received numerous awards for their commitment to providing energy-saving products, programs and services to our customers.

**BGE.** BGE received the ENERGY STAR® Partner of the Year — Sustained Excellence award for the ninth consecutive year in 2019. BGE also received the ENERGY STAR® Certified Homes Market Leader Award. BGE received the American Marketing Association Marketing Excellence Award for Best Email Marketing Campaign (QHEC Mobile Tool Recommendation Campaign and Mobile App Integrated Campaign). E Source, an energy-focused market research firm, designated BGE as best-in-class for residential and commercial customers. The Association of Energy Services Professionals (AESP) awarded BGE with their 2019 Energy Award for Outstanding Achievement in Residential Marketing.

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



Exelon utilities' energy efficiency programs helped customers save almost 22.3 million MWh of electricity last year.



**PECO.** PECO Smart Ideas® has offered residential and commercial customers ways to save energy and money since its launch in 2009. Residential programs include in-home energy assessments, lighting discounts, appliance recycling and rebates for qualified energy-efficient appliances and heating and air conditioning equipment. PECO also offers a low-income program that provides weatherization and installation of electric energy efficiency measures for qualified households. Commercial programs include direct-install solutions to small business customers for energy-saving equipment such as lighting upgrades, LED exit signs and energy-efficient HVAC and refrigeration upgrades. In addition, PECO offers financial incentives for small businesses, commercial and industrial facilities, government institutions and nonprofit organizations for retrofits, equipment and new construction that incorporate energy-efficient equipment such as lighting, chillers and HVAC systems. Through this award-winning suite of energy efficiency program, PECO customers saved approximately \$801 million in energy consumption, incentives and rebates within the first year of installing the measure. This includes \$325 million in rebates, discounts and incentives and \$475 million saved by using less energy overall. Customers reduced electric consumption by more than 3.8 million MWh. In 2019 alone, customers reduced consumption by an additional 480,000 MWh.

**PHI.** Customers participating in Pepco and Delmarva Power's energy savings programs in Maryland realized \$3.67 billion in lifecycle benefits since the programs' inception in 2008 and received more than \$524 million in rebates, discounts and incentives paid since the programs began. This equates to 32 million gross MWh in life cycle energy reductions. New energy efficiency programs in Maryland include residential programs like schools and agriculture for Delmarva Power and thermostat optimization for both Pepco and Delmarva Power. ACE customers continued receiving home energy reports and the Quick Home Energy Checkup program in 2019, totaling to over 20,000 gross MWh annualized energy savings for over 280,000 participants since the program inception in 2017. The New Jersey Clean Energy Act passed in 2018, allowing utilities to offer energy efficiency programs to customers in addition to similar programs offered by the Board of Public Utilities' Office of Clean Energy. The statute sets a goal of two percent energy reduction from a prior three-year average baseline. This landmark goal will increase the number and variety of energy-savings programs offered throughout the State, with a target start date in 2021.

The CleanEnergy D.C. Omnibus Amendment Act of 2018 became law in February 2019 and went into effect in October 2019 with the beginning of fiscal year 2020. The bill recognizes the effort required for the city to reach its goals to reduce energy consumption and GHG emissions by 50 percent by 2032 and reach Net Zero status by 2050. The bill authorizes the energy utilities (Pepco and Washington Gas) to offer energy efficiency and conservation programs that complement existing programs offered by the D.C. Sustainable Energy Utility and other entities in the district as well as serve limited- and moderate-income communities to the extent possible. The law set forth a working group process to provide recommendations to the Commission on goals, metrics and cost-recovery and that working group has issued its report. Pending Commission action, Pepco anticipates offering energy efficiency programs and enhancements to its existing demand response program starting in January 2021.

## 2019 AWARDS



**PECO.** PECO received the 2019 ENERGY STAR Partner of the Year — Sustained Excellence recognition for the third year in a row for promoting a vast array of ENERGY STAR-certified products to residential and commercial customers. The Philadelphia Chapter of the Public Relations Society of America awarded PECO a Pepperpot Award in the Direct Mail/Direct Response category for its Energy Assessments “You can’t control everything” campaign. Additionally, the AESP awarded PECO an Outstanding Achievement in Non-Residential Marketing.

**PHI.** Pepco and Delmarva Power received a number of ENERGY STAR awards in 2019, including ENERGY STAR Partner of the Year Award — Sustained Excellence and the ENERGY STAR Certified Homes Market Leader Award. Additionally, Pepco and Delmarva Power received the Stars of Dynamic Efficiency Award from the Alliance to Save Energy.

## State Renewable and Alternative Energy Requirements

Exelon utilities use renewable and alternative energy credits to meet state legislative requirements.

**BGE.** Approximately 2.5 million RECs were needed to satisfy Maryland Renewable Portfolio Standard (RPS) requirements at BGE for 2019 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 PSC-approved auctions. The requirement at BGE was 23.2 percent in 2019, increasing to over 30 percent in 2020.

In 2019, Maryland passed the Clean Energy Jobs Act, increasing the state's renewable electricity standard to 50 percent of the total grid by 2030. The Act requires that 14.5 percent of this share be solar (up from a current 2.5 percent), as well as increases offshore wind capacity from approximately 350 MW in 2022 to nearly 1600 MW in 2030.

**ComEd.** In 2019, ComEd procured approximately 1.6 million RECs from wind and solar renewable energy resources to meet the Illinois RPS requirement. For ComEd, the RPS requirement for the 12-month period beginning June 1, 2019 was 16 percent of supplied load. The RPS renewable energy supply requirement mandates increases of 1.5 percent each year thereafter to 25 percent by June 1, 2025. The passage of the Future Energy Jobs Act (FEJA) in Illinois included a Zero Emissions Standard, providing compensation in the form of ZECs for nuclear-powered generating facilities that meet specific eligibility criteria. ComEd procured 15 million ZECs in 2019. Under the FEJA, ComEd's RPS requirements were expanded to include procurement of RECs for all customers beginning June 1, 2019, a focus on future procurements seeking RECs from new projects and the development of an Adjustable Block Program. The expanded requirements also encompass the Illinois Solar for All Program to encourage expanded participation in renewable energy programs in low-income communities and the development of a community renewable generation program allowing customers to subscribe to shares of a facility within their service territory. During 2019, ComEd entered

into contracts for the annual procurement of 0.6 million RECs (over a 15-year period) from projects through the Adjustable Block Program and Illinois Solar for All Program. As of the end of 2019, ComEd had contracts for the annual delivery of 6.1 million RECs.

**PECO.** PECO is meeting Pennsylvania's Alternative Energy Portfolio Standards (AEPS) requirements that increase through 2021. Over PJM reporting year 13 (June 2018 to May 2019), PECO retired for compliance more than 1.82 million renewable and alternative energy credits to satisfy the AEPS 15.64 percent requirement for the planning year. This requirement is set to increase on a yearly basis until it hits 18 percent in 2021. PECO also continued to retire solar RECs 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.

**PHI.** ACE, DPL and Pepco met the RPS requirements in all four jurisdictions in 2019. DPL purchases the RPS requirement for all of 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 the District of Columbia, solar RECs are in short supply and many suppliers paid alternative compliance payments. In total, PHI utilities retired approximately four million RECs to meet RPS obligations in 2019.

**Constellation.** In addition to Exelon's regulated utility RPS compliance, our competitive energy business unit, Constellation, promotes clean energy through the purchase, sale and retirement of renewable and clean energy attribute certificates on behalf of customers through voluntary programs. Constellation retired 4.7 million RECs and 6.2 million nuclear EFECs for customers, enabling them to avoid 4.7 million metric tons of GHG emissions for 2019. Constellation also coordinates the sale of RECs associated with Exelon Generation's renewable generation. In addition, Constellation purchases and retires RECs on behalf of Constellation NewEnergy to meet its various state RPS obligations as a retailer in 48 states.

## RPS REQUIREMENTS IN SELECT STATES WHERE EXELON PARTICIPATES IN RPS MARKETS

Jurisdiction	2019 Compliance Requirement <sup>1</sup>	Compliance Standard	Eligible Renewables / Other Technologies
Delaware	<b>Compliance Year 2018–2019:</b> Eligible Renewables: 17.5% PV: 1.75% <b>Compliance Year 2019–2020:</b> Eligible Renewables: 19.0% PV: 2.0%	25% by compliance year 2025–2026	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Fuel Cells using Non-Renewable Fuels, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
District of Columbia	<b>2018:</b> Tier 1: 15.5% Tier 2: 1.0% Solar: 1.15% <b>2019:</b> Tier 1: 17.5% Tier 2: 0.5% Solar: 1.85%	100% total by 2032, with 5.5% solar and 94.5% Tier 1	Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Fuel Cells using Renewable Fuels
Illinois	<b>Energy Year 2019:</b> Overall Standard (% Retail Electric Sales to come from Renewables): 14.5% <b>Energy Year 2020:</b> Overall Standard (% Retail Electric Sales to come from Renewables): 16.0%	25% by compliance year 2025–2026	Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Landfill Gas, Wind (Small), Anaerobic Digestion Landfill Gas, Anaerobic Digestion, Biodiesel
Maryland	<b>2019:</b> Solar: 5.5% Tier 1 (incl solar): 20.7% Tier 2: 2.5% <b>2020:</b> Solar: 6.0%, Tier 1 (incl solar): 28.0% Tier 2: 2.5%	50% by 2030	Solar Water Heat, Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Geothermal Heat Pumps, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Geothermal Direct-Use, Anaerobic Digestion, Fuel Cells using Renewable Fuels
New Jersey	<b>Energy Year 2019:</b> Solar Carve-Out (A.B. 3520): 1,858 GWh Pre A.B. 3520/S.B. 1925 Solar Carve-Out: 3.29% Class 1: 14.175% Class 2: 2.5% <b>Energy Year 2020:</b> Solar Carve-Out (A.B. 3520): 2,164 GWh Pre A.B. 3520/S.B. 1925 Solar Carve-Out: 4.90% Class 1: 16.029% Class 2: 2.5%	24.48% by energy year 2027–2028 (20.38% Class 1 and Class 2 renewables by energy year 2020–2021 + 4.1% solar-electric by energy year 2027–2028) Year 2029–2030, Solar: 2.21%, Class 1: 50%, Class 2: 2.5%	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
Pennsylvania	<b>Compliance Year 2019:</b> Tier 1 (including Solar PV): 7.00% Tier 2: 8.2% Solar PV: 0.39% <b>Compliance Year 2020:</b> Tier 1 (including Solar PV): 7.5% Tier 2: 8.2% Solar PV: 0.4433%	<b>Tier 1:</b> ~8% by compliance year 2020–2021 (includes PV minimum) <b>Tier 2:</b> 10% by compliance year 2020–2021 <b>PV:</b> 0.5% by compliance year 2020–2021	Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Geothermal Heat Pumps, Municipal Solid Waste, Combined Heat & Power, Fuel Cells using Non-Renewable Fuels, Landfill Gas, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels, Other Distributed Generation Technologies

<sup>1</sup> Energy year/compliance year for Illinois, New Jersey and Pennsylvania runs from June–May and is defined by the year in which the energy/compliance year ends. Terminology used to describe classes of renewable energy and technologies eligible for compliance varies by state with each jurisdiction also defining its own universe of eligible resources for each class.

Sources: Database of State Incentives for Renewables and Efficiency. [www.dsireusa.org](http://www.dsireusa.org); PJM EIS. <https://www.pjm-eis.com/>

## 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 Connect programs. The toolkits offer 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 to select qualified solar contractors, monitor project progress and track energy usage, consumption and 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. In 2019, ComEd's total program included 9,728 customers providing more than 270 MW of renewable generation, while PECO had 10,152 customers with over 113 MW in renewable resources. BGE had 33,134 customers with almost 358 MW of installed generation capacity. Similar to BGE, PHI also credits its customers for their net energy use. In 2019, PHI's total program included 73,819 customers who supplied almost 914 MW of renewable generation. In total, at the end of 2019, Exelon utilities had 126,833 customers with 1,655 MW of renewable energy generation resources installed, primarily solar photovoltaic systems, with a limited amount of wind and other resources.

## SOLARIZE PHILLY

The Philadelphia Energy Authority (PEA) launched Solarize Philly to make the process of installing solar as easy and affordable as possible, while also supporting solar training at the school district of Philadelphia and improving access to clean energy for all neighborhoods. PEA carefully selected high quality installers and equipment and negotiated discounted prices and important consumer protections to help Philadelphia grow its solar market.

Our partnership with the City of Philadelphia for the Solarize Philly initiative has been very successful in facilitating the installation of rooftop solar in the city and in providing education and job training. PEA delivered introductory solar training to 19 students and placed seven students into internships in the clean energy sector during summer 2019. PEA enrolled another 15 career and technical education students in an academic year solar training that started in October 2019 and will continue through May 2020.

Solarize Philly is the largest single solarize initiative in the country with 2,076 households signing up for a free solar assessment and 291 households signing solar contracts at a discount through the program in 2019. From this program, rooftop solar installations in Philadelphia grew 20 percent year over year since 2016 with over \$10 million in private solar investment.





## Low-income Assistance

Each of Exelon's utilities has programs in place to provide financial assistance to low-income households, making energy more affordable for the low-income population in our service areas. Each of our utilities maintains a dedicated COVID-19 website where customers can learn more about the current status of customer energy assistance programs. For more information, see [Exelon's Role in Responding to the COVID-19 Pandemic](#).

**BGE.** BGE worked with state, local and nonprofit assistance partners to assist more than 45,000 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 low-income customers, BGE customers provided nearly \$2 million in matching credits to leverage grants for almost 20,000 Maryland individuals. 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 led the effort with other utilities to support a change to state rules to expand the number of households who can fully participate in the state Low-Income Home Energy Assistance Program (LIHEAP). BGE conducted its annual outreach mailing to more than 75,000 households informing them of available energy assistance grants. In April of 2019, BGE launched 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. More than 112,000 customers were enrolled in CARE programs or received energy management information between 2012 and 2016. The passage of FEJA in December 2016 provided an additional \$50 million to extend the ComEd CARE programs, providing \$10 million

a year from 2017 through 2021. ComEd CARE also supports the federally funded LIHEAP and state-funded Percentage of Income Payment Plan (PIPP) program. For more information on the ComEd CARE programs, visit the [ComEd website](#).

**PECO.** PECO's Universal Services is the largest and most comprehensive low-income program 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 111,000 customers enrolled in 2019. This program provides a monthly credit and forgives the total arrearage of all enrolled customers at the time of their initial enrollment. Additionally, 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 and usage reduction remediation measures for low-income, high-usage customers. PECO also has a Customer Assistance Referral and Evaluation Services program (CARES) to provide one-on-one support for low-income customers with special needs. Finally, PECO participates in the state-sponsored LIHEAP and offers additional benefits to customers that receive LIHEAP crisis grants. The total value of all of PECO's Universal Services' programs is more than \$93 million annually. For more information on PECO's low-income programs, please visit the [PECO website](#).



PECO CEO Mike Innocenzo (3rd from right) with the PECO team at MLK day of service event to help customers understand their energy options.



ComEd customer relations team talking with customer about bill- and energy-assistance options during event with farmers, Stephenson County, Illinois.

**PHI.** PHI offers a variety of programs across all our utilities to assist low- to moderate-income customers. The federal LIHEAP assistance is available across all PHI utilities. In 2019, PHI helped customers secure over \$75 million in energy assistance funds through state, federal and nonprofit programs.

ACE customers may be eligible to receive LIHEAP assistance for heating and medically necessary cooling costs as well as assistance through the Universal Service Fund (USF). The Payment Assistance for Gas and Electric (PAGE) and New Jersey SHARES programs are available for families that are not eligible for LIHEAP. The Lifeline Program provides assistance to seniors and the disabled who meet eligibility requirements for the pharmaceutical assistance to the aged and disabled or who receive supplemental security income. The ACE Helping Hands Energy Assistance Program assists low- to moderate-income customers with bill assistance. In its third year, 4,185 customers received benefits from the \$1 million annual program funding. Information for ACE customer energy assistance programs can be located at the [ACE website](#).

Delmarva Power customers may apply for federal LIHEAP assistance; in Maryland, the program is known as the Maryland Energy Assistance Program (MEAP). Maryland customers may also qualify for the Electric Universal Service Program (EUSP), which provides assistance specific to a customer's electric bill, the Universal Service Protection Plan (USPP), which protects customers from disconnection during the heating season and Arrearage Retirement Assistance, which assists low-income customers with an electric bill over \$300 for arrearages up to \$2,000. Customers within Delaware and Maryland who are low- to moderate-income and have disconnection notices may also be eligible for the Good Neighbor Energy Fund. Maryland customers who are low- and moderate-income who have disconnection notices or whose services have been terminated may also qualify for Delmarva Power's Good Neighbor Energy Fund. Delmarva Power piloted an Arrearage Management Program in Delaware for qualifying low- and moderate-income customers with arrears greater than \$500 and allows forgiveness up to \$6,000; 2,595 customers took advantage of the program. Delaware customers may also apply for LIHEAP, known as Delaware Energy Assistance Program (DEAP), which provides home heating and medically necessary cooling assistance, as well as benefits from the Utilities Fund which benefits income qualified customers facing disconnection. Information for Delmarva Power customer energy assistance programs can be located at the [DPL website](#).

Pepco customers may apply for federal LIHEAP assistance in Maryland, known as MEAP, or the District of Columbia LIHEAP program. D.C. customers can also apply for the Residential Aid Discount Program, which provides eligible customers with the Residential Aid Credit (RAC), a monthly credit towards 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 above. Pepco Maryland customers with a disconnection notice or currently disconnected can also receive a \$1,000 grant once a year through the Pepco Washington Area Fuel Fund Partnership. Information for the Pepco customer energy assistance programs can be located at the [Pepco website](#).

## Sustainable Solutions for Customers in Competitive Markets

Constellation is Exelon's competitive wholesale and retail business. This business supplies power, natural gas and energy products and services for homes and businesses across the continental United States, as well as home services in the Mid-Atlantic region and Texas. Constellation Retail serves approximately two million residential, public sector and business customers, including three-fourths of the Fortune 100. Constellation's wholesale electricity supply business provides energy to utilities, municipalities, co-ops and energy retailers nationwide, managing the sales, dispatch and delivery from Exelon's portfolio of owned and contracted power generation. In 2019, Constellation's power and gas business served approximately 213 TWh of electric load and 1,540 billion cubic feet of gas to wholesale and retail customers.

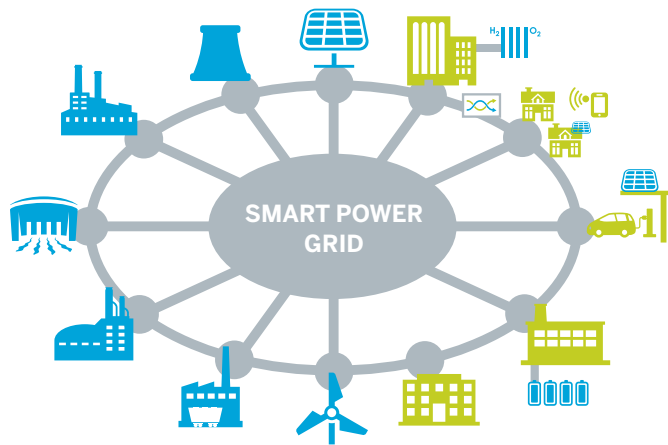
Competitive markets drive choice, innovation, savings and environmental sustainability. Constellation's integrated energy solutions — from electricity and natural gas procurement and renewable energy supply to demand side management and connected home technology — are designed to empower customers in how they buy, manage and use their energy.

Constellation is committed to a clean energy future and offers energy options and sustainability solutions for a wide range of consumer profiles.

### Customized Efficiency Solutions

Constellation works with customers on tailored solutions to achieve their sustainability goals while managing their energy and operational costs. For many large-scale efficiency projects, the cost of investments in infrastructure improvements are paid for by the ensuing energy cost savings. Constellation uses audits, engineering, design, construction management and long-term monitoring

### CONSTELLATION: INNOVATIVE, INTEGRATED SOLUTIONS FOR CUSTOMERS



**Electricity.** Offering customers budget stability and purchasing flexibility, with options for fixed, index and blended pricing solutions, as well as renewable energy supply.

**Natural Gas.** Creating custom natural gas strategies that meet the needs of customers' risk tolerance, budget management and overall energy goals.

**Distributed Energy.** Installation and operation of on-site solar and other energy assets to help customers more efficiently and reliably meet their energy budget and sustainability goals.

**Home Services.** Giving homeowners more choices to manage energy costs and keep their families comfortable with options for solar, heating and air conditioning systems, water heaters, plumbing systems and electrical systems, replacement windows and doors, and attic insulation.

**Energy Efficiency.** Energy management options to help customers meet their financial and environmental goals, often as part of an energy performance contract or supply contracts to ease upfront capital expenses for customers.

**Offsite Renewables.** Enabling businesses to combine location-specific renewable energy purchases and renewable energy certificates (RECs) with a physical load-following energy supply contract.

and analytics to design and implement projects. We optimize assets and leverage faster payback measures, such as lighting improvements, to help pay for slower payback investments such as chillers or distribution systems.

The Efficiency Made Easy® (EME) program is one example of Constellation's service offerings geared toward small- and mid-size business customers where funding constraints are often a barrier to critical efficiency improvements. Through this program, customers save money and reduce energy consumption by incorporating the cost of efficiency projects into an energy supply agreement — and without the need for upfront capital. In 2019, Constellation EME customers saved 95,000 MWh of electricity and prevented emissions of an estimated 67,000

metric tons of CO<sub>2</sub>e. Since 2011, Constellation has funded over \$150 million in energy efficiency projects for more than 500 customers.

Early in 2020, Constellation announced its acquisition of Pear.ai, an energy intelligence platform that uses data analysis and artificial intelligence to help commercial and industrial customers manage their energy usage and costs and drive sustainability. Over the course of 2019, Constellation helped Pear.ai grow and evolve by partnering with the company and investing in the platform. The acquisition supports Constellation's developing strategy of commercializing new technologies and utilizing strategic partnerships to pilot new non-commodity products and solutions that drive value for customers.

## DRIVING SUSTAINABILITY WITH THE PGA OF AMERICA

In May, Constellation teamed up with the PGA of America to encourage golf fans to make sustainable choices in their day-to-day lives at the 2019 PGA Championship, at Bethpage State Park in Farmingdale, New York.

The “[Driving Sustainability](#)” fan experience at the PGA Championship encouraged spectators to pledge their commitment to a sustainable future by dropping golf tees in bins labeled with simple ways to conserve energy and improve the environment. Conservation ideas included installing LED bulbs, switching to a renewable energy plan, using a refillable water bottle and more. PGA professional and longtime Constellation brand ambassador Jim Furyk made the ceremonial first pledge at the kick-off event. For every pledge, Constellation donated \$10 (ultimately maxing out its contribution at \$50,000) to [Solar One Green Design Labs](#), a local nonprofit organization that provides urban sustainability and environmental education programming in New York City schools.

Constellation also helped minimize the carbon footprint of the PGA Championship by matching the electricity used during the tournament with Green-e Energy Certified RECs, representing energy generated from clean, renewable resources.

“As our organization takes proactive steps to reduce its energy consumption and positively impact the environment, we're excited to embolden the golf community to do the same,” said Jeff Price, Chief Commercial Officer, PGA of America. “We're proud that this partnership with Constellation is enabling the PGA of America to improve its operational efficiency and make clear to our fans and 29,000 members that long-term sustainability is among our top priorities.”

The PGA of America's Official Energy Provider and Sustainability Partner since 2016, Constellation has helped the organization develop and implement sustainability strategies — working to reduce energy consumption and cut costs at golf facilities nationwide through its EME program. Constellation also serves as the electricity and gas provider for more than 50 PGA of America member facilities nationwide.





## Access to Renewable Energy Supply

As businesses nationwide continue to explore avenues to reduce their carbon footprint, Constellation launched its **Constellation Offsite Renewables (COrE)** product in late 2017 to provide customers with the access to offsite renewable energy projects through the simplicity of a retail power contract.

Through COrE, businesses can leverage Constellation's size, scope and expertise in the renewable energy market to meet their sustainability goals. The product also enables businesses to point to the specific renewable project from which they are sourcing their energy, which they can relay to customers, shareholders, employees and communities. To date, COrE has helped 14 companies procure offsite renewable energy, avoiding approximately 667,000 metric tons of carbon dioxide.

Constellation offers a number of distributed energy solutions, including solar and cogeneration, to help customers more efficiently and reliably meet their energy needs. From these solutions, customers have the power to optimize performance, manage risk, maximize efficiency, meet sustainability goals and achieve the highest value of energy investment for the lifetime of their facilities and across operations. In 2019, Constellation had more than 522 MW of distributed energy assets in operation or under development for commercial and government customers in the United States. Of this, 417 MW was commercial solar operating at 620 sites in 15 states and the District of Columbia.

Constellation expanded its retail solar business in fall 2018 when it acquired California-based solar developer PFMG Solar LLC. The acquisition has enabled Constellation to grow its solar footprint in the most active U.S. solar market, California and extend Constellation Offsite Renewables (COrE), energy efficiency and other retail energy offerings to new markets.

In 2019, Constellation completed 37 MW of solar generation in Pepco Holdings' Maryland, Delaware and Washington, D.C. service areas. The Maryland Public Service commission stipulated this commitment following the Exelon-PHI merger in 2016. Merger solar customers include The Home Depot, the **Town of Ocean City, Maryland**, Joint Base Anacostia-Bolling, the **National Institute of Standards and Technology (NIST)** and Prince George's County Public Schools.

## CONSTELLATION COMPLETES LARGEST "COrE" DEAL TO DATE

In September 2019, Constellation signed a 175 MW agreement to supply an aggregation of three major commercial customers, its largest COrE deal to date. The 15-year agreement, which will begin in 2021, will enable Johns Hopkins University, McCormick & Company and TJX Companies, Inc. to power their operations with renewable energy from the Skipjack Solar Center in Charles City County, Virginia.

As part of this transaction, Constellation will purchase energy and RECs from the Skipjack Solar Center and will then sell the power and project-specific RECs to the customers.

The agreement helps Johns Hopkins University, an anchor institution in Maryland and one of the nation's most renowned post-secondary schools, make a significant step toward its goal of reducing carbon emissions by 15 percent by 2025.

"When we pledged in 2010 to more than halve our carbon emissions in 15 years, we knew it would require making significant changes in how we power and operate our university," said President Ronald J. Daniels. "This agreement demonstrates the seriousness of our commitment to sustainability for the good of our university and our planet."

McCormick & Company will use the energy to power its Maryland and New Jersey-based facilities, including its corporate headquarters, four manufacturing plants and two distribution centers.

To date, COrE has helped 14 companies procure offsite renewable energy and prevented the emissions of approximately 667,000 metric tons of carbon dioxide.

## ENERGY EFFICIENCY PROJECT FOR NAVAL AIR STATION PENSACOLA

In 2019, Constellation's massive energy efficiency project for Naval Air Station (NAS) Pensacola earned a Federal Energy and Water Management Award from the DOE. The award recognizes individuals, groups and agencies for their outstanding contributions in the areas of energy efficiency, water conservation and the use of advanced and renewable energy technologies at federal facilities.

Working with the Navy and local utility Pensacola Energy, Constellation developed a \$31.5 million utility energy service contract project to design-build and implement more than 20 energy conservation measures (ECMs) in 43 buildings across one of the Navy's largest training bases nationwide.

Key ECMs implemented through this project include: optimizing automated HVAC controls, improving multiple chiller plants, converting interior lighting to high-efficiency LED bulbs and fixtures and installing low-flow plumbing fixtures.

The project will deliver a more than 21 percent reduction in cost, an estimated annual savings of \$2.9 million over the course of a 10-year energy savings contract. From an environmental perspective, the project will help avoid approximately 10,000 metric tons in carbon emissions annually, the equivalent of removing more than 2,100 cars off the road or saving more than 8,000 trees in one year, according to EPA estimates.

Using advanced technologies in recyclable waste and alternative and renewable fuels, Constellation developed a robust and comprehensive project designed to reduce energy consumption, reduce energy costs and enhance the working environment by providing more consistent comfort in occupied spaces. The project addressed many of the Navy's goals — including decreasing energy use and cost while reducing greenhouse gas emissions — and represents work that will provide immediate and lasting economic and operation value.

Known as "The Cradle of Naval Aviation", NAS Pensacola serves as the flight training base for every U.S. Navy, Marine Corps and Coast Guard officer seeking to become Naval Aviators and Naval Flight Officers. Nearly 60,000 students graduate from its training programs each year.





## CONSTELLATION PROJECTS AND PROGRAMS

Constellation is involved in a variety of innovative, low-carbon projects for customers across the United States. Several highlights are listed below; please click the links to learn more about each project and initiative.

Through Energy Efficiency Project, Constellation, New York City Housing Authority Team Up to Implement Workforce Development Program »



Constellation to Distribute Renewable Natural Gas Produced from Nebraska Landfill »



Constellation, Delaware Electric Cooperative Complete Solar Expansion »



Constellation Among Contributors Supporting Development of National Aquarium's Waterfront Campus »



BGE HOME Integrating Hybrid Technology into Commercial Vehicle Fleet Through Pilot Program »





## Partnering with Our Communities

- Donated \$51.5 million to organizations, benefiting nearly 3.7 million people
- Volunteered 250,790 hours on community projects through the work of 9,273 Exelon employees
- Executed on our workforce development plan to build a diverse and engaged workforce that draws from our service areas





As a good corporate citizen, Exelon builds connections with the people in communities where we live, work and serve. Our first priority is providing safe, clean, reliable and affordable energy to support the quality of life that our family, friends and neighbors expect and to enable the economic growth our business customers deserve. We employ over 32,000 people in high-quality jobs in power generation, electric and gas T&D operations, engineering and capacity planning, marketing, communications, customer service, economic development and more. We also indirectly impact our local and state economies through our commitment to purchasing from and contracting with local and diverse suppliers.

## Local Economic Benefits

Exelon's utilities provide electric and/or natural gas service to 10 million residential, commercial and industrial customers and a population base of 21.8 million people. Our utilities power local economies that collectively produced an estimate \$1.78 trillion of gross domestic product (GDP) in 2019 — the value of all goods and services produced across all sectors of the local economies we serve.

### Supporting Business and Economic Development

We are committed to supporting our local, county, regional and state-wide efforts to facilitate growth by providing utility economic development services. Each of our utilities has a team dedicated to business attraction, retention and expansion, as well as to addressing utility-related questions from our economic development partners, business prospects and site location consultants. We support existing customers that have unique growth plans and we answer energy-related questions from developers, building owners and commercial and industrial real

### ESTIMATED 2019 GROSS COUNTY PRODUCT SERVED BY EXELON UTILITIES

**ACE** powered southern New Jersey's \$133 billion economy, serving companies in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem counties.

**BGE** powered an estimated \$229 billion of Maryland's economy providing electricity and natural gas for customers in Baltimore City and Baltimore County, Anne Arundel, Harford and Howard counties; as well as parts of Prince George's, Calvert, Carroll, Cecil and Montgomery counties.

**ComEd** powered a \$717 billion economy with electricity flowing through the Illinois heartland of Chicago and Cook County as well as Boone, Bureau, Carol, DeKalb, DuPage, Ford, Grundy, Henry, Jo Daviess, Kane, Kankakee, La Salle, Lake, Lee, Livingston, Marshall, McHenry, Ogle, Stephenson, Whiteside, Will, Winnebago and Woodford counties.

**DPL** powered an estimated \$83 billion economy, providing energy to the entire state of Delaware including Newcastle, Kent and Sussex counties and to a significant part of Maryland's Caroline, Cecil, Dorchester, Harford, Kent, Queen Anne's, Somerset, Talbot, Wicomico and Worcester counties.

**PECO** powered southeastern Pennsylvania's \$337 billion economy providing business and industry with the energy needed to succeed in Philadelphia, Bucks, Chester, Delaware and Montgomery counties, as well as parts of Lancaster and York counties.

**Pepco** powered the \$282 billion economy in the District of Columbia as well as parts of Montgomery and Prince George's counties in Maryland.

Source: IHS Markit's Gross County Product data adjusted locally for fractional counties served.

estate representatives in their efforts to attract end users. We are committed to supporting those who support economic growth because when our communities succeed, we thrive together.

Each utility economic development team manages unique initiatives that address larger, targeted community building efforts. The following are examples of our diverse activities:

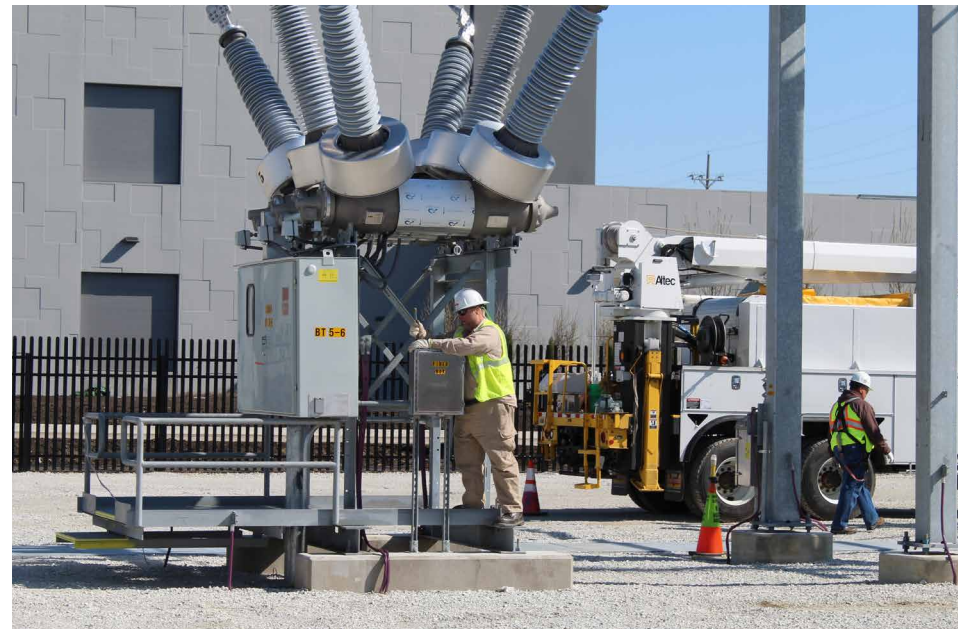
**ACE.** ACE hosted events at two technical schools to celebrate the third annual New Jersey Careers in Utilities Week. The New Jersey Careers in Utilities Week celebrates the industry and highlights the importance of having a prepared and highly trained workforce to support the continued delivery of safe, reliable and affordable service, as well as the state economy. At the events at Cumberland County Technical Education Center and Atlantic County Institute of Technology, more than 400 students heard from utility employee panel discussions, took utility truck tours and viewed technology demonstrations.

**BGE.** In 2019, 25 businesses joined BGE's Smart Energy Economic Development (SEED) program, which BGE developed to increase the potential size of incentives compared to previous economic development programs. Businesses creating new, full-time positions can qualify for SEED incentives that discount natural gas or electric connection and usage costs. In 2019, the businesses participating in the program added approximately 4,000 new jobs in Maryland. Since the inception of the program in 2015, 110 businesses added more than 13,000 jobs and received more than \$6 million in service extension discounts and more than \$900,000 in distribution discounts.

By heavily investing in new gas and electric infrastructure to support the Tradepoint Atlantic redevelopment, BGE is taking an innovative approach to bring businesses on quickly and efficiently. Total investment will near \$100 million and will service the high-tech needs of Tradepoint Atlantic, as well as the surrounding community in Baltimore County. The substation will be operational in spring 2020. The majority of projects on site have participated in BGE's SEED program and received construction and distribution discounts. BGE has also provided a dedicated team of approximately 55 employees on keeping BGE ahead of the customer's needs. Occupying 3,100 acres, Tradepoint Atlantic is the largest economic development project on the east coast and will create 9,500 direct jobs,

17,000 jobs across Maryland and 16 million square feet under roof. The project is expected to be completed by 2025 and is ahead of schedule. Some of the major tenants include Amazon, Under Armour, Lafarge, Fed Ex and Perdue.

**ComEd.** Data centers have been a growth sector for ComEd and northern Illinois over the last five years. After a successful multi-year effort by the Illinois Data Center Coalition, co-led by the Illinois and Chicagoland Chambers of Commerce, Illinois joins a list of about 30 states offering some sort of tax incentives to help attract data center investment. The new legislation exempts qualifying data centers from having to pay state and local sales taxes on the equipment in the facilities, including everything from cooling and heating equipment to servers and storage racks. To qualify, a data center must spend at least \$250 million on the facility, employ at least 20 full-time employees over a five-year period and meet a green building standard, such as LEED or Energy Star. ComEd is also actively engaged with transit agencies, school bus operators and intermodal rail facilities to support their fleet electrification initiatives. ComEd anticipates pilot programs with three customers beginning in 2020.



ComEd substation under construction to support expanding data center campus, Franklin Park, Illinois.





Students receive hands on electric distribution system training at the D.C. Infrastructure Academy.

**DPL.** Delmarva Power launched its new Energy Discounts for Growing Enterprises (EDGE) program in Maryland to promote economic growth and job creation on the Eastern Shore. We designed this new program to help retain local businesses, attract new business to the area and encourage business expansion. The EDGE program offers new and existing businesses of all sizes a 20 percent discount off the electric delivery distribution portion of their rate. The discount is effective for a five-year period as long as a customer continues to meet eligibility requirements. Many northern Delaware residents heat their homes with oil or propane, leading to high greenhouse gas emissions and high prices. In 2019, DPL continued its focus on extending natural gas mains to unserved homes through its My Switch to Gas Residential Fuel Conversion Program. Since its inception in 2014, DPL has seen approximately 5,951 residential fuel conversions, resulting in a savings of 10,989 metric tons of carbon dioxide.

**PECO.** PECO focuses on infrastructure development that enables economic growth. For example, in 2019, PECO developed an innovative solution to supply natural gas to Kimberly-Clark, enabling them to invest in a new gas-fired cogeneration plant to ensure future operations. PECO also addressed the future of the electric distribution system at U.S. Steel's 2,000-acre Keystone Industrial Port Complex, the largest heavy industrial site in Greater Philadelphia. We also addressed energy needs for South Mills Mushrooms, a customer that is expanding, building a 900,000 square-foot facility on 134 acres in Chester County.

**Pepco.** In 2019, Pepco and the District of Columbia's Department of Employment Services launched the D.C. Infrastructure Academy (DCIA), a key Mayor Bowser initiative that connects D.C. residents to the infrastructure industry. Pepco contributed \$5.2 million for workforce development programs through its merger with Exelon, with additional in-kind contributions totaling to \$500,000. Building on a series of other initiatives, the DCIA focuses on occupational skills training and work-based learning initiatives. Participants receive hands-on training in pole climbing; transformer testing; fall protection; bucket truck operation; line installation, repair and maintenance; and first aid and CPR. The twelve-week program evolved from the Quick Path to Energy Program pilot and offers District residents' workforce readiness, Construction and Skills Trades (CAST) exam preparation and technical training. Pepco and its partners guarantee qualified

graduates well-paying entry-level job offers at Pepco or at Pepco contractors of choice. Of the first cohort to graduate in 2019, all 22 have been employed as a result of the program, with half being employed by Pepco and half employed by contractors of choice.

While our utility economic development functions vary, ranging from legislative advocacy and financial incentives to infrastructure and workforce development, collaboration between Exelon operating companies also helps drive growth. Through bi-monthly calls and in-person meetings held twice a year, our utility economic development teams share best practices, recognize regional priorities and support each other.

One outcome of this collaboration is that BGE leveraged lessons learned from ComEd's partnerships to develop data centers and economic growth in Illinois. BGE supported a business coalition led by the Maryland Chamber of Commerce seeking legislation that would ease the development of data centers in the state. The legislation including a sales and use tax exemption on the purchase of data center equipment passed, putting Maryland on the map for the data center industry. Another example of collaboration is with the sale of the Philadelphia Energy Solutions (PES) refinery property. PES reached an agreement of sale with Chicago-based Hilco Redevelopment Partners, which is successfully redeveloping Baltimore's former Bethlehem Steel site into the Tradepoint Atlantic industrial park. BGE hosted a tour of Tradepoint Atlantic which allowed PECO to help envision the electric distribution requirements for the PES site and ComEd leveraged partnerships with Hilco leadership from its previous experience working on redevelopment projects in Chicago.

Taxes are another important way Exelon supports local growth and development. In 2019, Exelon paid, or collected and remitted, a total of \$4.7 billion in taxes. Of this total, we paid \$2.2 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 \$2.5 billion in taxes, such as employee payroll, sales/use and utility taxes.

## 2019 AWARD

Site Selection Magazine recognized both ComEd and PECO in its list of Top Utilities for Economic Development, as measured against utility peers across the country.



## EXELON CORPORATION AND SUBSIDIARIES — 2019 TAXES PAID<sup>1</sup>

dollars in millions

	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>	548	1,107	1,655
<b>State and Local Taxes<sup>2</sup></b>			
Delaware	35	10	45
District of Columbia	172	30	202
Illinois	444	614	1,057
Maryland	555	282	837
New Jersey	21	124	145
New York	52	68	120
Pennsylvania	253	124	377
Texas	46	41	86
Other States	62	106	169
<b>Total 2019 Taxes Paid</b>	<b>\$2,186</b>	<b>\$2,506</b>	<b>\$4,693</b>

1 Numbers reported on a tax basis and rounded in each jurisdiction to the nearest million dollars.

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



## Exelon's Commitment to Workforce Development

Like many companies in our industry, a greater share of Exelon's workforce will be approaching retirement age over the next decade. As more of our employees reach retirement age, our challenge — and that of our partners and vendors — is to recruit, train and retain the next generation of highly skilled employees who reflect the communities and customers we serve.

At Exelon, we believe that it is imperative to look ahead. Current college, high school, middle school and even younger student populations are the workforce of the future and need the skills to take the place of veteran employees, whether at Exelon or in other businesses in the communities we serve. As holders of a public franchise, we have a particular mandate and opportunity to build a diverse and engaged workforce that draws from our service areas.

Urban areas, such as the major cities served by Exelon, experience significantly higher rates of unemployment than the nation's average, along with higher rates of poverty. The same is true of rural areas throughout the country. This has a direct effect on the overall economic prosperity of these communities. Workforce demographics do not always match the available jobs. Jobs in STEM (science, technology, engineering and math) fields are forecasted to grow nearly 40 percent faster than non-STEM jobs. However, women and minority populations continue to be underrepresented in these fields, even though minorities are the fastest growing segment of our otherwise aging population.

The challenges in tapping into the human potential of underrepresented persons begins well before college. School systems benefit from our partnership in preparing today's students for tomorrow's jobs. In a survey conducted by the Exelon Foundation, 70 percent of the 1,000 high school girls surveyed were unfamiliar with the STEM opportunities available to them and only half were optimistic about the future of women in STEM-related fields. Exelon believes that employers need to own these issues. To make the long-term commitments needed to get results, senior leaders from across Exelon have been working to identify new approaches and opportunities to develop our region's next generation of workers. Major focus areas include:

- Creating the right STEM and vocational education and awareness among young people in our service areas;
- Reducing or removing educational barriers and obstacles faced by young people and underrepresented and underserved members of the community; and
- Deepening current and executing new approaches and partnerships with employers, nonprofits and community groups to expand training and job opportunities for work-ready adults and youth.

In addition to committing Exelon to this long-term workforce development effort, Exelon's CEO Chris Crane has also championed this work across the industry as the 2019–2020 Chairman of the Edison Electric Institute (EEI). Together, Exelon and our industry must collaborate to build the workforce of the future so that all segments of our society benefit from the opportunities created by our industry's transformation.



STEM Academy student learns about how emerging virtual reality technologies may benefit the future of work.

## Engaging with Communities

Our mission is to provide clean, reliable and affordable energy systems to our communities. In providing this service to our customers, we also recognize that electricity service requires care and caution. We aim to effectively engage our customers to ensure their safety at all times. The safety and well-being of our customers and communities is an important aspect of our vision of connected communities. We aim to protect the public and minimize potential adverse impacts of our operations, especially during potential emergencies. As part of this commitment, we prioritize strong communication networks with our neighbors.

### Disaster Preparedness and Awareness

We proactively engage with our communities so we can all respond to emergency events quickly and effectively. Each of our operating companies maintains an educational outreach and preparedness program to protect the communities surrounding our operations in the unlikely event of a disaster. Our operating companies prepare for potential emergencies using tabletop exercises and real-world drills. We conduct activities both internally with our employees and with local, state and federal emergency response organizations. Our activities may also include:

- Direct mailings to residents living within each station's emergency response area containing details about emergency warning systems, evacuation routes and other safety issues;
- Community information nights to answer questions from local residents;
- Educational programs at schools to teach children about energy safety;
- Routine social media reminders on disaster preparedness and emergency response ahead of storms and seasonal changes;
- Training for contractors and excavators working in the vicinity of operations; and
- Online information on disaster preparedness.

All of 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



Community information nights at Exelon Generation's nuclear plants offer an opportunity for the public to visit the plant, talk with employees and learn about nuclear energy.

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.

### Nuclear Plant Safety

Exelon operates the largest zero-carbon generation fleet in the United States, the majority of which is nuclear, followed by renewable energy resources. While nuclear power generation does not produce GHG emissions, it requires detailed attention to safety. The health and safety of our plants, our employees, our neighbors and the environment are of the highest priority.

Exelon Generation's nuclear fleet has one of the best industrial safety records in the industry. Nuclear plants consistently have the lowest recordable injury rates of any form of electricity generation and we employ multiple levels of oversight to

## COMMUNITY ENGAGEMENT AT NUCLEAR PLANTS

Local stakeholder engagement is particularly important for our nuclear operations. At each of our plants we conduct outreach through the following mechanisms:

**Tours.** We periodically provide nuclear plant tours to stakeholders, such as elected officials, community leaders, opinion leaders, schools and the media. Tours offer a first-hand look at how we operate our nuclear power facilities in a safe and secure manner.

**Speakers' Bureau.** The speakers' bureau program takes our message of safe, reliable, zero-carbon operations on the road to a broad audience of schoolchildren, civic organizations and the public. A company representative or other communicator will give a speech or attend an event and deliver key themes and messages to a target audience.

**Community Outreach.** We maintain ongoing, open and honest relationships with public officials, business and community leaders, opinion leaders, the public and the media through planned community events, sponsorships and other public interactions.

**Community Information Nights.** We hold annual open-house events at all of our nuclear sites, which give members of the public an opportunity to visit the plant, meet plant leaders, talk with employees, ask questions and learn about nuclear energy and how their neighborhood plant operates.

**State of the Plant Events.** We host an annual event for local governing bodies, key county officials and community leaders in which site leaders share information about plant performance, projects, issues and involvement in the community.

The collective engagement efforts of our 13 owned nuclear sites resulted in 98 strategic tours, 80 speakers' bureaus and 170 community outreach events, reaching more than 125,000 community members and other key stakeholders during 2019.



ensure continued safety in this area. Exelon uses the proven, proprietary fleet-wide Exelon Nuclear Management Model for managing all aspects of nuclear plant operations. Line management is responsible for maintaining a strong safety culture at the plant level and implementing the Management Model, with executive oversight, independent Nuclear Safety Review Boards at each plant and Exelon's Generation Oversight Committee rigorously monitoring and evaluating nuclear

performance. As a result, we are in full compliance with required and industry-led reporting and actively support extensive transparency and reporting regarding the safe operation of nuclear facilities.

In addition to internal monitoring, the Institute of Nuclear Power Operations (INPO) also evaluates plant and industry safety and reliability, with the objective of maximizing plant and industry performance and sharing best practices and



improvement opportunities. The NRC performs ongoing oversight and review of our nuclear plants in the areas of operations, maintenance, emergency planning, security and environmental and radiological impacts. The NRC may modify, suspend or revoke operating licenses and impose civil penalties for compliance failure. As of December 31, 2019, performance indicator results from the NRC's 2019 Reactor Oversight Process indicate that all 21 nuclear generating units operated by Exelon are in the highest performance group, indicated by their green band classification. More information is available on the [NRC website](#).

All of our nuclear facilities are highly secure, virtually impenetrable facilities that are models of security for other industries. Our defense-in-depth security systems include vehicle checkpoint stations and barriers, security towers, complex engineered barrier systems, site security fences and highly trained security officers, all of which make these facilities the strongest industrial site defenses in the nation.



All nuclear units operated by Exelon are at the NRC's highest performance "green band" level.

Our highly skilled and professional workforce receives regular and rigorous training to maintain and improve their performance and knowledge of the special and unique technology they operate. We conduct training at each of our 12 Exelon-operated nuclear sites, three centralized training facilities in Pennsylvania, New York and Illinois and a fire training academy located in the Midwest. Every new employee at a nuclear power plant receives a general orientation and initial training. Our instructors receive initial training aligned to the INPO Instructor Certification Program and are equipped with company-specific training and knowledge of requirements. Certified instructors maintain their skills and knowledge with annual continuing instructor training accredited by the National Academy for Nuclear Training. Line department employees, supervisors and work groups attend discipline-specific training programs that prepare them for their role within a nuclear facility, along with continuing training programs to maintain and improve their knowledge and skills. The length of the initial training programs varies depending on the discipline: from nine months for skilled tradespeople to 18 months for NRC-licensed nuclear control room operators. In 2019, we completed training and licensing for 191 new control room operators.

Exelon's nuclear fleet uses distance learning technology and classrooms to conduct its initial maintenance and technical training programs. There are 54 classrooms in 16 different locations in Illinois, Pennsylvania, New York and Maryland that include the latest audio and video equipment, allowing interactive training to occur simultaneously with a multitude of students taught by a single instructor. In addition, we use three centralized lab locations for hands-on portions of maintenance program training. We also utilize innovative training technology such as virtual reality, 3-D printed mock-ups of tools and equipment and glass-top simulators. In 2019, continued integration of distance learning technology resulted in the graduation of 183 prospective new technicians and engineers. The Exelon ANSI Management Certification class also used distance learning technology, which enabled 57 students and seven external students to receive their management certification. Employing new and innovative technologies affords our employees a more streamlined training schedule, more time at their home facility and less time traveling.



## Giving Back to Communities

At Exelon, we are committed to supporting community progress in the areas in which we live and work. 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.

We are proud to share that our 2019 philanthropic efforts impacted nearly 3.7 million people. We focus our giving in five critical areas:

**Educational programs** that promote STEM learning or encourage students to stay in school. Our efforts in education involved more than \$13.5 million donated to education-related causes, which benefited 746,302 students, including helping 11,356 students graduate from high school. In 2019, we donated a total of \$664,658 in scholarships that furthered the educational goals of 536 students.

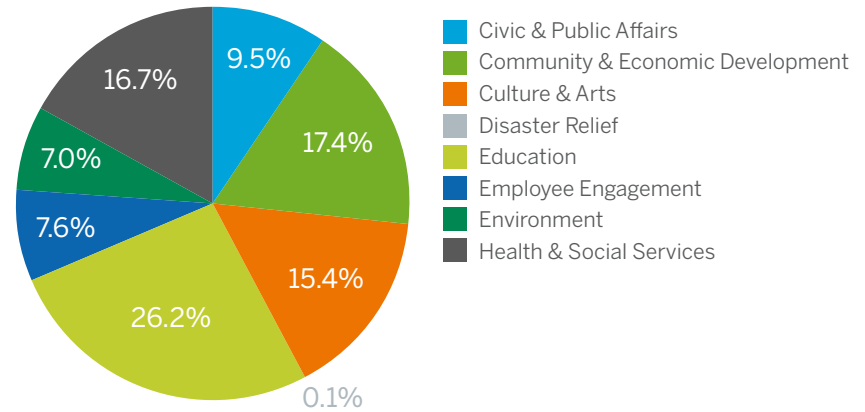
**Environmental programs** that improve the health of the environment and promote energy efficiency. Our \$3.6 million in financial support of environmental projects in 2019 benefited 580,315 people and resulted in 74,916 pounds of trash collected, 330 acres of land preserved, 58,692 trees planted and 22,322 animal habitats saved.

**Community and economic development** collaboration with local civic organizations that improves the quality of life in our communities. Our community and economic development contributions of over \$8.9 million positively impacted more than one million people, with more than 100 energy-efficient homes built and 788 community organizations benefiting from Exelon grants.

Partnerships with **arts and cultural institutions** with broad public exposure, supporting programs that make the arts more accessible to a wider audience. These programs benefited 610,478 people. Our contributions of over \$7.9 million allowed 62,595 people to engage in arts and culture performances they would not otherwise have been able to experience. These efforts also resulted in a remarkable 171,650,899 media impressions (including both Exelon and grantee organizations).

**Health and social services programs** support the health and well-being of our communities. In 2019, our donations of over \$8.6 million in this area served 749,006 people.

### 2019 CONTRIBUTIONS BY PROGRAM AREA

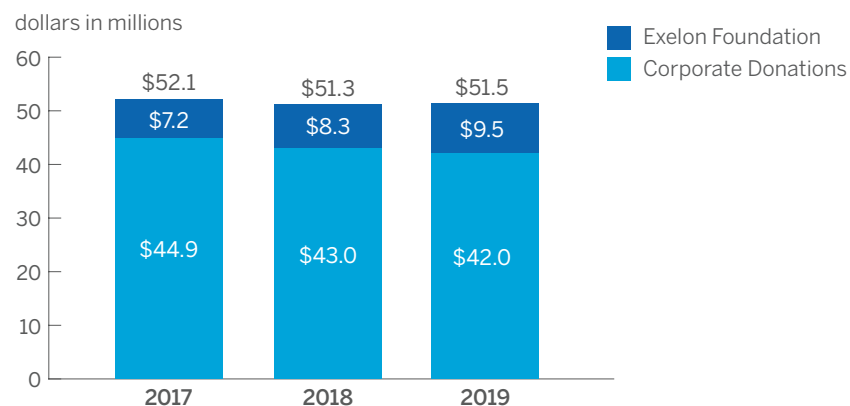


ComEd volunteers working to support our communities.

## Corporate Giving

Every year, we give a portion of our revenue back to our communities. In 2019, Exelon's corporate contributions totaled over \$41.9 million. In addition to our corporate contributions, the Exelon Foundation provided an additional \$9.5 million in contributions. Over \$42 million — more than 82 percent of our total contributions — supported organizations, programs or events that serve the needs of diverse populations.

### CORPORATE GIVING



Exelon volunteers working at a local food bank.

## CLIMATE CHANGE INVESTMENT INITIATIVE (2c2i)

During the 2019 Climate Week NYC, the Exelon Foundation and Exelon launched a \$20 million Climate Change Investment Initiative (2c2i) to cultivate start-ups working on new technologies aimed at reducing greenhouse gas emissions and mitigating climate change in our service areas. 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 start-ups that focus on climate change, clean energy and the environment. Under 2c2i, the Exelon Foundation will invest \$10 million over the next 10 years and Exelon Corporation will provide up to \$10 million of in-kind services for start-ups, such as access to Exelon networks and expertise to launch and scale their businesses.

Each selected start-up is focused on addressing climate change through various goals, targets and initiatives that align with common themes: mitigation, resilience and adaptation. One start-up awarded in 2019 was Amidus, an early-stage consulting firm based in Washington, D.C. focused on addressing climate change through resilience. Amidus develops and delivers solar resilience solutions that help low-income communities better withstand climate change through active collaboration of technology, community work and innovative business models. They implement a number of projects throughout the D.C. area, such as providing back-up power for emergencies at identified critical facilities. Another start-up awarded in 2019 was Greenprint Partners, a Chicago-based organization that works with water utilities and landowners to design, build, finance and maintain high impact green stormwater infrastructure programs and projects that create more resilient communities. Greenprint helps cities reduce stormwater flooding and water pollution in a scalable way by increasing green space, supporting biodiversity and expanding urban forests. Greenprint prioritizes projects in low- and moderate-income communities that are most in need of investment in resilient infrastructure.

## 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 HeForShe Initiative and The National Energy Education Development Project, held free STEM Innovation Leadership Academies in Chicago, Washington, D.C. and Philadelphia. In 2019, 60 high school girls participated in a week of STEM and leadership development experiences in each city. Mentored by employees, the students participated in the Energy Challenge, networked with executives and visited Exelon generating station and utility training facilities. Since 2018, 280 students have participated in the STEM Academy and an additional 120 students have participated in STEM Day activities.

The Exelon Foundation also hired Arabella Advisors to research best practices for engaging young women in STEM education and learn about the barriers

they may encounter. Out of this engagement, we learned that long-term and high-intensity programs, as well as those that are project-based and student-centered, are the best options for encouraging a career in STEM. They also recommended regular contact between students, parents and staff to create lasting relationships. High-school girls who will be first-generation college students need to visit sites for direct exposure to career options. Based on these recommendations, Exelon continues to increase its STEM Day programming to provide these opportunities to students and maintains communication through newsletters and events.

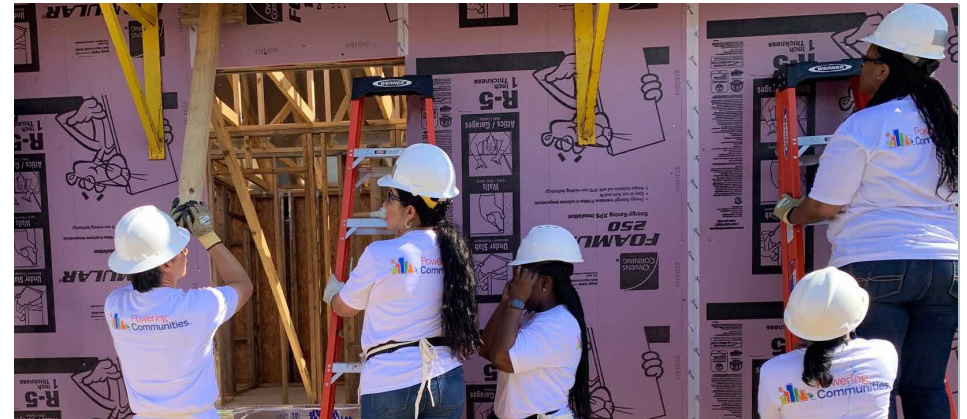
"By creating opportunities for young women to learn about and pursue STEM-related careers, we are helping to develop the workforce of the future," said Chris Crane, Exelon president and CEO. "We recognize that a diverse team of people — with different backgrounds, experiences, cultures and perspectives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





## Employee Philanthropy and Volunteerism

Exelon encourages employees to volunteer in their communities and supports them in their work. In addition to benefiting the local community, volunteerism drives employee engagement. During 2019, a record-breaking 9,273 Exelon employees volunteered for a total of 250,790 hours. An Exelon volunteer survey showed that 93 percent of participants agree that Exelon is committed to the community, 89 percent say that they are proud to work for a company that demonstrates its commitment to the community and 76 percent say that they feel that their volunteer work contributes to making them better employees.

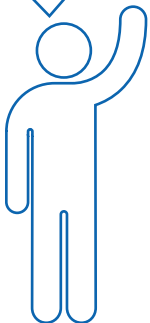


Constellation volunteers work on housing project.

### VOLUNTEER SURVEY RESULTS

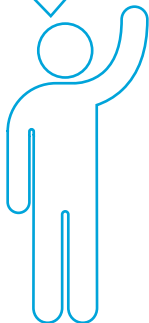
**93% say...**

Exelon volunteers make a difference in the community



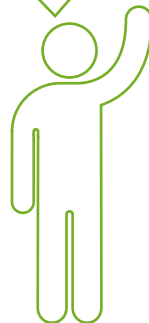
**93% say...**

Exelon is committed to the community



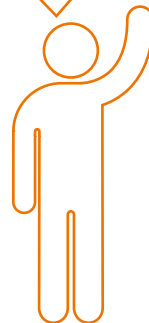
**89% say...**

I am proud to work for a company that demonstrates its commitment to the community



**84% say...**

Exelon values my community involvement



**76% say...**

I feel that my volunteer work contributes to making me a better employee



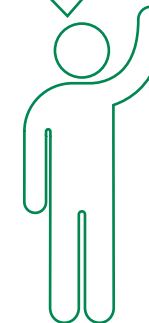
**74% say...**

I feel my department understands the benefit of volunteering in the communities that Exelon serves



**72% say...**

Exelon's commitment to community involvement is one reason I would recommend working here





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

**Employee Giving Campaign and Matching Gifts Programs.** Exelon employees contributed over \$12 million through the Exelon Foundation Employee Giving Campaign and Matching Gifts programs. The Foundation matched a portion of the donations, resulting in \$19.4 million going directly back into the communities we serve.

**National Volunteer Month.** One of our signature volunteer programs is National Volunteer Month, which was held April 2019. A record-breaking 5,368 Exelon employees volunteered at 452 volunteer events in 16 states and 128 cities, for a total of 18,250 hours.

**Autumn Acts of Kindness.** During the month of November, 2,261 employees volunteered for a total of 14,513 hours, both at company events and independently, in support of our Autumn Acts of Kindness program. These included 181 company-sponsored events and 87 holiday drives, with 918 nonprofit organizations supported by volunteers.

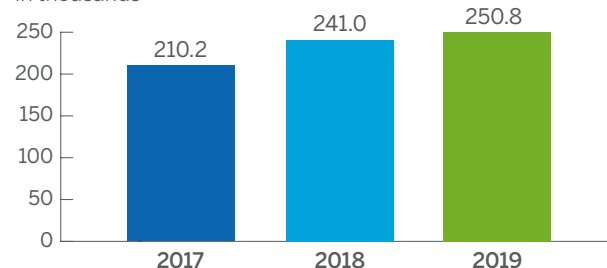
**Employee Volunteer Awards.** To reward our employees who volunteer for more than 50 hours in a year, Exelon presents Employee Volunteer Awards, with an associated financial grant of \$5,000 to \$20,000 given to the recipient employee's nonprofit organization of choice. In 2019, we distributed 24 awards totaling \$200,000 to nonprofit partners.

**Dollars for Doers Program.** In 2019, 2,443 employees participated in Dollars for Doers, a program through which Exelon provides \$100, \$200 and \$400 grants to nonprofits in honor of employees' volunteer service of 10, 20 and 40 hours, respectively. In 2019, we awarded 4,845 grants totaling \$909,100.

**Board Representation.** A dedication to giving back to our communities runs through all levels of Exelon, including our corporate executive suite. Exelon was represented on 1,300 nonprofit boards in 2019.

## VOLUNTEER HOURS

in thousands



D.C., Chicago and Philadelphia Employee Volunteer Award winners, clockwise from top left.

## 2019 VOLUNTEER ACTIVITIES HIGHLIGHTS

In all of our business units, Exelon employees are active participants in their communities. In 2019, teams throughout the company gave back to their communities through volunteer activities in our service areas.

**BGE.** The Cal Ripken, Sr. Foundation, which serves over 4,000 at-risk youth every year across Maryland, was BGE's 2019 Cause Initiative. On August 11th, over 250 employee players, coaches and fans participated in the BGE Softball Classic and raised nearly \$90,000. Proceeds assisted in building a new ballfield in the Cherry Hill neighborhood of West Baltimore. In total, BGE exceeded the company's \$300,000 goal by raising over \$371,000 for the Foundation.

**ComEd.** To support the American Heart Association, nearly 800 ComEd employees participated in the three-day walk within the Chicagoland area in September this year. Employees raised over \$140,000 for the cause. Joe Dominguez, the CEO of ComEd, will serve as the chair of the Heart Walk in 2020. It is also the ninth year of the ComEd Energy Force program, through which ambassadors with disabilities teach others about energy efficiency. There are now 28 ambassadors who participate in the program. In 2019, ComEd also committed to creating a part-time position for someone with disabilities because of the success of this program.

**PHI.** During its National Volunteer Month, PHI held over 75 events with 4,173 volunteer hours logged by employees. ACE held 32 events, including an event where employees constructed blankets for the local NICU as part of the partnership with the March of Dimes. DPL held 21 events and the employees raised over \$4,200 at the March for Babies event. Pepco held 29 events and had its first onsite playhouse build with Habitat for Humanity of Metro Maryland.

**Constellation.** E2 Energy to Educate awards support students in understanding science and technology to solve current energy challenges and these grant-funded projects inspire them to think differently about energy. In 2019, we reached over 18,000 students through 20 STEM projects, receiving over \$410,000. Since its inception, 141 projects have been awarded, totaling nearly \$4 million and reaching over 200,000 students across the nation.



**PECO.** Through its partnership with the Pennsylvania Horticultural Society, PECO planted over 1,000 trees in its service territory in 2019. This program supports PECO's Tree Line U.S.A. certification, which was developed by the Arbor Day Foundation to target utility companies. Certification provides a "seal of approval" to recognize utilities with best management practices within community forests. PECO also hosted the Exelon Foundation STEM Innovation Leadership Academy at Drexel University. Partnering with Exelon and UN Women, PECO and partner organizations recruited 63 girls in the 10th and 11th grades. The program included field trips, leadership development training and an energy challenge.

**Exelon Generation.** Through Operation Warm, Exelon Generation donated \$52,000 and over 2,600 new coats to schools near power facilities across the country. At an Albany Green Energy biomass plant in Georgia, employees donated 500 coats to an entire elementary school. Exelon Generation also continues to support the Boys and Girls Clubs in its communities. Limerick Station employees purchased, assembled and donated bicycles to Pottstown Area Boys and Girls Club as holiday gifts. Exelon Generation donated \$16,000 to the Boys and Girls Club of Chester, Pennsylvania to purchase a 12-passenger van for the facility to transport children to and from after school activities and events.





## A Safe, Innovative and Rewarding Workplace

- Conducted 762,000 hours of safety-related training through hands on, classroom and computer-based training
- Continued our collaboration with universities and hosted 521 college student interns
- Continued our support of the United Nations Women's HeForShe campaign, with an additional \$3 million investment to support STEM education for young women

**We strive to create a workplace that is diverse, innovative and, most importantly, safe for our employees. Exelon's success is dependent on keeping our diverse workforce healthy and engaged. We constantly evolve our policies and programs to enable a strong safety culture throughout our entire operations. Within Exelon, we advance a culture of innovation by bringing together diverse perspectives and finding new ways to encourage, inspire and reward new ideas and entrepreneurship. To promote employee engagement and retention, we provide rewarding growth opportunities for our employees, competitive compensation and benefits and a variety of training and development programs. Through our programs, we strive to create a vibrant, collaborative and fulfilling workplace.**

**Public and employee safety and health are of paramount interest during Exelon's COVID-19 response effort. We will report 2020 learnings in greater depth in the next corporate sustainability report. For more information, see [Exelon's Role in Responding to the COVID-19 Pandemic](#).**

## **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 range of critical work activities, from securing transmission lines after a storm to overseeing electricity generation, which is inherently dangerous work. Through

the strength of our safety programs and the commitment of our employees and leadership, Exelon focuses on achieving top-tier safety performance.

Our Safety Peer Group consists of each business unit's safety managers, corporate safety managers, industrial hygienists and legal and medical professionals. The group seeks out and identifies 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. 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 fatalities and serious injuries. We failed to achieve that goal in 2019, as two contractors were fatally injured while performing work on behalf of Exelon. In response, we will continue to improve our safety programs, with a specific focus on eliminating risk of serious injuries and fatalities by employing technology and enhanced work practices.



**Exelon is focused on achieving top-tier safety performance through employee and leadership commitment.**



## Safety Management

We prioritize health and safety performance improvements through our comprehensive safety management systems (SMS) and targeted initiatives for areas of high risk. We conduct risk assessments, track and investigate incidents and implement corrective action programs through our SMS in accordance with applicable Occupational Health and Safety Assessment Series (OHSAS) and American National Standards Institute (ANSI) standards. The executive-level Safety Council and Safety Peer Group review risk assessment and benchmarking results and recommend specific safety initiatives. Additionally, in 2019, Exelon evaluated the International Organization for Standardization (ISO) 45001 Safety Management System Standard for best practices that could be integrated into the safety management systems going forward. We expect to update our SMS to meet the ISO 45001 requirements in 2020.

We enhance our safety program through industry benchmarking with our peers, evaluating new technologies and seeking to better leverage data to manage hazardous conditions and prevent injuries. We collaborate closely with EEI and EPRI on safety initiatives within our industry and are also expanding our safety benchmarking to larger companies outside our industry. Since 2016, Exelon has been a member of the Campbell Institute, a group of leading companies from the National Safety Council 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.

Engaging our employees on safety is a critical component of creating our safety culture. One way we motivate employee involvement in safety innovations is through Safety Achievement Awards. The awards are peer-nominated and awarded to employees who go beyond their normal job duties to make work safer and, in some cases, to improve public safety as well. In 2019, 52 employee teams were nominated for Safety Achievement Awards. Three projects received the award and the winners donate the prize money to safety-related charities of their choosing. In total, Exelon donated \$37,500 to charities in 2019 on behalf of projects recognized by the Safety Achievement Awards program. The three winning projects are highlighted below:



Exelon utilities continue to expand the use of thermal imaging to support employee safety and early detection of potential issues on the system.

**BGE Thermal Ground Scanning for Hot Manholes.** Using thermal cameras, BGE implemented ground scanning to identify the hottest manhole locations. This allows teams to recognize locations with potential leaks before opening the manhole. Using this data, BGE can coordinate with their contractors to prioritize the areas for repair and mitigation activities. Additionally, by knowing ahead of time where these hot locations are, crews can bring additional ventilation fans and other equipment to help cool the manholes and reduce heat stress. The team from BGE donated their prize money to the Brooklyn Park Volunteer Fire Company.

**PHI's Drone Safety for EmPower Maryland Program.** In 2018, the QA/QC inspection team launched a pilot program in which quadcopter drones were used to take inspection photographs and videos, as opposed to manual data collection on foot using a digital camera. This enables the inspector to safely verify project accuracy without exposing themselves to a potentially dangerous environment. For example, streetlight projects are often inspected to verify project accuracy because of their potential energy savings and incentive claims. Accessing these light fixtures can be challenging and dangerous. With a drone, the inspector can gather photographs of the fixtures from up to a mile away and minimize the possibility of being struck by a vehicle. PHI chose the Boys and Girls Club of Germantown, Maryland, to receive their charitable donation.

**Facility Roof Fall Protection Project at PECO.** In 2018, PECO's Facilities department sought to identify and mitigate potential fall exposures for mechanics performing routine maintenance on roofs or roof-mounted equipment. The team believed that passive handrails were the most effective solution, because no action is required for the user. The team also identified some tasks where the portable guardrail system was not feasible. After researching other options, they located a portable OSHA-compliant moveable anchor point, a device approved for fall arrest and fall restraint. The team communicated the updated fall protection features on the various service building roofs and conducted training for use of the portable anchor point. This collaborative approach allowed for a successful and thorough execution of their strategy. PECO selected Men to Men Mentoring to receive their donation.

The Exelon Safety Team explores new ways to improve the safety training sessions we offer. We collaborate with the **Corporate Innovation Team** to incorporate new and emerging technologies, such as virtual and augmented reality systems, to enhance experiential learning where hands-on training is not an option. We also developed a comprehensive safety training program through our learning information management system, which assigns and tracks training completion on a per-employee basis. In 2019, our employees received more than 762,000 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 culture of safety.

## Safety Technology and Engagement

Across Exelon, our business units often test innovative methods for improving safety performance. We leverage technology to reduce our employee risk exposure while improving our service. For example, unmanned aircraft for transmission line and wind turbine inspections can limit the risk to employees while improving inspection quality and speed. Other areas where we seek to improve our safety performance through technology include:

**Exelon Power, BGE and BSC** began a pilot with Fatigue Science to review a wellness initiative to help employees understand their level of fatigue. The pilot involves an app that allows an employee to predict fatigue over the next 18-hour period and plan work around their level of mental readiness/alertness.

**Exelon Utilities** businesses continued a partnership with Proxxi to provide feedback on their Proxxi Brand technology, which can detect voltage and induced voltage, a development with lifesaving implications. The data and feedback we provide informs upgrades to Proxxi Band prototypes, with the goal to improve their product and benefit the entire industry. In addition to Proxxi, Exelon Utilities has been piloting another voltage detecting device, Compass by Safeguard. This device frees up the hands by attaching to the hard hat.

**Exelon Nuclear** continues to experiment with technology to conduct remote inspections and repairs, thereby avoiding exposure to radiation and heat stress.

## CONTINUOUSLY IMPROVING OUR SAFETY CULTURE

A series of significant injuries in one of the utilities in the first quarter of 2019 drove Exelon to more closely examine its safety culture. Through employee feedback sessions and benchmarking with peers from the Campbell Institute (and other Fortune 100 companies), we created a plan to enhance Exelon's culture focusing on our shared value of Dedicated to Safety. This initiative will use multiple approaches to enhance field and leadership communications and further strengthen our approach to safety.

Exelon Utilities' Value Based Engagement initiative exemplifies our commitment to improve our safety culture in 2019. The concept enhances the culture by helping leadership and field teams communicate. All levels of leadership within each of the Exelon Utilities organizations are required to engage workers in the field, reviewing areas of concern and opportunities together. The initiative focuses on open-ended questions that encourage discussion and invite open and honest answers and feedback. Topics and themes are reviewed and modified quarterly as needed by Safety leadership with feedback from Operational Leaders.

## Safety Performance

At Exelon, safety performance is integral to our culture. While Exelon's Occupational Safety and Health Administration (OSHA) recordable safety performance in 2019 was top decile for the industry, we experienced several disappointing safety incidents in 2019. In total, Exelon experienced 224 OSHA recordable incidents, down from 234 in 2018. Simultaneously, we saw improvements in many of our individual businesses. Of particular note, in 2019 the PHI utilities continued to reduce their OSHA recordable rate since the merger in 2016, reaching a 60 percent reduction. However, Exelon experienced two contractor fatalities in 2019. In July, a contractor for DPL Gas was killed in a workplace violence incident by a member of the public. The second fatality occurred in November at LaSalle station when a diver passed away during diving operations. We at Exelon are deeply saddened by this loss of life. We investigated the circumstances pertaining to these events to ensure we thoroughly understand the situation and take preventive steps in the future. In the case of our diving operations, this includes reviewing potential technologies to limit the risk exposure for the diving incident.

In 2019, Exelon employees drove more than 99 million miles in a combination of Exelon-owned, employee-owned and rental vehicles. The total number of accidents where a company driver is responsible increased in 2019 to 2.78 accidents per million miles driven, up from 2.57 in 2018. The majority of Exelon's motor vehicle accidents continue to be being struck by another vehicle while stopped, in many cases because the non-Exelon driver was driving while distracted. Where Exelon is at fault, the leading cause continues to be striking stationary objects at low speeds, such as backing into a fence. 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 us be safer on the road. 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 2019, Exelon's contractors worked more than 44 million work 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 training 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 conduct internal audits and self-assessments on a periodic basis to ensure that our contractors adhere to the safety program requirements. When working with contractors that have higher recordable rates, we monitor their work more frequently and, when necessary, terminate contracts due to poor safety performance. In 2019, our contractor OSHA recordable rate was 0.57, an almost 20 percent reduction over the past five years and the same as the rate for Exelon employees.

### EXELON EMPLOYEE SAFETY PERFORMANCE

	2017	2018	2019
OSHA Recordable Rate <sup>1</sup>	0.52	0.57	0.57
OSHA DART Rate <sup>2</sup>	0.32	0.36	0.33
OSHA Severity Rate <sup>3</sup>	8.17	9.06	9.57
Exelon EEI Serious Injury Incident Rate <sup>4</sup>	0.07	0.04	0.04
Exelon's Contractor OSHA Recordable Rate	0.59	0.59	0.57

1 The number of work-related injuries or illnesses requiring more than first-aid treatment, per 100 employees.

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

3 The number of days away from work per 100 employees as a result of work-related injuries or illnesses.

4 The EEI Serious Injury Incident Rate is a benchmarkable metric of significant and fatal injuries shared by EEI members.

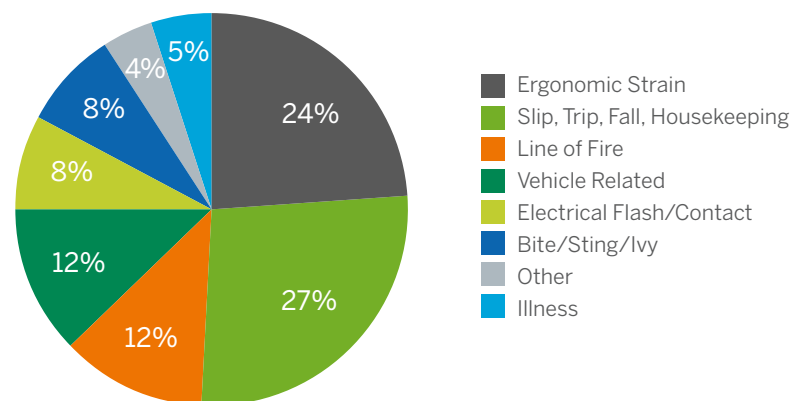
## ELIMINATING SEVERE INJURIES

The Serious Injury and Fatality (SIF) Program collects best practices and develops tools that aim to prevent severe injuries and fatalities. Through this program and others at EPRI and the Campbell Institute, we benchmark our processes and SIF performance against our peers and find opportunities for learning and improvement. SIFs account for seven percent of our overall OSHA Recordable injuries. They are also the most impactful type of injuries and have a lasting effect on our employees and their families. In 2019, Exelon engaged with a cross industry team at EEI to develop a new model for Serious Injury Classification and Learning. This model will launch in 2020 across the industry and we hope to leverage learning on a greater scale to drive down SIFs in the utility sector as a whole.

Exelon also focuses on using technology to eliminate Serious Injury potential. Exelon is part of the advisory council and an active participant of the [National Safety Council's Work to Zero Campaign](#), which formally kicked off in February 2020. Work to Zero aims to eliminate workplace deaths. Since 1913, the National Safety Council has used data, expertise and innovation to solve some of the toughest workplace safety problems. Yet over the past decade, as workplace injuries have declined, the number of fatalities has remained relatively flat and they have even increased in some years. The Council's Work to Zero initiative, supported by a grant from the McElhattan Foundation, aims to make workplace deaths a thing of the past. Using decades of insight, data and an unparalleled

network of safety leaders, the program will identify the most promising technological innovations for eliminating workplace fatalities in our lifetime. In short, Work to Zero will serve as a hub of digital transformation in safety. We hope to leverage this partnership to accelerate learning and deployment of new techniques and technologies to engineer out the risk to our employees.

## 2019 EXELON OSHA RECORDABLE INJURIES BY CAUSE



## Health and Wellness

At Exelon, we are committed to helping our employees maintain and improve their health. The Exelon wellness program offers a wide range of well-being services such as on-site biometric screenings, walking and nutrition challenges, health coaching, fitness reimbursements, smoking cessation, stress management, health education, opportunities for volunteerism and more. By participating in the

wellness program, employees can save money on their medical plan premiums. In 2019, nearly 42 percent of eligible employees completed their biometric screening. Nearly 40 percent of employees took part in at least one challenge. To encourage healthy living at home, we extend the benefits of biometric screening and personal health assessment to employees' spouses and domestic partners. We also work closely with several worksite locations to offer healthier food choices and encourage more well-being awareness.



# HR Transformation

## Objectives/Goals

As part of Exelon's priority to make its Business Services Company (BSC) more efficient and deliver greater business value, we took a close look at how we organize and operate our HR department today across our people, processes and systems. HR Transformation is a multi-year journey scheduled to complete in the fourth quarter of 2020. Through this initiative, we will modernize and transform our HR operating model to work more efficiently across Exelon. HR Transformation will enable more strategic engagement with the business and integrate new, user-friendly technologies into our existing systems to enable greater self-service access.

## Focus Areas

Our HR Transformation journey started in late 2019 by centralizing the Talent Acquisition team. The process continues to bring us closer to the business, drive higher levels of innovation and HR expertise and help us focus on things valued by the business. These focus areas include enhancing the HR customer experience, improving strategic partnership with the business, creating consistency within our HR processes, increasing HR cost-effectiveness and positioning HR for scalable future growth.

## Attracting 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 that reflect our core competencies as an innovative, forward-thinking and people-focused organization. The following sections outline several of Exelon's key priorities and accomplishments in 2019 in the area of talent attraction.

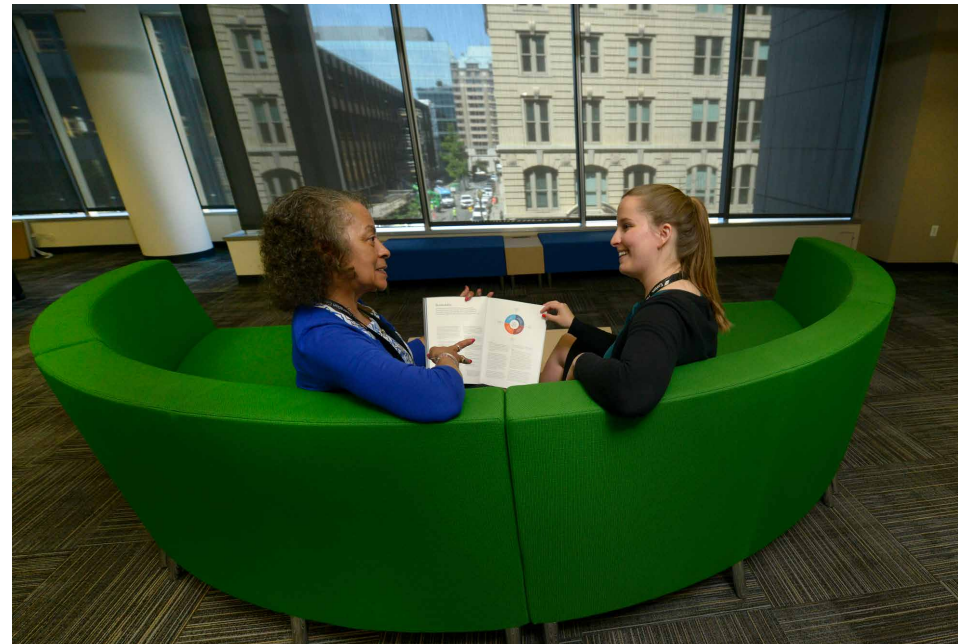
## Talent Acquisition Centralization

In 2019, we transitioned to a centralized operating model for talent acquisition, enabling greater efficiency and cohesion in our recruiting and selection processes. The addition of a dedicated sourcing team, along with the implementation of a candidate relationship management system, allows us to build strong candidate

pipelines, enable passive candidate sourcing and conduct outbound recruitment marketing. We also streamlined the candidate interview and scheduling processes. By creating a comprehensive view of our talent acquisition analytics and best-in-class metrics, we can continue to monitor progress and evolve our approach.

## Recruitment Process Experience

To improve the experience of our candidates and hiring managers, we must first develop an understanding of what that experience looks like today. Launched in 2019, a series of automated surveys capture feedback on our recruitment process so we can identify opportunities for improvement. We collect this information on a daily basis and share it with our HR partners and operating company business leaders. Analysis of this survey feedback, coupled with external benchmarking capabilities, informs improvements to the overall recruiting experience for our key stakeholders. As part of these efforts, we have significantly enhanced our front-end candidate experience with the launch of a new, modernized careers website and application process workflow.



Committed and engaged employees are essential to Exelon's business success.

## Establishing our Employment Brand

Another aspect of HR Transformation was the restructuring of our Talent Acquisition Center of Excellence to shift some of its strategic focus to defining and communicating Exelon's employment brand. This included development of recruitment marketing content and tools to support talent sourcing efforts. In a highly competitive labor market, it is imperative that we build a strong and differentiated narrative around what Exelon offers as an employer: workforce empowerment, community impact and organizational responsibility. We will continue to advance this effort in 2020.

## Internships & University Recruitment

By hosting hundreds of collegiate interns annually across our operating companies, Exelon seeks to build a diverse talent pipeline for future jobs while exposing students to career opportunities within the energy industry. We foster strategic partnerships with key academic institutions and organizations that help us provide young talent with valuable applied experience. These collaborations are based on academic excellence in relevant areas of study, student diversity and proximity to our major markets of operation. A new dedicated team within the centralized Talent Attraction organization will continue to explore opportunities to enhance our university partnerships and attract top collegiate-level talent. In 2019, a total of 521 college students interned at Exelon.

## Accelerating Talent

### Exelon Talent Accelerated Summary

In 2016, we began a strategic transformation called Talent Accelerated. In order to drive our enterprise strategy forward, Talent Accelerated provides development opportunities for our employees. This initiative helps Exelon navigate a changing landscape by focusing managers and employees on what matters: contributing their best and attracting, developing and rewarding talent in alignment with our strategic objectives. The adjacent strategic imperatives translate into key areas of focus for this initiative.

## EXELON TALENT ACCELERATED

Our Strategic Imperatives	What We Focused on and Why
Strategically <b>optimize talent as a competitive differentiator</b> for Exelon, by equipping leaders to be coaches and enhancing our talent review process	<ul style="list-style-type: none"> <li>• <b>Implemented a "leader as coach"</b> model to help managers successfully facilitate growth and development of their teams, to better shape and evolve our talent</li> <li>• <b>Elevated our business talent review process</b> to better identify and drive focus on the future and on key talent</li> </ul>
Help managers and employees <b>focus on what matters</b> , by streamlining our performance management process and refining our competency model to align with our business strategy	<ul style="list-style-type: none"> <li>• <b>Refined core and leadership competencies</b>, to define "what good looks like," with a focus on what our talent needs to succeed, today and in the future</li> <li>• <b>Redesigned</b> processes from <b>performance management</b> to <b>coaching conversations</b> to focus on development activities that drive higher performance and eliminate activities that don't</li> <li>• <b>Modernized learning</b>, focusing on the skills and capabilities needed to drive the business forward</li> </ul>
Providing processes and systems that are <b>fast, smart and simple</b> , modernizing and simplifying our tools	<ul style="list-style-type: none"> <li>• <b>Continued to enhance</b> our <b>ePeople Talent system</b> to provide managers and employees with modernized technology, advanced functionality and easier and direct access to information they need</li> </ul>
Leveraging <b>advanced analytics</b> to understand talent priorities and inform key business decisions	<ul style="list-style-type: none"> <li>• <b>Expanded talent analytics solutions</b> to go beyond collecting data to generating insights that includes: <ul style="list-style-type: none"> <li>- Streamlining and simplifying dashboards and reports</li> <li>- Ensuring data quality, alignment and governance</li> <li>- Exploring artificial intelligence along with other advanced analytics to identify complex patterns in data across multiple data sources</li> </ul> </li> </ul>
Support innovation by building a <b>diverse workforce and an inclusive culture</b> , where all of our people feel they can contribute their best	<ul style="list-style-type: none"> <li>• <b>Value of Mutual Respect</b> training continues to be conducted for Key Managers and those employees who manage others. Over 2,160 Exelon employees have successfully completed the ½ day course</li> <li>• <b>Offered innovation training</b> to all employees to foster an innovative culture and ensure all understand the impact of innovation at Exelon</li> </ul>
Attracting and selecting talent that can help us win in the marketplace, adding <b>new skills for new markets</b> to our talent portfolio	<ul style="list-style-type: none"> <li>• <b>Leveraged a range of assessments</b> to hire the best talent for the job and provide critical information to help with ongoing development</li> </ul>

## EXELON INTEGRATED TALENT MANAGEMENT



## EXELON KEY TALENT PROCESSES

### Core Competencies



**Focus on Capabilities —**  
The way we act and lead

- Six competencies, modern business language
- Clear link to mission, vision and values
- Redefined role-based behavioral anchors
- No formal assessment of each competency

### Performance Development



**Focus on Impact and Behaviors —**  
The way we grow as individuals and teams

- Three ratings with no distribution requirements
- Continuous and crowdsourced feedback with frequent "check ins" (no mid-year)
- Simplified goal setting process
- De-couple performance from compensation discussion

### Leader as Coach



**Focus on Growth and Development —**  
The way we accelerate employee development

- One formal feedback process at year-end, informal "check ins" throughout the year
- Training will focus on helping all leaders have constructive conversations and help with consistency in approach

### Business Talent Review



**Focus on the Future —**  
The way we build our talent pipeline

- Talent map with development guide
- Refined and modern tools

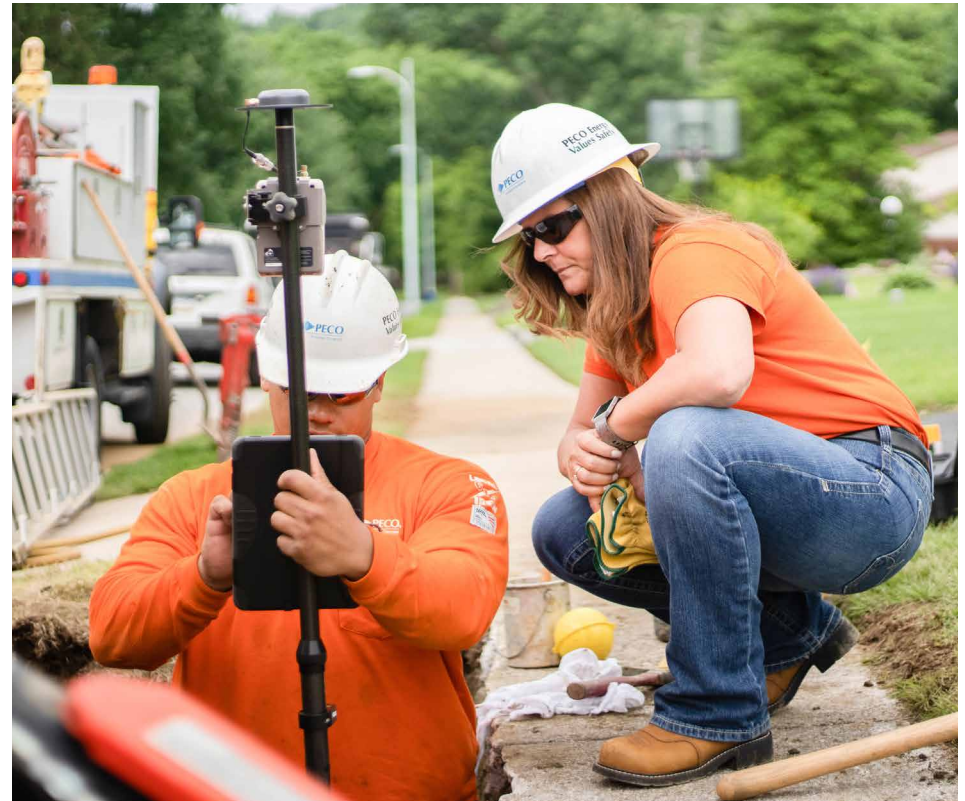
## Employee Development & Training

**BGE.** BGE develops employees' technical skills and leadership capabilities through customized curriculums and solutions that include classroom and online offerings, as well as on-the-job experiences. Our training center in White Marsh provides a centralized technical skills training facility that utilizes state-of-the-art technology such as virtual reality. In addition to promoting personal and professional growth, BGE's training and development activities ensure our workforce is prepared to provide +1 Customer Service in an evolving environment.

**ComEd.** ComEd builds leadership, professional and technical capability by deploying a full suite of development programs to crew leaders, field supervisors, professional employees and people managers through the Crew Leader Academy, Supervisory Development Program, Emerging Leaders Program, Engineering University, 21st Century Leadership Development Series and expanded leadership development programs. The programs offer resources for leadership, professional and technical development, including in-person and online workshops, webinars, job aids and videos. In addition, ComEd hosted Career Development Week to support the continued growth and development of all employees and to create opportunities for meaningful career conversations between employees and their managers. Over 700 employees attended Career Development Week, which included tours, live workshops and virtual sessions, along with a Career Day with 60 department booths.

**PECO.** PECO focuses on developing employees' technical and leadership capabilities through various mediums, including classroom training, on-demand virtual training and webinars. PECO follows a systematic approach to training and uses the ADDIE (Analysis, Design, Development, Implementation and Evaluation) model. To enhance both personal and professional growth, hands-on training and online learning are available for a wide range of topics, spanning from people skills to technical knowledge. In 2019, PECO also held its first ever Career Development Week, which consisted of webinars, virtual panels, in-person presentations and mock interviews. Over 500 attendees participated in over 10 offerings and more than 200 leaders participated in Inclusive Leadership training, a program focused on driving a culture of diversity, inclusion and belonging. PECO's leadership development programs include the Supervisory Development Program, Manager Essentials and the Emerging Leaders Program.

**BSC.** BSC offers employee and leadership development opportunities to support high performance and career growth for all levels. We've demonstrated a focus on growth by providing development planning workshops and open "office hour" sessions for employees and managers. In addition to the enterprise-wide workshop offerings, our employees have been leveraging new, innovative learning platforms such as LinkedIn Learning and Coursera, which has enabled mobile, on-the-go training. We continue to offer targeted development opportunities to our high potential talent through a variety of training programs. For example, our Emerging Leaders program focuses on building people leadership readiness among our high potential individual contributor population, and our YOU+ program provides a one-on-one tailored coaching experience to senior manager and director-level leaders.



Employee development at Exelon focuses on both technical learning and leadership skills.



**PHI.** PHI's mentoring program leverages an innovative technology platform that provides individualized career development for all employees. The inclusive and scalable approach offers one-on-one or group mentoring options. The Mentoring Toolkit supports employee engagement while advancing critical behavioral skills, business acumen and overall leadership competencies. In the first three months, the PHI Mentoring Program participation was more than double the vendor benchmark for corporate mentoring programs and over 30 percent of our eligible population was actively engaged as mentors. The program seeks to support business priorities, such as retaining talent, enhancing deeper learning and knowledge transfer, improving promotional readiness, sparking more innovation and generating overall workforce collaboration. The PHI Mentoring Program also complements the annual career week and quarterly development days, as well as monthly leadership webinars, Inclusive Leadership workshops and other targeted development programs designed to strengthen effective leaders in an inclusive work environment.

**Constellation.** Constellation offers professional, leadership and technical development opportunities to all employees across their geographic footprint. To encourage and empower employees to own their development, Constellation

introduced new self-paced, online and virtual opportunities in 2019, in addition to already-existing in-person training opportunities. Employees also had the opportunity to focus on skill and competency building through the second annual Constellation Career Development Week. This time allowed employees to develop meaningful development plans in partnership with their manager. We continued leading Respectful Workplace Conduct training sessions throughout 2019 to give all employees the opportunity to attend and learn more about their role in driving an inclusive culture.

**Generation.** In addition to using industry-leading talent management practices to develop our employees, Exelon Generation focuses on an integrated leader-led philosophy designed to advance the strategy of the business and create positive employee experiences. Leadership development programs concentrate on changing culture. They start with executive alignment and cascade through management levels to ensure consistency of skill development throughout the organization. In 2019, Exelon Generation also introduced Anaplan, a strategic workforce planning tool, to deliver short- and long-term talent insights based on analytics. Anaplan provides leaders with the ability to act faster and smarter in a changing industry.



In addition to developing our current employees, Exelon's Workforce Development Program works to train the next generation workforce through efforts such as the D.C. Infrastructure Academy.

# Engaging Talent

## Employee Engagement: 2019 Survey Results

To support and retain our talent, we must provide our workforce with an environment where they 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 experience at the company. Periodic surveys help us to better understand and address any issues raised by our employees. The surveys measure employee engagement, development, innovation, diversity and inclusion, safety and other aspects of the employee experience.

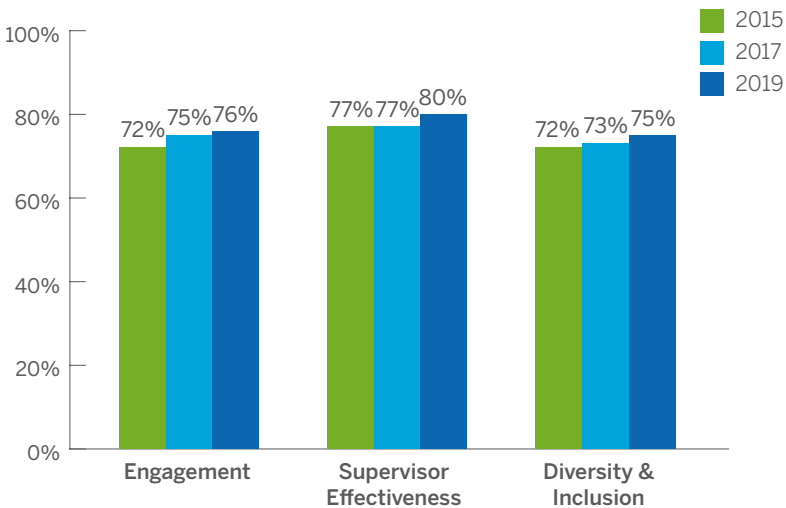
Our biennial Employee Engagement Survey generates our greatest research on employee experience. In 2019, we achieved a response rate of 85 percent and received positive ratings and increases in all of our critical focus areas:

engagement, supervisor effectiveness and diversity and inclusion. Exelon's employee engagement rated as 76 percent favorable, above external norms and approaching best-in-class designation (categorized as 78 percent favorable or better). During the survey off years, Exelon also offers engagement pulse surveys to allow operating companies to measure progress and targeted impacts of specific action planning efforts coming out of the biennial survey.

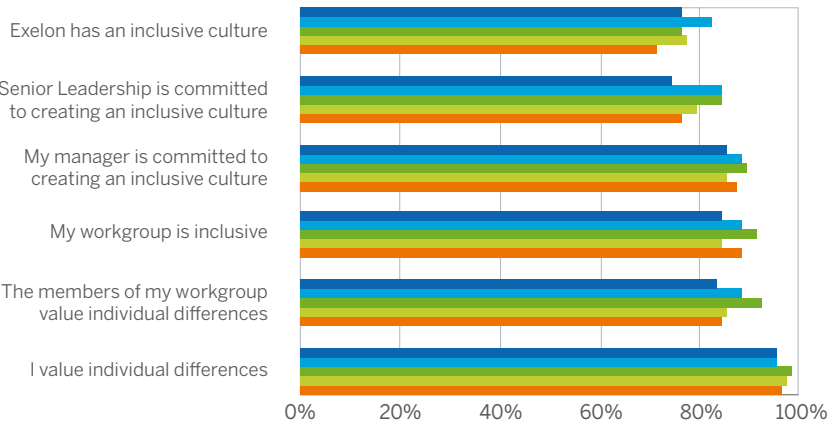
## Culture of Inclusion Survey

Throughout 2017 and 2018, Exelon developed and conducted a Culture of Inclusion survey with various operating companies and practice areas. The research assessed employee perception of the inclusiveness of the culture, drivers of inclusion and the impact that inclusion has on employee and organizational outcomes. The findings were favorable and suggest that Exelon's efforts to build an inclusive culture are impactful. Throughout 2020, operating companies and practice areas will again have the opportunity to participate in our Culture of Inclusion study. The survey results will help identify the impact that leaders'

### KEY EXELON EMPLOYEE ENGAGEMENT SURVEY RESULTS AND TRENDS



### OVERALL CULTURE OF INCLUSION RATINGS BY PARTICIPATING PRACTICE AREA/OPERATING COMPANY<sup>1</sup>



<sup>1</sup> Results from five participating corporate functional areas and business groups.

actions have actually had on employee perceptions of inclusivity. They may also help to identify new ways to continue to foster an engaging and inclusive culture at Exelon.

## Progressive Workforce Policies

**Paid Leave.** By offering industry-leading paid leave benefits for new mothers, fathers and adoptive parents, we demonstrate our commitment to helping our employees balance work and family responsibilities. We also offer time away from work to care for a critically ill family member. At Exelon, mothers are eligible to receive up to 16 weeks of paid leave after giving birth and fathers and adoptive parents are eligible to receive up to eight weeks of paid leave when a child arrives. Employees are eligible to receive up to two weeks of paid leave to care for a family member with a critical illness. Exelon approved 2,572 employees for bonding leave and/or primary caregiver leave from January 2017 to December 2019 (2,111 males and 461 females).

**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 commitment, we employ an independent third-party vendor to run regression analysis on all management positions each year. The analysis consistently shows that Exelon has no systemic pay equity issues. 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 in order to attract and retain people who are committed to personal and professional development. We reimburse employees who are pursuing professional credentials up to \$10,000 annually for undergraduate or certificate courses and up to \$15,000 annually for graduate courses.

**Employee and Labor Relations.** Exelon has a highly engaged, innovative and collaborative workforce. Of our 32,713 employees, 12,310 are represented by labor unions. Within the represented population, Exelon has successfully negotiated 32

collective bargaining agreements that help balance the needs of our company with the interests of our employees. As previously reported, Exelon and IBEW Local 410 at BGE finalized its CBA in June 2019 and have completed the implementation process. Also in 2019, Exelon successfully negotiated and ratified collective bargaining agreements at PEPCO/IBEW Local 1900, the Security officers at Byron Generating Station and extended the CBAs with IBEW Local 15 covering approximately 4,982 employees at BSC, ComEd and Generation to 2024. The collective bargaining agreement between Exelon Nuclear Security at Clinton and SEIU Local 1 was extended in 2019 to allow the two union organizations involved to reach an equitable deal. Negotiations commenced and we finalized the first contract in May 2019 that will expire in 2022. Additionally, Exelon successfully completed bargaining efforts concerning the closures at Oyster Creek, TMI and Fairless Hills.



Exelon is committed to progressive workforce policies, including employee development through tuition reimbursement.

## Diversity and Inclusion

In order to provide the services and products that our customers expect, we must create the best teams. These teams must reflect the diversity of the communities we serve. Our talent impacts our ability to deliver on our commitments to customers, employees and communities. Therefore, we seek to incorporate a range of perspectives and experiences into the way we think, plan and work, which leads to innovative concepts, increased stakeholder engagement and better solutions to any challenges we face. It is our responsibility to nurture a workplace where all employees can fully contribute and build fulfilling careers. Our CEO demonstrated the criticality of this value by dedicating his time to meeting with all Exelon Executives in more than a dozen small group dialogues in 2019. The conversations focused on individual leadership accountability for creating an inclusive culture. As a company, we demonstrate our commitment to diversity and inclusion (D&I) in the following ways:

**24-hour Access to D&I Resources.** All employees have one-click access to tools and information regarding D&I through a dedicated intranet site. This internal website provides information on Exelon D&I partner organizations, Employee Resource Groups, event calendars, toolkits, articles, webinars and e-learning modules.

**D&I Quarterly Webinars.** For the seventh consecutive year, we offered voluntary, live D&I quarterly webinars to all employees. The webinar series continued to be one of the most highly attended voluntary learning and development offerings in 2019. Participants gained insights and learned valuable skills in becoming an Inclusion Ally.

**Commitment to Inclusive Culture.** In 2019, Exelon reaffirmed our commitment to Inclusive Culture by doubling down on inclusion through the enterprise-wide rollout of Exelon's Inclusive Leadership Model. Exelon's Inclusive Leadership Model consists of seven pillars for turning inclusivity into action. The pillars include self-awareness, curiosity, courage, adaptability, collaboration, authenticity and change agent. The Exelon family of companies made it a priority to educate their leaders and employees on the business case for inclusive leadership, as well as the inclusive behaviors associated with these leadership attributes. To facilitate

## 2019 DIVERSITY AWARDS



### **DiversityInc Top 50 Companies for Diversity (2019).**

Exelon ranked 24th on DiversityInc's list of Top 50 companies for diversity, fourth of Top 10 companies for diverse leadership and 10th for the Top 17 companies in hiring for veterans. The list recognizes the nation's top companies that excel in key diversity areas such as hiring, retaining and promoting women, people with disabilities, veterans, minorities and members of the LGBTQ community.

### **Human Rights Campaign Best Places to Work (2011–2020).**

Exelon earned the designation of "Best Place to Work" on HRC's Corporate Equality Index for the ninth consecutive year in 2020, receiving a perfect score of 100. The index rates employers based on their policies and practices related to lesbian, gay, bisexual, transgender and queer workplace equality.

### **Forbes America's Best Employers for Diversity (2018–2020).**

Exelon ranked 199th on Forbes America's Best Employers List for Diversity among the top 500 employers. The list ranks employers across all industries in the United States, based on surveys of thousands of employees and reviews of employer diversity policies, as well as analysis of diversity in executive suites and on boards.

**The Military Times Best for Vets (2013–2019).** For the seventh year in a row, Exelon received this recognition for its commitment to providing opportunities to America's veterans. Military Times magazine evaluates companies' culture, veteran recruiting, veteran policies and accommodations for members of the National Guard and reserves. Exelon was ranked No. 61 out of 100.



the implementation of Exelon's Inclusive Leadership Model, our corporate D&I Office developed a suite of resources aiming to help employees build knowledge and skills about unconscious bias, privilege and inclusive dialogues. To help our employees shift the focus from awareness to action, our 2019 D&I webinar series explored different types of unconscious bias (gender biases, racial biases, intersectionality, inclusion nudges) and provided the participants with actionable tips for combating unconscious biases in the workplace. We also produced a video that features employees who exemplify inclusive behaviors sharing their personal lessons learned and promoting inclusion through storytelling.

**United Nations HeForShe.** 2019 marked the completion of Exelon's second year of the three-year partnership with the United Nations HeForShe solidarity movement to achieve global gender equality. As a Thematic Champion, Exelon committed to improve the retention of women at the company and is on target to reach parity in voluntary turnover of men and women professionals. We have significantly reduced the retention gap by focusing on career development, work life integration and inclusive culture. Exelon also committed to invest an additional \$3 million to support STEM education for young women, including sponsoring STEM innovation academies in Chicago, the Washington, D.C.-Baltimore region and Philadelphia, as well as STEM Saturdays to generate interest for the academies.

**Value of Mutual Respect.** The Exelon family of companies maintains its focus on the value of a respectful workplace. To promote this focus, Exelon continued to disperse the Value of Mutual Respect training for Key Managers, a Respect Lives Here campaign and Respectful Workplace Conduct program. These in-person sessions explore the practical aspects of maintaining a respectful work environment. During the sessions, we review and practice inclusive behaviors, articulate Exelon's workplace harassment and discrimination policies, educate on the legal implications of workplace harassment and discrimination and emphasize our responsibility as leaders to take action when we witness behaviors that violate this critical value.



Exelon CEO Chris Crane (center) with STEM Academy students.



STEM Academy students learn about electric power generation at the Calvert Cliffs nuclear power plant, Lusby, Maryland.

## 2019 ERG UPDATE

In 2019, Exelon launched its 10th Employee Resource Group (ERG), Mosaic. Mosaic is the culmination of significant employee-driven interest in recognizing and celebrating multicultural and multinational groups. Mosaic serves as an umbrella organization with three founding chapters beneath it that represent three different cultural groups. The three founding chapters of Mosaic will focus on driving awareness, education and opportunities to network around cultural experiences, successes and challenges of living in a new country and other common interests. The three founding chapters, located in various portions of the enterprise, are: Exelon Middle Eastern Resource Group (EMERG), Caribbean Diaspora Employee Resource Alliance (CADERA) and Network of Exelon Immigrants and Second Generation (NEXIS).

In addition to the launch of Mosaic, Exelon's existing nine ERGs continued to expand across PHI, Nuclear and Constellation sites, with nearly 60 chapters in total. ERGs continue to donate hundreds of volunteer hours across the company and raise thousands of dollars for philanthropic endeavors. Exelon African American Resource Alliance donated over \$28,000 in scholarships to local youth in Chicago. Exelon Military Actively Connected raised over \$100,000 for EOD Warrior Foundation in the PHI service territory through their annual golf tournament.

Exelon continued its commitment to LGBTQ+ equality as a presenting sponsor of the Out & Equal 2019 Workplace Summit. Out & Equal is a nonprofit dedicated

to achieving LGBTQ+ workplace equality by partnering with companies and government agencies to provide leadership development, training and consultation and networking opportunities to further educate on LGBTQ+ workplace issues. In addition to a fireside chat reception with several Exelon executives, Exelon's Sr. Executive Vice President William Von Hoene addressed the entire conference over a Power Lunch, emphasizing the importance of Diversity & Inclusion in the workplace as well as Exelon's commitment to employees bringing their complete selves to work.



## National Diversity Organization Partnerships

Through our partnerships with 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 connect to diverse talent and identify highly qualified individuals in STEM fields. We increasingly engage with these organizations at the regional and local level and on campuses. While providing professional development and recognition opportunities for our current employees, these partnerships also allow us to discuss career opportunities with potential talent and promote Exelon as a diverse and inclusive organization.

## Military and Veterans Initiatives

In 2019, we continued to act on our commitment to hiring candidates with military experience by hiring 247 veterans. Our partnerships with various organizations, such as HirePurpose, RecruitMilitary and Veteran Recruiting, give us access to a broad network of veteran job seekers and help those job seekers connect with Exelon at military bases, career fairs and via online media.

## Disability Outreach

Exelon works to increase representation, inclusion and diversity by actively recruiting, hiring and connecting with disabled individuals. Our disability outreach strategy comprises three key elements: promoting Exelon's open jobs, increasing brand recognition and creating and supporting a disability-inclusive culture. We seek further opportunities to learn and share best practices through events like the Disability Matters Conference, the U.S. Business Leadership Network Conference, the National Organization on Disability CEO Council Forum and Americans with Disabilities Act Disability Inclusion Opportunity Summit.

## EMPLOYEE DIVERSITY

Employees <sup>1</sup>	2017	2018	2019	2019%
Female	8,082	7,900	8,031	24.4%
Minority	8,891	8,768	8,001	27.8%
Aged <30	4,123	3,672	3,719	11.3%
Aged 30–50	17,526	17,374	16,844	51.1%
Aged >50	12,880	12,252	12,374	37.6%
Full-time	34,260	33,041	32,676	99.2%
Part-time	269	257	261	0.8%
<b>Total Employees</b>	<b>34,529</b>	<b>33,298</b>	<b>32,937</b>	
Turnover Rate <sup>2</sup>	7.6%	8.5% <sup>3</sup>	8.8%	

1 Employee totals at December 31 of each reported year.

2 Turnover calculated using December headcount.

3 Increase in 2018 turnover primarily due to plant closures, PHI merger commitments and subsequent staff reductions.

## MANAGEMENT DIVERSITY

Employees in Management <sup>4</sup>	2017	2018	2019	2019%
Female	1,310	1,342	1,372	24.5%
Minority	1,209	1,224	1,277	22.8%
Aged <30	178	176	173	3.1%
Aged 30–50	3,098	3,089	2,973	53.1%
Aged >50	2,551	2,430	2,454	43.8%
Within 10 Years of Retirement Eligibility	3,592	3,420	2,953	52.7%
<b>Total Employees in Management</b>	<b>5,827</b>	<b>5,695</b>	<b>5,600</b>	

4 Management is defined by EEOC Functions "Executive/Senior Level Officials and Managers" and "First/Mid Level Officials and Managers".



## Managing Our Environmental Impacts

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- Exelon Generation led the nation with the lowest NO<sub>x</sub>, SO<sub>2</sub> and CO<sub>2</sub> emission rates among large power producers
- Achieved a score of B- on our CDP Water Response which recognizes Exelon's implementation of management actions to address water security
- Increased Wildlife Habitat Council certifications to 53 locations for enhancing wildlife habitats and implementing environmental education programs





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 minimize 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 and goals for many of our environmental impacts and report against these goals every year. For more information on climate change impacts and efforts, please see [Rising to the Challenge of Climate Change](#).

### Improving Watershed Management

Exelon’s business depends on access to reliable and adequate water supplies. Water is essential for the production of electricity — it drives our hydroelectric facilities and cools our thermal generation stations. We recognize that water is a shared resource that is also critical to communities, economic development and wildlife and we work to minimize our impacts to this valued resource.

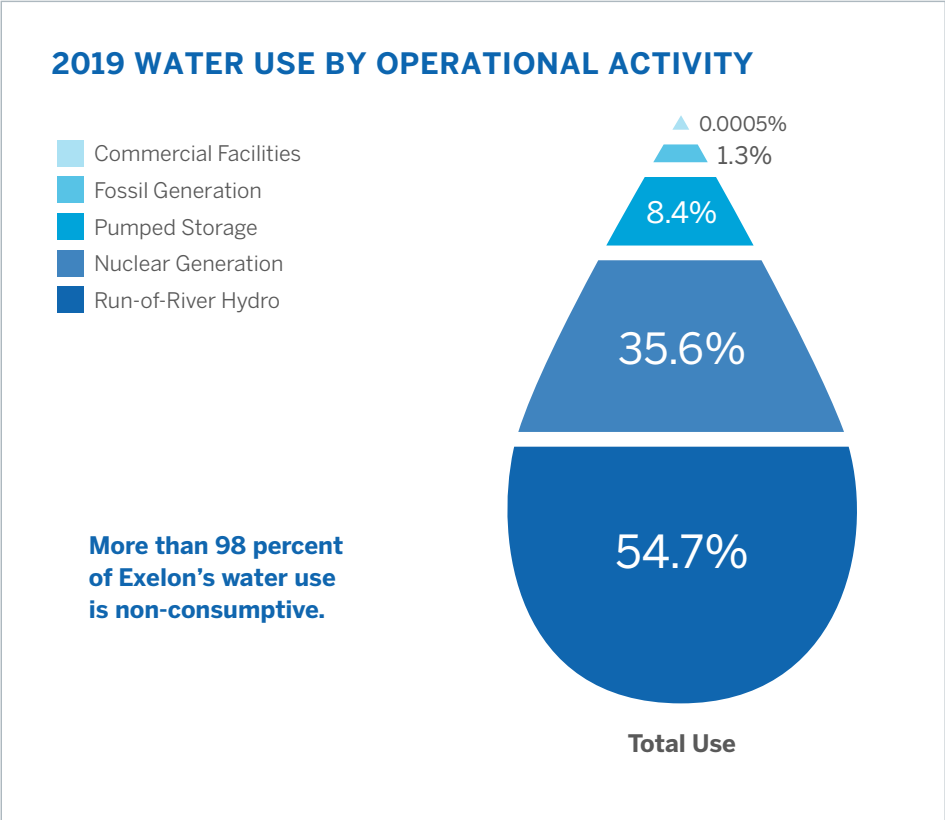
As we look toward the future, water is a key challenge for Exelon and many other businesses around the world. With changing weather patterns and growing competition for existing resources, effective water management is increasingly important. Water scarcity is a critical risk factor for our industry with the potential to be exacerbated by climate change. Exelon is continually working to define the

scope of this issue, including through our climate scenario analysis, to refine our management strategies.

We are committed to preserving the long-term viability of the water resources we use. Guided by our [Water Resource Management Policy](#), we address site-specific, water-related opportunities and risks. Engaging with relevant stakeholders at the local level enables us to most effectively address specific water challenges.

### Water Withdrawals and Consumption

In 2019, Exelon-operated facilities used approximately 43 billion gallons (or 164 million cubic meters) of water per day, returning more than 98 percent directly to its source. Our fossil fuel and nuclear thermal power plants make up a significant portion of our overall water withdrawal by using cooling water to condense steam



after it has passed through turbine generators. Approximately 75 percent of our thermal steam generating capacity in 2019 used closed-cycle cooling systems that evaporate water in a recirculating tower or a dedicated pond to achieve cooling (consumptive use). The balance of our thermal steam plants used open-cycle cooling systems where water is drawn from a waterbody and returned directly to source, or dry cooling technologies that use little or no water in the cooling process. In the case of open-cycle cooling systems, the only consumption is a small percentage of evaporative loss in the source water body due to the increased temperature of the cooling water discharge.

Each year, we report our water use and conservation activities in our response to the [CDP water](#) disclosure questionnaire. In 2019, we participated in the CDP Water Questionnaire and received a management level score of B- which recognizes Exelon's implementation of management actions to address water security. For information on the types of cooling systems used at each of our generating stations, please see the [Generation Station Appendix](#) and our [2019 CDP Water Response](#).

## Addressing Water Availability Risks

Climate change poses a threat to water supplies that are critical to our business, communities and wildlife. We closely monitor drought risk and changing precipitation patterns that have the potential to impact electricity production. Water-related climate change risks may affect our generation fleet by disrupting cooling water supplies and by restricting cooling water. These conditions can limit production levels at certain times for facilities in water-scarce areas.

Exelon addresses these risks in a variety of ways. By helping customers manage and reduce their energy demand, we reduce our impacts on local water resources and improve our resiliency. We evaluate and use new cooling technologies and thermal monitoring systems to better respond to higher ambient air and water temperatures in the future. We engage with organizations that are on the cutting-edge of research on potential water impacts from climate change.

## EXELON GENERATION 2019 WATER USE BY WATERSHED

Watershed Zone	Consumptive Use	Non-consumptive Use	Total Water Use
Boston Harbor	101	7,624	7,725
Delaware River Basin	12,495	114,283	126,777
Chesapeake Bay	163,313	1,218,587	1,381,900
Susquehanna	34,215	10,927,326	10,961,541
Upper Mississippi	31,291	2,648,059	2,679,350
Texas-Gulf	1,583	154,074	155,657
Lake Ontario	5,064	518,743	523,807
Southern California <sup>1</sup>	52	0	52
<b>Total (million gallons)</b>	<b>248,114</b>	<b>15,588,696</b>	<b>15,836,810</b>
Total Fresh Water	248,114	14,362,516	14,610,630
Total Salt/Brackish Water	0	1,226,180	1,226,180

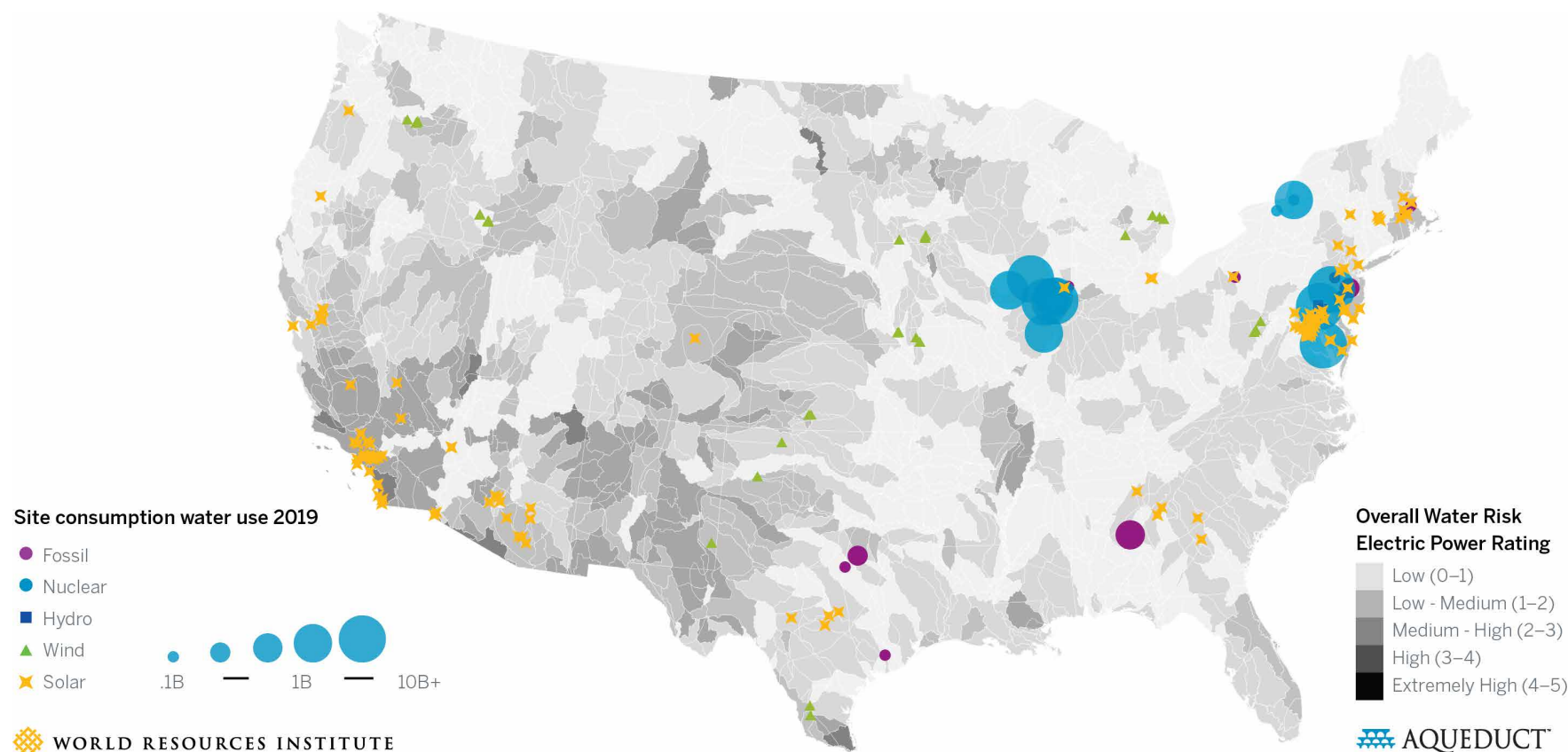
<sup>1</sup> Includes the Antelope-Fremont Valley and Fall River basins of Southern California.

In 2019, we continued work on our climate change vulnerability assessment as part of the DOE Partnership for Energy Sector Climate Resilience. This assessment reviewed the climate-related risks to all our operating companies and in all geographical areas where we operate. We already began addressing many of these risks to improve the resilience of our operations. In the coming years, we will continue to identify and implement best practices within the industry so we can minimize impacts to watersheds and have enough water available to continue to provide low-carbon electricity to our customers.

## WATER CONSUMPTION AND REGIONAL WATER RISK LEVELS AT EXELON FACILITIES

Exelon uses a variety of tools to identify water risk. One of these tools is WRI's Aqueduct Water Risk Atlas. The map below presents WRI's composite water risk assessment of the United States as an aggregated measure of 13 global water stress indicators weighted according to use factors for the power industry, including water quantity and quality, as well as regulatory and reputational risks. The risk analysis is based on historic trends over the past half-century and does not currently consider forward-looking modeling of climate change effects.

The map shows Exelon generation facilities overlaid on the WRI default map, with the size of Exelon facilities scaled based on consumptive water use. This overlay reveals that most of our facilities with the largest consumptive use are located in areas of low to medium risk in the Mid-Atlantic, Northeast and upper Midwest. The only facilities we operate in areas of the country with high water risk are those with small or negligible consumptive water use, such as solar and wind power installations. For more information on the WRI Aqueduct mapping tool, please visit [aqueduct.wri.org](https://aqueduct.wri.org).



## Commitment to Watershed Stewardship

Exelon utilizes conservation stewardship and sustainable business practices within watersheds where we have an operational footprint. Comprehensive environmental stewardship strategies provide long-term guidance for identifying and addressing priority issues that are 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 those issues. The ecological well-being of watersheds is linked to the social fabric of communities, the economic health of the regions and the quality of life of many of our customers.

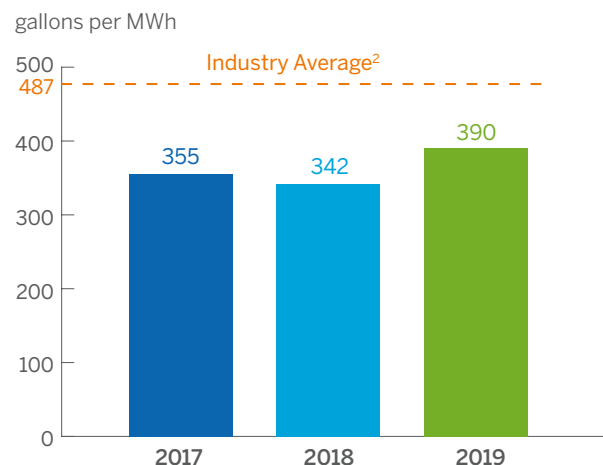
Exelon uses watershed strategies and conservation stewardship plans to address issues related to water quality, species of concern, vegetation management and climate change. We engage in restoration and enhancement projects and collaborate with communities and environmental stakeholders to implement projects, such as habitat restoration activities that support rare, threatened or endangered species.

## Mitigating our Impacts on Water Resources

Exelon withdraws water from a variety of sources for a variety of uses including hydroelectric power generation, thermoelectric cooling and general commercial purposes. We consume less than two percent of our total water use, returning more than 98 percent to its source for further use and the support of aquatic habitats.

Thermoelectric power generation from fossil and nuclear sources represents approximately 97 percent of our annual electrical output and 34 percent of our overall water withdrawals. Evaporative cooling and other losses from the thermoelectric process are responsible for approximately 34 percent of consumptive use across our operations, totaling 232 million gallons per day in 2019.

## CONSUMPTIVE THERMOELECTRIC COOLING WATER USE INTENSITY<sup>1</sup>



1 Water used in the process of generating electricity with steam-driven turbine generators. Thermoelectric-power water use includes water provided by a public water supply, self-supplied water (fresh and saline), and reclaimed wastewater.

2 Industry average consumptive use from : US Geological Survey, Estimated Water Use in the United States 2015 (2018).

We calculate the thermoelectric water consumption intensity in gallons per megawatt hour (gal/MWh) of electricity produced as one indicator of our enterprise-wide water efficiency. Comparatively, our 2019 rates are 22 percent and 60 percent below the industry average rates of approximately 500 gal/MWh and three percent total consumption respectively, as reported by the U.S. Geological Survey.



**Entrainment and impingement.** In any withdrawal from surface water, aquatic organisms are drawn in with the water (entrained) or trapped on intake screens (impinged). To minimize these occurrences, power plants implement measures to prevent entrainment and impingement mortality at intake structures and return aquatic organisms safely to the water body. In October 2014, the EPA's final Clean Water Act Section 316(b) rule went into effect. The purpose of the rule is to minimize the impacts of power plant cooling water intake structures on aquatic life. Exelon believes that the final rule strikes a careful balance between meaningful environmental protections and the need to maintain electric reliability and reasonably priced power, by means of cost-effective regulatory requirements. Under the rule, operators select from a variety of pre-approved environmentally effective measures to minimize impingement and develop site-specific technologies or operating practices to reduce entrainment. Operators may alternatively develop site-specific technologies or operating practices that need approval by the state permitting director. The rule also requires a series of studies and analyses confirming the effectiveness of the selected measures. The timing for compliance is related to the status of each facility's current National Pollutant Discharge Elimination System (NPDES) permit and the subsequent renewal period. In general, across Exelon's generating stations, these measures will be completed within the next decade.

**Thermal modeling and upstream water monitoring telemetry.** To address changing water body conditions due to climate change impacts, we have installed monitoring systems in river bodies with telemetry to increase data availability and trending and station response times. We internally circulate a daily river report based on our plant thermal modeling telemetry of upstream river stage and temperature. We manage water supply data with models that use real-time data gathered in the watershed. A key benefit of the thermal models is their ability to evaluate the impact of different weather scenarios and operational responses on water discharges.

## MERRILL CREEK FOREST STEWARDSHIP

Exelon is part of a group of electric generation companies within the Delaware River Basin, the Merrill Creek Owner's Group, which operates the Merrill Creek Reservoir Project. This project enables flow augmentation in the Delaware River during times of drought and supplements flow in the river with coordinated releases of water from the reservoir. This assists the electric generation companies with avoiding curtailments to operations, as a result of water withdrawals. The project is located on Merrill Creek in Warren County, New Jersey and consists of a 650-acre reservoir along with a 290-acre environmental preserve, an additional 2,000 acres of woods and fields and a visitor's center. This project helps to ensure that water quality and aquatic life are maintained during times of low flow within the watershed. In 2019, the Merrill Creek Reservoir received the George Pierson Outstanding Forest Steward of the Year Award, presented each year to a New Jersey landowner who has demonstrated principles of excellent stewardship.



## Habitat and Biodiversity

Our operational footprint encompasses large tracts of land with diverse flora and fauna and borders a variety of water bodies. Through our corporate [Biodiversity and Habitat Policy](#), we embrace our responsibility 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-certified sites.



Exelon's utilities manage over 11,000 miles of transmission rights-of-way and continue to take steps to promote sustainable management of these land resources.

We have adopted bold strategies to accelerate the transition to a low-carbon economy. Addressing climate change across our fleet extends beyond greenhouse gas emissions — we also embrace nature-based solutions. Across the 11,153 miles of electric utility transmission rights-of-way, 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 44,834 acres of fragile ecosystems at WHC and NWF locations across our transmission system and at power plants. From rights-of-ways 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 enhanced over 314 acres of land to proactively support pollinators, increasing biodiversity and helping respond to climate impacts. Where possible, we utilize 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 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.

### Protecting Aquatic Ecosystems

Exelon has worked to restore migratory species passage for many years along the Susquehanna River in Pennsylvania and Maryland, where we operate the Conowingo Hydroelectric Project and the Muddy Run Pumped Storage Project.

**Habitat Improvement Projects.** Pursuant to the Pennsylvania Department of Environmental Protection 401 Water Quality Certificate for the Muddy Run Pumped Storage Project, Exelon provides annual funding to the Lancaster County Conservation District, York County Conservation District and Pennsylvania Fish and Boat Commission for the implementation of agricultural pasture and barnyard best management practices to address sediment introduction and provide for other habitat improvement projects such as stream restoration. One of the projects funded in 2019 resulted in 3,700 feet of stream habitat and bank stabilization structures in Lancaster County, Pennsylvania. These structures reduced an estimated of 43 tons per year of sediment, 25 pounds per year of phosphorus and 51 pounds per year of nitrogen entering the stream (in a one square mile drainage area).

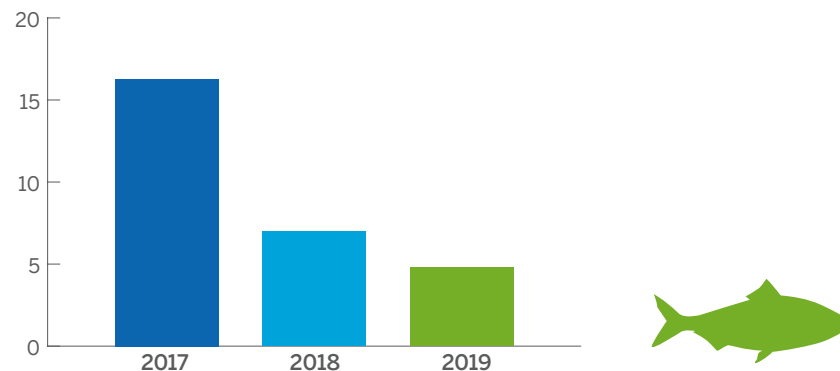


**American Shad.** American shad are a species of concern for resource agencies due to a decline in the population since the late 1800s. This decline occurs in rivers both with and without dams. Since the early 1970s, Exelon and our predecessor companies operating the Conowingo Hydroelectric Project in Maryland have facilitated migration of American shad within the Susquehanna River Basin. During the 2019 migratory season, Conowingo passed 4,787 American shad via its east fish lift (EFL). The number of American shad decreased in 2019, potentially due to higher river flows (correlated with lower passage rates at the facilities), insufficient quantities of American shad successfully reaching spawning habitat above other dams and reduced hatchery production of American shad fry over the past 11 years. The EFL also passes many other migratory species of fish, such as alewife, blueback herring, hickory shad and gizzard shad, along with several resident fish species. In 2019, 22 species of fish passed through the EFL for a total of 832,534 fish, including the 4,787 American shad. The smaller fish lift on the western side of the dam continues to support Pennsylvania Fish and Boat Commission activities related to the study and protection of American shad. In 2019, 390 American shad were collected through the west fish lift.

**American Eel.** We continue our coordination of the Eel Passage Advisory Group in support of the commitments established in the Eel Management Plan of the Pennsylvania 401 Water Quality Certification (WQC) finalized in December 2014 for the Muddy Run Pumped Storage Project FERC license. As required by the Pennsylvania WQC, Exelon installed a permanent eel trap consisting of one collection tank, three holding tanks and one ramp at Conowingo, beginning operation on May 1, 2017. Exelon also operates a permanent eel trapping facility in the Octoraro Creek watershed. At Octoraro Creek, 14,170 eels were collected and transported to holding tanks at Conowingo. The Conowingo site collected 126,181 eels. Collectively from both sites, 140,351 were transported and released at upstream stocking sites. This represents an increase from the 69,803 transported and stocked in 2018. Exelon provided 105 juvenile eels to the Susquehanna River Basin Commission for an “Eels in the Classroom” program. In addition, Exelon provided 16,677 eels to the State University of New York at Oneonta for a restocking project in New York.

## CONOWINGO FISH LIFT — AMERICAN SHAD

number migrated upstream (thousands)



The West Fish Lift at Conowingo supports efforts to study and protect the American Shad.

## QUAD CITIES FISH HATCHERY

We are proud to own and operate a major aquaculture facility at the Quad Cities Nuclear Station in Illinois, in partnership with Southern Illinois University, to enhance stocks of several aquatic species in the area. The hatchery celebrated its 36th year of operation in 2019. The Iowa Department of Natural Resources (DNR) began using the Quad Cities hatchery for their Mississippi River walleye collections in 2018 and collectively took 13 million eggs for stocking purposes.

The Quad Cities hatchery produced 13,500 advanced fingerling walleyes in 2019, which were stocked into the Mississippi River. An additional 750,000 fry were stocked back into the Rock River. The 2019 season was extremely difficult for the hatchery and agencies alike, as the record flooding on the Mississippi River eliminated or severely diminished much of the conservation work on or along it.

Over 47,000 advanced fingerling hybrid striped bass were produced for the Mississippi River, Clinton, Braidwood and LaSalle Lakes, as requested by Illinois DNR. The hybrid striped bass program is just one of many cooperative projects with the Clinton, LaSalle and Braidwood Nuclear Stations with the Quad Cities hatchery. Year-to-year production levels vary due to a variety of factors, including the number of fish requested each year by state agencies.

The site also continues its alligator gar production as part of the state alligator gar recovery program. The station has worked with Illinois DNR since 2011 to reintroduce this species back to its historical range. Since flood waters inhibited the U.S. Fish and Wildlife Service (USFWS) from getting alligator gar for Illinois DNR, no gar were raised onsite in 2019. However, the site now has around 50 individuals to assist in freshwater mussel production, specifically the yellow sandshell and threatened species in Iowa.

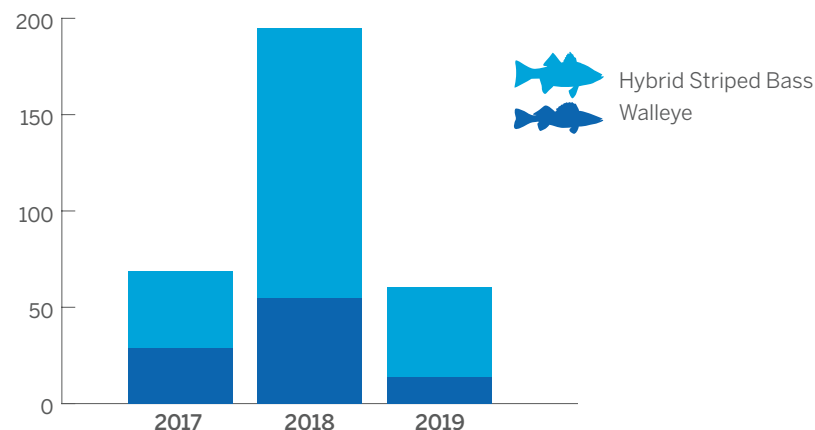
The hatchery partnered with multiple government agencies over the last decade to grow freshwater mussels on site using local mussel beds for brood stock, including the federally endangered Higgins eye mussel. Flooding precluded any

brood collections for Quad Cities Hatchery or the USFWS. This year the site produced 327 two-year-old black sandshell (Illinois State threatened) and 534 yellow sandshell (Iowa State threatened), which were distributed to the Iowa River as an alternate brood site to combat high river levels on the Mississippi River. The hatchery has over 2,200 age one mussels onsite, all common species, for future grow-out and stocking in fall 2020. This was done as no listed species could be collected.

Over 600 students and adults either directly toured the fish hatchery or received offsite presentations about the programs in 2019. The hatchery also regularly assists fishing tournaments to transfer, transport and conduct releases for the major events. This approach maximizes the welfare of the fish caught during the tournaments and minimize impacts on the local fisheries.

## QUAD CITIES FISH HATCHERY

number of fish (thousands)





## Species management plans in Conowingo Relicensing and License Agreement

The Conowingo hydroelectric facility is undergoing relicensing with FERC. On April 27, 2018, the Maryland Department of the Environment (MDE) issued a 401 Water Quality Certificate (WQC) for Conowingo. The 401 WQC contained unfair and onerous conditions, including those relating to reduction of nutrients flowing through the dam. On May 25, 2018, Exelon filed legal actions in federal and state court challenging the 401 WQC.

On October 29, 2019, Generation and MDE filed a Joint Offer of Settlement (Offer of Settlement) with FERC that would resolve all outstanding issues relating to the 401 Certification. Pursuant to the Offer of Settlement, the parties submitted Proposed License Articles to FERC to be incorporated into the new license in accordance with FERC's discretionary authority under the Federal Power Act. The Proposed License Articles include modifications to river flows that improve aquatic habitat and eel passage and initiatives that support rare, threatened and endangered wildlife. If FERC approves the Offer of Settlement and incorporates the Proposed License Articles into the new license without modification, then MDE would waive its rights to issue a 401 Certification and Exelon Generation would agree, pursuant to a separate agreement with MDE (MDE Settlement), to implement additional environmental protection, mitigation and enhancement measures over the anticipated 50-year term of the new license. These measures address mussel restoration and other ecological and water quality matters, among other commitments. Exelon's commitments under the various provisions of the Offer of Settlement and MDE Settlement are not effective unless and until FERC approves the Offer of Settlement and issues the new license with the Proposed License Articles.

In 2017, one snakehead, a non-native invasive fish, was observed passing from the lower Susquehanna River and upstream to Conowingo Pond through Conowingo Dam's east fish lift. In 2018, Exelon entered into an agreement with the Susquehanna River Anadromous Fish Restoration Cooperative (SRAFRFC), an interagency cooperative organization comprised of the fishery agencies from New York, Pennsylvania and Maryland, the Susquehanna River Basin Commission and USFWS, to implement voluntary, adaptive best management practices to

reduce the spread of northern snakeheads while still allowing migratory fish passage. In the spring of 2019, Exelon reported that 81 northern snakeheads were caught in the dam's west fish lift and provided to the Pennsylvania Fish and Boat Commission for analysis. Neither of the two invasive species being monitored (blue catfish and northern snakeheads) passed volitionally through the east fish lift. Exelon is working with the MDE, Maryland Department of Natural Resources (MDNR), USFWS and SRAFRFC to stop invasive species from migrating beyond Conowingo. As part of the Offer of Settlement relating to Conowingo's 401 WQC,

### 2019 AWARD



#### **Muddy Run Observatory National Hydropower Association**

**Recognition.** The National Hydropower Association awarded Exelon with a 2019 Outstanding Stewards of America's Waters Award, which recognizes projects that provide extraordinary recreational, historical, environmental or educational value. While we are obligated to provide Habitat Improvement Funds at the site, the Award recognizes Exelon for going above and beyond its recreational obligations to construct the Muddy Run Observatory. Muddy Run's location and naturally dark skies made it a natural choice for development of an astronomical observatory. The observatory has two state-of-the-art telescopes and we partnered with the Rittenhouse Astronomical Society to develop a public outreach program. This was the perfect opportunity to connect one of Exelon's focus areas, its commitment to STEM education and programming, with local community needs.

The idea to turn an unused helipad into an observatory came from recently retired Exelon Assistant General Counsel Al Ryan and his daughter, Layla. Layla sadly passed away in 2006 and her parents established a scholarship for astronomy students at University of Illinois.

Exelon will undertake additional invasive species management measures, including notifying the MDNR and USFWS if an aquatic invasive species is collected in its fish lifts and removing any invasive species collected during the operation of the fish lifts, provided that such activities do not materially interfere with Exelon's fish passage obligations under the FERC license for Conowingo and the Prescription for Fishways submitted by the Secretary of the Interior. Exelon will continue to work with Maryland, Pennsylvania, USFWS, SRAFRS and other state resource agencies to address invasive species issues.

## Terrestrial Habitats and Wildlife Management

Our generating stations and rights-of-way (ROWs) traverse thousands of acres of land, which we carefully manage to protect habitats of a wide range of plant and animal species. As we incorporate greater levels of emissions-free solar and wind power into our generation portfolio, we account for increased risk to birds, bats and terrestrial habitats that arise from these technologies.

### Right-of-way management

We continuously manage vegetation along our transmission line ROWs to ensure safety and system reliability. Managing these areas presents an opportunity to promote open, low-growing habitats favored by certain plants and wildlife. We undertook a number of initiatives to promote diverse habitats in our ROWs. 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 400 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 30 percent of ROW lands (representing 3,630 acres) certified as conservation habitat. BGE actively manages 1,279 acres of transmission ROW's using IVM (Integrated Vegetation Management) to encourage the establishment of compatible low growing native shrub and grass communities, to improve wildlife habitat, reduce BGE's carbon footprint and improve the water quality within Chesapeake Bay Watershed. PECO and ComEd have programs to donate certain vegetation removed to local zoos to provide feed for the animals.

## Wildlife Habitat

Exelon has a longstanding partnership with the Wildlife Habitat Council (WHC) to restore and enhance wildlife habitats at our facilities and on our ROWs. Exelon has been a member of the WHC for 14 years, with a total of 46 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, 54 locations or programs have National Wildlife Federation (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).



Red Winged Black Bird at Peach Bottom Atomic Power Station WHC-certified location with 18 acres of grassland enhancement to support local wildlife.

## EXELON HABITAT CERTIFICATIONS 2019

Company	Program Name	WHC	NWF	Acres
BGE	Bagley Substation		✓	11.1
	BGE-Patuxent National Research Refuge ROW Partnership	✓	✓	8,000
	BGE ROW Environmental Stewardship Program	✓	✓	N/A
	BGE ROW Columbia/Lake Elkhorn Vicinity		✓	25
	BGE ROW Liberty Reservoir		✓	10
	BGE ROW Flag Ponds		✓	62
	BGE ROW American Chestnut Land Trust		✓	30
	BGE ROW South River Greenway Partnership		✓	200
	BGE Riverside Facility		✓	5
	BGE Howard Service Center		✓	135.4
	BGE Notch Cliff		✓	20.2
	Northwest Substation		✓	66
	Spring Gardens Facility	✓	✓	72
	Waugh Chapel Substation		✓	102
	Whitemarsh Center		✓	19.8
ComEd	Buffalo Grove Prairie	✓	✓	10
	Swift Prairie	✓	✓	8
	Romeoville Prairie	✓	✓	26
	Calumet City Prairie	✓	✓	5
	Burnham Prairie	✓	✓	24
	Cherry Valley ROW Prairie	✓	✓	18
	Glenbard (Churchill)	✓		11
	Greene Valley Prairie	✓	✓	16
	Hitt's Siding Prairie	✓	✓	12
	Kloempken Prairie	✓	✓	8
	Lake Forest Prairie	✓	✓	51
	Lake Renwick Prairie	✓	✓	12
	Linne Prairie	✓	✓	10
	Pratt's Wayne Woods	✓	✓	12
	Lion's Woods		✓	3
	Wentworth Prairie	✓	✓	5
	Superior Street Prairie	✓	✓	14
	West Chicago Prairie	✓	✓	7
	Wilmington Shrub	✓		11
Exelon Generation	Kennett Square Campus	✓		51.7

Company	Program Name	WHC	NWF	Acres
Exelon Nuclear	Calvert Cliffs Nuclear Power Plant	✓		2,500
	Byron Generating Station	✓		1,300
	Three Mile Island Nuclear Generating Station	✓		382
	Limerick Generating Station	✓	✓	650
	Braidwood Generating Station	✓		4,320
	Clinton Power Station	✓		14,000
	Oyster Creek Generating Station	✓		600
	Dresden Generating Station	✓		1,600
	LaSalle County Generating Station	✓		3,055
	Peach Bottom Atomic Power Station	✓		620
	Quad Cities Generation Station	✓		765
	Nine Mile Point	✓		900
	James A Fitzpatrick Nuclear Power Plant	✓	✓	702
Exelon Power	R.E. Ginna	✓		426
	Perryman Generating Station		✓	5
PECO	Criterion Wind	✓		117
	Brandywine River Trail		✓	4
	Manor Road ROW	✓	✓	26
	Cherry Lane Meadow		✓	7
	Morton Wetland	✓	✓	1.8
	Honey Hollow Meadow		✓	12
	Newtown Square Wetlands	✓	✓	0.4
	PECO Conservation ROW	✓		3,600
	Pollinator Pilot Project		✓	2
	Ring Road Meadow		✓	14
	Rock Spring Natural Area		✓	25
	Spring Mill ROW		✓	12
	Upper Gwynedd Preserve ROW	✓	✓	0.2
	Brandywine ROW	✓	✓	4.3
	Route 202 ROW		✓	21
PHI	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

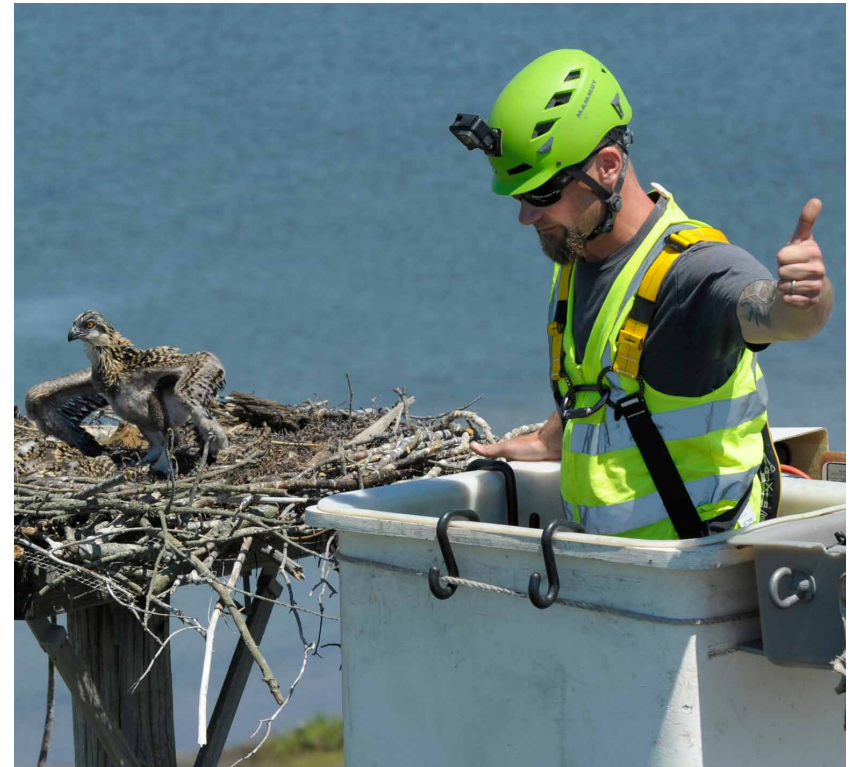
In addition to wildlife habitat certifications, we maintain special management plans to protect biodiversity on our sites and ROWs as outlined in our Biodiversity and Habitat Policy. For example, our utilities each have a detailed Avian Protection Plan to manage interactions between birds and power lines. In 2019, ComEd initiated pro-active avian retrofits near active known bald eagle 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 mitigations to reduce impacts on wildlife.

### American Bald Eagle

Exelon tracks the federally protected American bald eagle at a number of our facilities in Pennsylvania and Illinois. In 2019, PECO and other Exelon companies worked jointly with EPRI to install 144 avian transmission line targets using drones at the Conowingo Dam to limit eagle interactions. The Center for Conservation Biology, College of William and Mary and Virginia Commonwealth University conducted eagle nest and roost monitoring within the Muddy Run Pumped Storage Project and the Conowingo Hydroelectric Project. Both facilities are within the Upper Chesapeake Bay Bald Eagle Concentration Area, which supports a large and growing breeding population of bald eagles. It is also a convergence area for resident non-breeding eagles and migratory eagles from populations along the entire Atlantic Coast. The survey found that the breeding population has increased 290 percent since 2010, representing an average doubling time of 5.2 years.

### Exelon's Pollinator Initiative

Exelon is engaged in a variety of pollinator habitat projects across the company at our generation and utility sites. Our habitat management supports a range of pollinators such as insects, birds and mammals. The monarch butterfly, a species of concern for many scientists and resource management groups, has become a recent priority for Exelon. Several of our sites lie in areas where monarch butterflies may rest and feed along their 3,000-mile migratory journey. Our efforts support national goals for pollinator species recovery and position Exelon as one of the nation's leading energy companies with regard to recovery of the iconic monarch. We collaborate with a number of academic institutions, nonprofit



### OSPREY RELOCATION

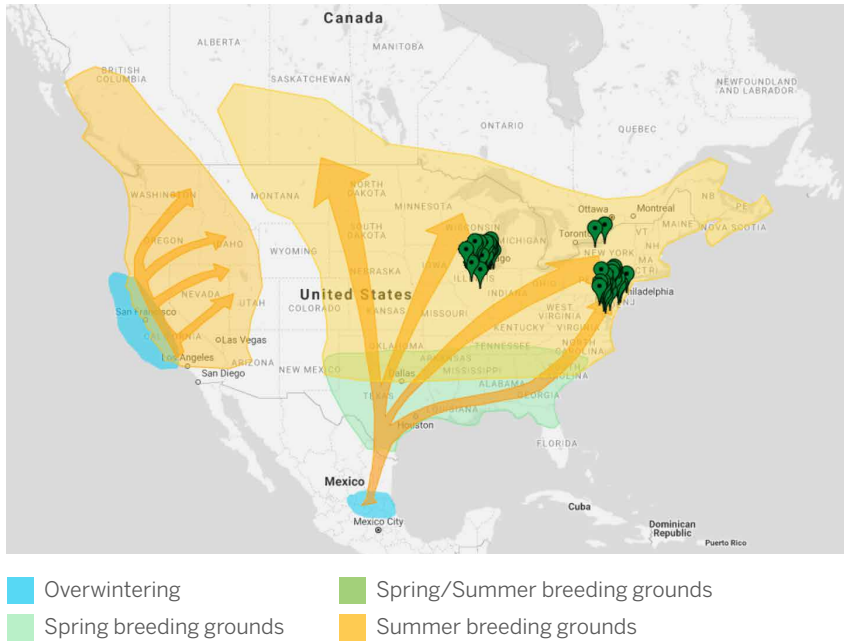
It is currently estimated that more than 20 million birds are killed in the United States annually from collisions with electric utility lines. To combat this issue, PECO has a comprehensive avian protection plan to reduce bird mortalities from electrocution. This plan includes establishing new distribution line construction standards, removing or relocating nests, providing employee training on avian management and establishing bird perch deterrents. As an example, in 2019, PECO worked with Warrington Township and the Pennsylvania Game Commission to install an osprey nest on a pole overlooking the Bradford Reservoir.



organizations, community and youth organizations, federal and state agencies, trade associations and other Exelon business units to progress our habitat and species conservation plans. We also support public education programs that enhance society's commitment to habitat conservation.

Exelon continues to work with its power generation stations to increase pollinator restoration acreage, strengthen their monitoring programs, improve the current pollinator restoration areas and assist them in finding partners. Currently, there are approximately 230 acres of pollinator fields throughout the Nuclear Fleet. This effort complements the work at our utilities where 314 acres are under direct management specifically for pollinators. For more information about Exelon's pollinator programs, visit our [website](#).

**MONARCH BUTTERFLY MIGRATION ROUTES  
AND EXELON POLLINATOR PROJECTS**



Exelon continues to expand projects to support pollinators, such as the Monarch butterfly, on its lands and at its power plant properties.

# Waste Management

## Managing Our Nuclear Fuel Cycle

As the largest nuclear power plant operator in the U.S., nuclear safety is a fundamental element of our license to operate. We diligently manage our nuclear wastes — both low-level radioactive waste and spent nuclear fuel — safely, securely and responsibly. We must always remain in compliance with the stringent requirements of the NRC, the DOE and the EPA. The health and safety of our communities, our employees and the environment are of high priority to our company.

### Low-level Nuclear Waste

The bulk of the radioactive waste generated by nuclear power plants is low-level dry, inert matter that is processed into a solid state before being placed in specially designed, high-integrity containers for storage and disposal. Typical low-level waste includes materials such as contaminated personal protective equipment, used ion exchange resin and equipment such as filters, tools and rags that come into contact with varying amounts of radioactive substances. More than 90 percent of the low-level waste generated at nuclear stations is designated as Class A, which is the least radioactive. This waste is disposed of at EnergySolutions' disposal site in Clive, Utah.

Class B and C wastes have higher levels of radioactivity and include items such as core components, filters and ion exchange resins. Where we do not have adequate storage capacity on site, we ship waste off site to qualified disposal facilities. Since 2015, we shipped all of the Class B and C wastes from our facilities to the Waste Control Specialists disposal facility in Andrews, Texas, which reduces our inventory.

### Spent Nuclear Fuel

While required to do so by the Nuclear Waste Policy Act (NWP), the federal government has yet to establish facilities for the permanent storage or disposal of spent nuclear fuel (SNF) in the United States. As a result, Exelon Generation safely stores SNF from our nuclear generating facilities on site in storage pools and dry cask long-term storage facilities. As of the end of December 2019, Exelon Generation had approximately 84,700 SNF assemblies, or 21,000 short tons of fuel, stored on site.

## THE NUCLEAR WASTE POLICY ACT OF 1982

The NWP codified the DOE's responsibility for developing a geologic repository for used nuclear fuel. To pay for this repository, the NWP established a \$0.002/kWh fee collected from each operating nuclear power plant and placed into a Nuclear Waste Fund managed by the DOE. To date, Exelon has paid almost \$4.2 billion into the NWF.

In 2002, the President and Congress approved Yucca Mountain in Nevada as the site for this repository. In 2010, despite decades of scientific study that had consistently concluded that the proposed repository could safely protect future generations, the DOE shut down the Yucca Mountain project. At the time, \$12 billion had already been spent on Yucca Mountain and 65,000 metric tons of spent fuel were in temporary storage across 39 states. In 2014, a federal court ordered the U.S. Nuclear Regulatory Commission to complete safety and environmental reviews of the site. While these reviews have since concluded that Yucca Mountain complies with all regulations, a final decision awaits an extensive formal hearing that requires Congressional funding to complete. Yucca Mountain remains a political football, as Nevada is a key state in presidential elections. President Trump recently withdrew support for Yucca as the site for the repository and the Administration's Fiscal Year 2021 budget request includes no funding to continue the process.

Exelon supports the following advocacy positions to ensure that the U.S. government meets its obligations under the NWP:

- The Nuclear Waste Fund should be utilized as intended under the NWP.
- Congress should provide funding for a final decision on Yucca Mountain.
- Congress should authorize a centralized interim storage approach, pending development of an alternative long-term spent fuel strategy.

This includes approximately 50,300 assemblies in pools and 34,400 assemblies in 630 dry cask storage systems. Using this combination of storage methods, we project that we will have adequate storage for SNF produced through the decommissioning of our plants. The total volume of SNF produced by Exelon's entire fleet of nuclear plants since 1969 could fit in approximately four Olympic-sized swimming pools. One hundred percent of this SNF is packaged, numbered, catalogued, tracked and isolated from the environment.

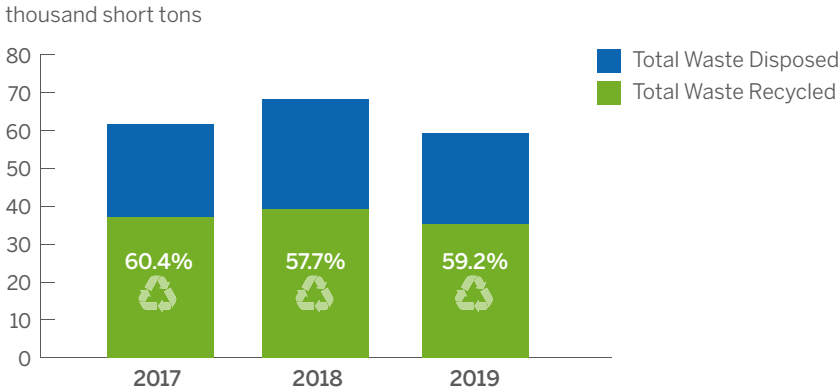
Reducing Our Operational Waste

Across our businesses, we are enacting best management practices to reduce, reuse and recycle the waste we generate. Many of our initiatives stop the generation of waste before it begins, 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. Likewise, 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 a company-wide recycling rate for municipal solid waste of approximately 60 percent during 2019. Additionally, our utilities found beneficial outlets, including new construction materials and utility excavation backfill, for more than 485,000 tons of recovered materials, leading to an overall recycling rate of nearly 90 percent for the combined municipal and industrial solid waste we generated in 2019. During 2019, we also generated approximately 370 tons of hazardous waste, recycling more than 15 percent of these materials before they required highly regulated disposal.

MUNICIPAL SOLID WASTE GENERATED AND RECYCLED 2017-2019<sup>1</sup>



<sup>1</sup> Municipal solid waste includes wastes such as durable goods, nondurable goods, containers and packaging, and other wastes (e.g., yard waste, food). This category of waste generally refers to common household waste, as well as commercial wastes, that are readily recyclable by conventional methods, but excludes industrial, hazardous and construction wastes. Industrial solid waste is not included in this chart.

BGE TRASH INTERCEPTOR

BGE worked with Clearwater Mills and KCI Technologies, Inc. to install first-of-their kind trash cage collection systems on the Patapsco River near Baltimore, where the Middle Branch meets BGE's Spring Gardens facility. The cages capture litter in the stormwater runoff from approximately 95 acres of south Baltimore and prevent it from reaching the Patapsco River. The cages use solar power to move waste from the cage into a dumpster, which is then used in a nearby waste-to-energy facility. This project improves both local water quality and the aesthetics of the area. The waters in this area have been identified as a crucial area for the Chesapeake Bay and are essential for striped bass, yellow perch, white perch, shad and river herring. By the end of 2019, the trash cages have recovered more than 1,700 pounds of material.



## Reducing Our Air Emissions

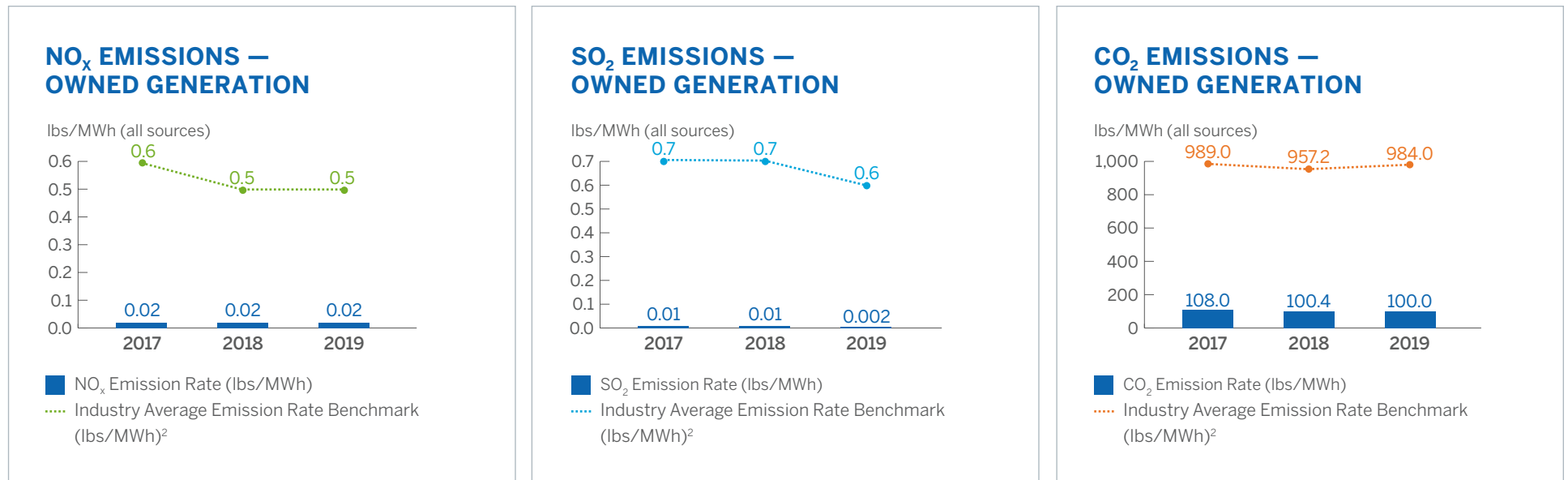
We recognize that air emissions, such as those that contribute to ground level ozone and particulates, can negatively impact public health and the environment. Exelon Generation is committed to operating a low-emission intensity energy portfolio to minimize our contribution to air emissions as we meet the nation's electricity needs. In 2019, our generation portfolio emission rates for NO<sub>x</sub>, SO<sub>2</sub> and CO<sub>2</sub> were significantly below the latest available electric generation industry averages as illustrated in the graphs below. Our emissions (including mercury) as reported under the EPA Toxics Release Inventory (TRI) regulations are limited to a few low utilization oil-fired units at de minimis levels.

The [Climate Change section](#) of this report provides detailed information regarding Exelon's GHG emissions, mitigation strategies and policy positions.



Exelon Power's 1,115 MW Wolf Hollow II state-of-the-art combined cycle natural gas power plant, Granbury, TX, utilizes the latest pollution control and air cooling technologies.

### EXELON'S EMISSION RATES<sup>1</sup> — SIGNIFICANTLY LOWER THAN THE NATIONAL AVERAGE



<sup>1</sup> Exelon emission intensity verification statement.

<sup>2</sup> Source: M.J. Bradley & Associates (2020), *Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States*.



## Managing Environmental Risks

Throughout our value chain, we continually assess the potential environmental impacts of our operations. Guided by the [Exelon Corporate Environment Policy](#), we strive for full compliance with applicable legal requirements and we ensure our actions and the actions of those working on our behalf to meet this commitment. We incorporate risk management into siting of new facilities, minimizing impacts at existing facilities and working with local communities and regulators to ensure stakeholders remain informed of our activities. We also conduct regular internal and external audits of our environmental programs in accordance with ISO 14001:2015. Our environmental management system (EMS) is an integral part of managing our environmental risk. Exelon's EMS, designed to conform to ISO 14001:2015, lays out the necessary steps to maintain responsible operations throughout our businesses. As of 2019, 66 percent of our facilities had obtained independent verification of conformance to the ISO 14001 standards. Exelon's corporate-level EMS certification is available on our website.

## Monitoring Compliance Performance

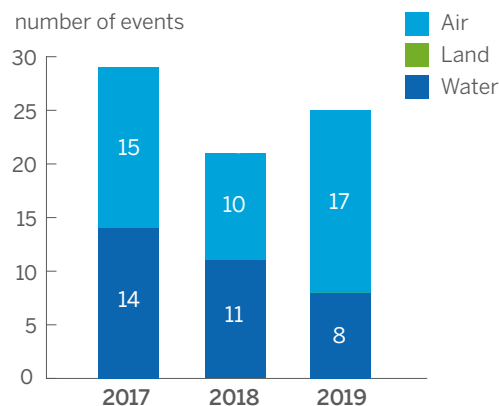
We monitor, measure and report our environmental performance by tracking cases where we violated an applicable environmental regulation or permit, or released a regulated substance into the environment. These include notices of violation (NOVs) — formal written notifications of an environmental violation from a government agency; permit non-compliance events — instances where a permit condition or administrative requirement was not satisfied; and spills of oil or chemicals that require reporting to applicable agencies, as well as non-reportable spills that involve small quantities of material that can be quickly contained and do not result in significant environmental impact.

In 2019, Exelon received one NOV from a regulatory agency:

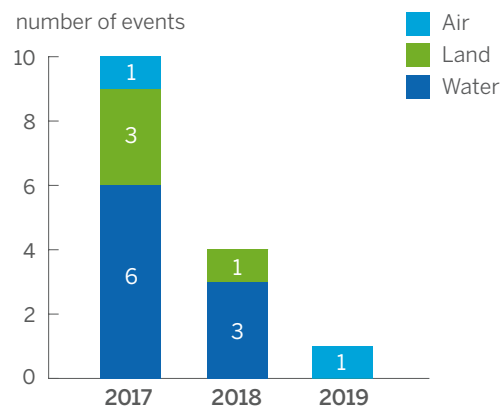
**Exelon Power Albany Green Energy, Albany, Georgia.** During startup activities, the plant did not conduct required visible emissions observations in violation of the facility's air permit.

In 2019, we also reported 25 permit non-compliance events for regulated discharges to air and water and 2,154 total spills. We summarize these events in the below charts.

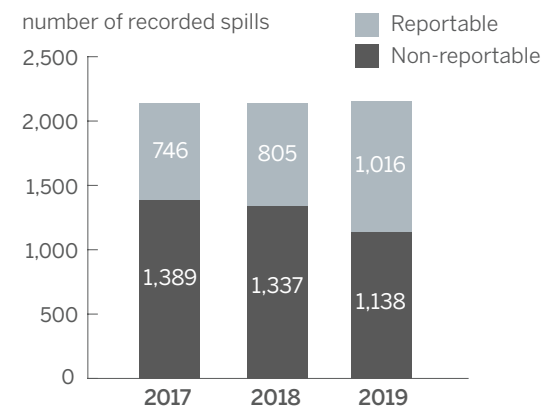
### PERMIT NON-COMPLIANCES (PNCS)



### NOTICES OF VIOLATION (NOVS)



### SPILLS



**Benning Road and Anacostia River Study Update.** In September 2010, PHI received a letter from EPA identifying the Benning Road site in Washington, D.C., as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. The site once hosted a Pepco Energy Services (PES) electric generating facility that was deactivated in June 2012 and razed in July 2015. A Pepco T&D service center also operates onsite. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and PES with the city's DOEE. This requires Pepco and PES to conduct a remediation investigation and feasibility study for the Benning Road site and an approximately 10-to-15-acre portion of the adjacent Anacostia River. We completed the remedial investigation phase of the work late in 2019 and issued a final remedial investigation report in February 2020. We will also conduct a treatability study at the site in 2020 and we anticipate completing the feasibility study in 2021. Upon completion of the feasibility study and DOEE's approval of the report, Pepco and Generation will have satisfied our obligations under the Consent Decree. DOEE will then prepare a Proposed Plan regarding cleanup measures. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision to identify any necessary response actions, including those for which Pepco and PES may be responsible for as a result of past activities at the Benning Road site.

Contemporaneously, the National Park Service is also conducting a separate remedial investigation and feasibility study focused on the entire tidal reach of the Anacostia River. This reach extends from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide remedial investigation report for public review and comment. It incorporated results of the river sampling by Pepco and PES as part of the Benning remedial investigation and feasibility study, similar sampling efforts by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco and other responsible parties along the river to participate in a Consultative Working Group. This working group provided input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently

underway. Pepco participated in the Consultative Working Group, but reserved all its legal rights and defenses. In December 2019 DOEE issued a draft final remedial investigation, a draft river-wide feasibility study, a draft focused feasibility study and a draft proposed plan. These documents indicate that the District intends to follow an adaptive management approach and expects to issue an Interim record of decision in September 2020. The draft proposed plan focuses on cleanup of hot spot areas identified in the river and does not propose a large river-wide remedy at this time. Per the draft Proposed Plan, once the early actions are completed a monitoring phase will be initiated and the data from that phase of the project will determine any future actions that may be necessary to achieve the project's goals. We anticipate the first round of early actions and the first monitoring phase will last approximately five to seven years. Pepco has advocated for the adaptive management approach the District is taking as the most effective way to address the sediment cleanup consistent with the latest guidance and methods employed by EPA at similar sites. Pepco continues outreach efforts in coordination with local agencies, governmental officials, community organizations and other key stakeholders.

In addition to the activities associated with the remedial process outlined above, CERCLA separately requires federal and state (including Washington, D.C.) Natural Resource Trustees to conduct an assessment of any damages to natural resources within their jurisdiction as a result of the contamination being remediated. The Trustees can seek compensation from responsible parties for such damages, including resource restoration costs. The Natural Resource Damages assessment typically takes place following cleanup because cleanups sometimes also effectively restore affected natural resources. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of this process that often takes many years beyond the remedial decision to complete.

### Eliminating Equipment with PCBs

We are actively working to manage the risk posed by electrical equipment containing polychlorinated biphenyls (PCBs). During replacement, repair and servicing efforts at our power plants and on our T&D networks, we eliminate equipment containing PCBs in concentrations greater than the current regulatory

threshold of 49 parts per million. Exelon Power facilities no longer have any oil-filled electrical equipment containing regulated levels of PCBs. Exelon Nuclear does not have any PCB transformers at its plants.

Similarly, our electric utilities proactively identify equipment for replacement when it is likely to be contaminated. Among other methods, we participate in EPRI's Program 51. This allows us to use EPRI's industrywide database to compare nameplate data information and identify if a piece of equipment is likely to have PCBs or not, which 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 and are therefore 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 the majority of remediation at remaining sites will continue for several more years. ComEd began remediation of three MGP sites in 2019, with 21 remaining on the system and remediation expected to continue through at least 2025. PECO remediated one MGP site in 2019 utilizing a slot cut method which reduced vibration, odors and vehicle traffic during removal. Eight sites remain in the system, with most expected to be closed by 2022. In 2019, BGE completed Unit 1 remediation at Riverside which is one of four open sites remaining in a manner to support future construction. 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, respectively; 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 [2019 10-K Environmental Remediation Matters](#).

## Exelon Environmental Awards

Each year, Exelon conducts an Environmental Achievement Awards campaign. These awards recognize outstanding employee projects that help sustain the environment while creating value for our company and local communities. Employees submit projects that reduce environmental risks, enhance environmental stewardship, increase operational efficiency, utilize innovation and heighten the company's environmental reputation. In 2019, we announced three award winners and 10 honorable mentions out of 42 total nominations. The winners were awarded money to donate to a nonprofit organization of their choosing. We describe the 2019 award winners and the organizations receiving the donations below.



Exelon Chief Sustainability Officer Chris Gould (third from left) and 2019 Exelon Environmental and Safety Achievement Award winners.



**Criterion Wind.** Criterion Wind's Wildlife Program aims to avoid and minimize the impacts on bats from wind turbines along Backbone Mountain in Garrett County, Maryland. Criterion's turbines are seasonally adjusted to stay off at night when wind speeds are low and bats are more likely to be active. Our redesigned storm water management system makes the habitat close to the turbines less attractive to bats, minimizing potential collisions. To mitigate unavoidable impacts to bats, Exelon partnered with the Mountaineer Chapter of the Izaak Walton League to protect a hibernaculum on their property in Beverly, West Virginia. The project included bat-friendly gates and education installation at cave entrances, forest preservation buffers to shelter bat roosting and swarming habitats and cave monitoring to ensure recovery of bat populations. The Criterion Wildlife Program enhances Exelon's reputation as an environmental steward among employees and Exelon's many stakeholders, serves as an example of how to maintain operational excellence while minimizing impacts to wildlife, provides an opportunity for employee engagement with participation in the site's Habitat Certification Team and demonstrates an innovative approach for addressing wildlife regulatory compliance issues.

**Sustainability and Innovation.** The Pepco **WaterShed Sustainability Center**, located at our Rockville Service Center, is an interactive exhibit where our customers can see and experience the benefits of sustainable living. Customers and students can experience a fully immersive sustainable home of the future, and learn about energy, water and waste cycles within the built environment. Scott Tjaden, the manager of the Center, brings his passion for reducing environmental impact to his work at Pepco and in the community. In addition to his work at the WaterShed Sustainability Center, Scott also volunteers at the Kids Museum in Montgomery County, which empowers kids to become the creative problem-solvers of tomorrow. Through his work with the museum, he supports the annual Invent the Future Challenge, which asks students to creatively solve environmental problems on our planet. Scott acts as a mentor to students on their innovative ideas, involving everything from trash management to food sustainability.



Pepco WaterShed Sustainability Center, Rockville, Maryland, helps educate customers about energy efficiency and environmentally-friendly building technologies and practices.

**BGE Rubble Field.** BGE was engaged by the Maryland Procurement Office to install underground 230,000-volt transmission lines in Anne Arundel County, Maryland. As part of the project, BGE voluntarily performed significant environmental restoration and relocation of an adjacent intermittent stream and remediated an illegal historical rubble fill. To stabilize stream segments adjacent to the project site, provide ecological uplift and help ensure the future integrity of the duct banks, BGE elected to relocate/restore approximately 617 linear feet of intermittent stream and stabilize approximately 49 LF of ephemeral channel within two restoration areas. BGE could have merely restored the immediate areas of impact disturbed by duct bank installation but chose to do the right thing by restoring this entire ecosystem area while protecting the habitat of the stripeback and glassy darter at the doorstep of the Patuxent Research Refuge.



## Effective Governance

- Made significant progress on scenario analysis and stress testing several enterprise risks including climate change associated impacts
- Increased supply chain spend with diversity-certified suppliers to \$2.4 billion
- Reinforced our investment in local communities with \$141.5 million in credit lines with 22 community and minority-owned banks

We're reinventing the grid  
to be more reliable  
and more efficient.



Exelon



Nasdaq

Effective corporate governance is a critical component of Exelon's business strategy. The Corporate Governance Committee of Exelon's Board of Directors oversees specific areas of our sustainability strategy and performance. Our Board of Directors also provides leadership and guidance that drives our sustainability efforts and helps us achieve our mission of providing reliable, clean, affordable and innovative energy products.

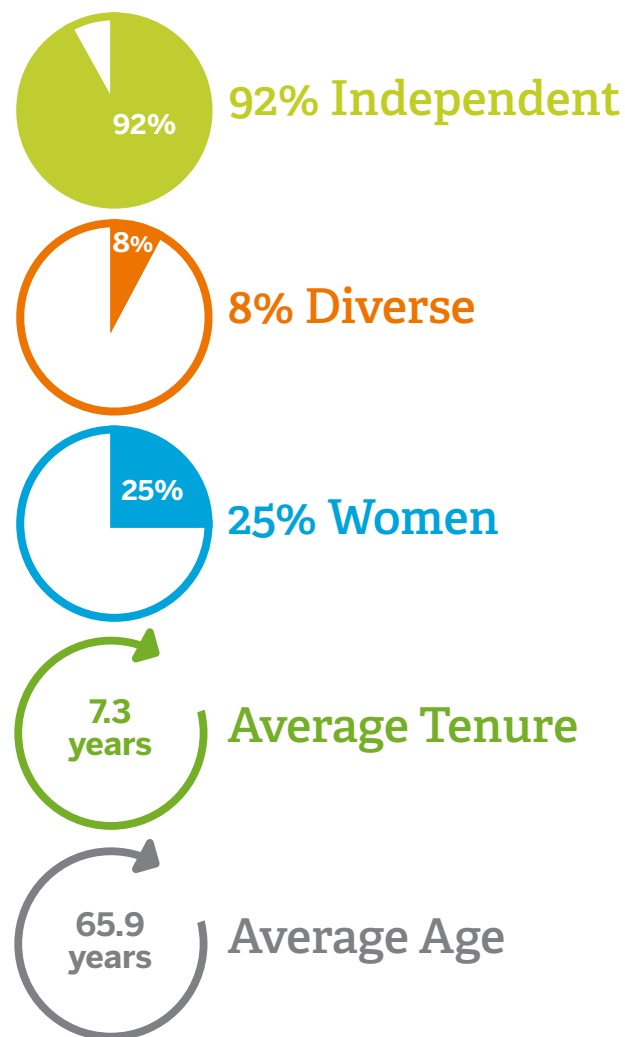
## Board Oversight

The Corporate Governance Committee of the Board is responsible for overseeing Exelon's climate change and sustainability policies and programs as well as for providing updates to the Board. All members of the Board, with the exception of Exelon's President and Chief Executive Officer, are independent according to 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](#). On April 28, 2020, our 14-member Board was reduced to 12 members, including three women and one racially diverse member, with an average director tenure of approximately seven 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:

Thomas O'Neill, SVP, 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>



<sup>1</sup> As of June 1, 2020 (12 Members).

## Five Committees of the Board of Directors

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

- The **Audit Committee** oversees financial reporting, accounting practices and internal control functions and the performance and selection of the independent registered accounting firm. The Audit Committee also oversees compliance with Exelon's ethics and compliance program as defined in the Exelon Corporation [Code of Business Conduct](#).
- The **Compensation and Leadership Development Committee** oversees Exelon's executive compensation program and human capital management practices, as well as supervises leadership development and succession planning.
- The **Corporate Governance Committee** oversees the governance practices of Exelon including the composition of the Board and its Committees. This Committee oversees 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.
- The **Generation Oversight Committee** oversees the safe and reliable operation of all generating facilities with a principal focus on nuclear safety. In addition, the Committee oversees compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of generation assets. This Committee is also tasked with reviewing environmental, health and safety issues related to generating facilities.
- The **Risk Committee** oversees the risk management functions and matters relating to the risk exposures of Exelon and its subsidiaries. The Committee monitors liquidity and related financial risks.

## Investor Engagement

Exelon engages with its investors on a regular basis and provides information through multiple channels. In addition to quarterly earnings conference calls and press releases, Exelon's Investor Relations staff regularly engage with investment professionals on Exelon's financial and operational performance. Leadership also provides information at the EEI annual conference on important financial, policy and market updates. Exelon leadership regularly engages 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 2019, Exelon engaged with shareholders representing about one third of all outstanding shares on these topics. We report any input received to the relevant Board committee and the Board of Directors as a whole.

## 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 on our journey to become the next-generation energy company, 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 of Corporate Strategy and Chief Innovation and Sustainability Officer, our sustainability team sits with our corporate strategy and innovation function. This helps incorporate sustainability into decision-making at the highest levels, including our approach to investments, energy efficiency programs, climate risk mitigation and other important issues facing our business. As an energy company, we integrate sustainability and environmental management throughout our entire business, requiring our Board to actively participate in making decisions about our most pressing sustainability challenges. When appropriate, we update the Corporate Governance Committee and other Board committees on sustainability strategy and performance. These reports focus on legacy environmental risks, climate change and investor interest in sustainability issues. The connections between sustainability and our business strategy are further discussed in the [Building the Next-Generation Energy Company](#) section of the report.



# Enterprise Risk Management Overview

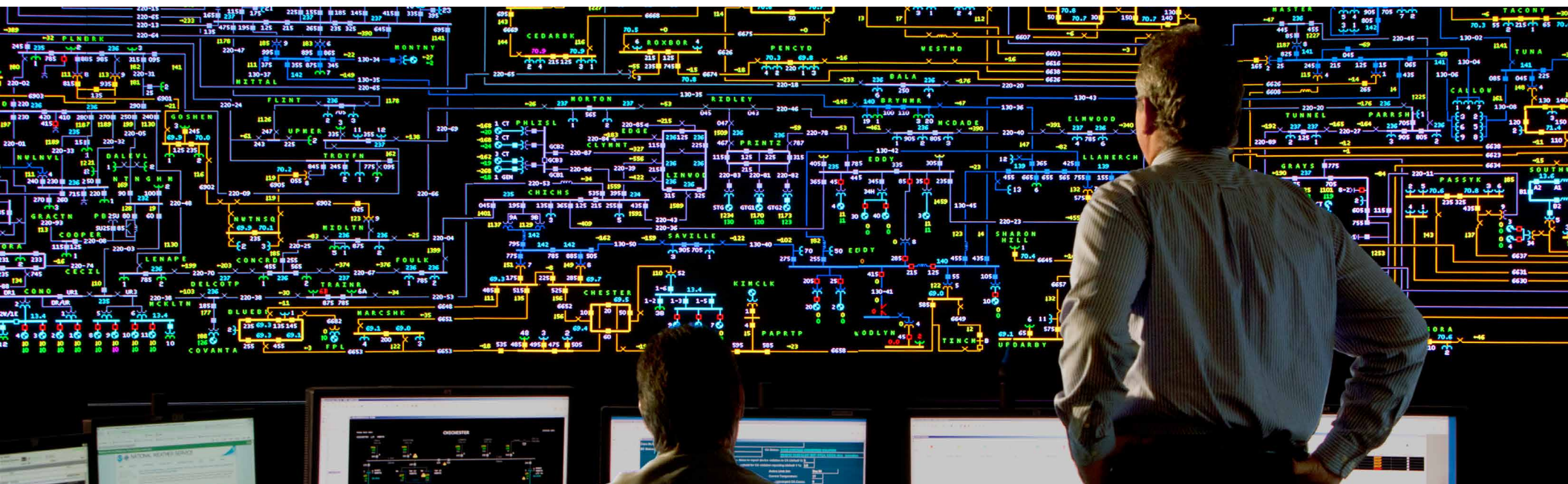
## Risk Management

Managing business risks of all types, from regulatory and market risks to global risks like climate change, is an important facet of our company's governance and oversight system. The Enterprise Risk Management team, in collaboration with our operating companies, is responsible for coordinating Exelon's risk management program. Exelon aims to be the leading diversified energy company by institutionalizing an enterprise-wide risk management framework and process. This framework enables us to anticipate strategic and emerging risks, integrate risk into business planning, minimize unexpected performance variances and support growth initiatives within Exelon's risk appetite policy. Working closely with our operating companies, our risk team leads dynamic and interactive assessments to identify, assess, mitigate and monitor risk. These 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. Key success factors for our enterprise-level risk management program include collaboratively working with the operating companies to identify risks, helping the businesses better understand how to manage risks and establishing acceptable tolerances that allow for growth while staying within our risk appetite.

Successful risk management requires participation from teams across our businesses. Exelon and each operating company have 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 Risk Committee, the Audit Committee of the Exelon Board of Directors and the Boards of Directors of each operating company.

In 2019, Exelon made significant progress on scenario analysis and stress testing several enterprise risks which included climate change associated impacts.



Exelon and its operating companies manage a wide range of strategic, financial, regulatory, and operational risks to ensure reliable, safe and affordable power for our customers and communities.



## MANAGING RISK AT EXELON

Exelon regularly completes risk assessments to identify and focus on the top risks facing our company. Our assessment framework looks at strategic, financial, operational, regulatory/compliance and reputational risks and is being automated for improved intelligence and risk analytics. Additionally, Exelon employs various market, credit, liquidity and operational risk assessment tools to identify financial and business risk exposures that are evaluated by risk management committees at the corporate level and within each business unit.



### THE EXELON ENTERPRISE RISK MANAGEMENT MODEL: AN INSTITUTIONAL APPROACH TO RISK MANAGEMENT

Frame	Identify	Assess and Manage	Monitor and Respond
<i>Relevant and reliable information upon which to base decisions or actions</i>	<i>Systematic identification of key risk drivers</i>	<i>Frameworks, tools and analyses that formulate risk management strategies</i>	<i>Risk response plans, tracking and monitoring of residual and emerging risks</i>
<ul style="list-style-type: none"> <li>• Strategic purpose and objective</li> <li>• Type of decision</li> <li>• Time horizon</li> </ul>	<ul style="list-style-type: none"> <li>• Risks to execution of strategy</li> <li>• Risk driver type and causes</li> <li>• Interconnected and emerging risks</li> </ul>	<ul style="list-style-type: none"> <li>• Risk vs. return profile</li> <li>• Alignment with Risk Appetite</li> <li>• Controls and mitigations</li> </ul>	<ul style="list-style-type: none"> <li>• Control and mitigation effectiveness</li> <li>• Key Risk Indicators (KRIs) and exposure thresholds/limits</li> <li>• Trigger events and decisions</li> </ul>
What is the risk to our strategy?	What are the risks? Where could there be blind spots?	What is our risk management strategy? What could go wrong?	What do our KRIs indicate? What is the competition doing?

## Cybersecurity

Exelon's business spans the entirety of the energy business, from generating power to distributing electricity to homes and businesses. Many of our customers live and work in the most densely populated areas of the country, making us a part of the nation's critical infrastructure. Security at Exelon is not an option; it is an imperative.

Exelon's Corporate & Information Security Services (CISS) team maintains an enterprise-wide, risk-based, intelligence-driven, "defense-in-depth" security posture. By applying the 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 we collaboratively

developed with input from our information technology 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.

As cybersecurity risks continue to evolve, it is imperative that we frequently assess our cybersecurity capabilities and embrace a mindset to continuously improve its security programs. Exelon's cybersecurity team participates in the DOE's Cybersecurity Capability Maturity Model (C2M2) assessment, which measures how well Exelon's National Institute of Standards and Technology (NIST) Cybersecurity Framework-aligned controls are in place, operating and monitored for improvement opportunities. The C2M2 allows for internal evaluation and external benchmarking within the energy industry and assists Exelon prioritize actions and investments to enhance our cybersecurity capabilities.

Exelon continues to support the mandatory regulatory requirements defined by both the North American Electricity Reliability Corporation (NERC) and NRC standards, ensuring further protection of our most critical assets. 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.

Exelon remains focused on increasing cybersecurity awareness and understanding and continues to implement additional technologies to enhance our cybersecurity capabilities.

## 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. In coordination with CISS, Exelon's physical security team identified critical sites and potential major threats to substations such as terrorism, theft and vandalism. The team designed and implemented multi-layered 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 has a robust pre-employment background screening process, thoroughly investigates all code of business conduct violations and provides workplace violence and other security training programs for employees. The physical security team maintains effective working relationships with law enforcement.

## Business Resilience

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 the combination of incident response, crisis management, business continuity and systems recovery programs. As with all security efforts, these programs align with the NIST Cybersecurity Framework (CSF) and apply to all hazards.



Exelon maintains robust physical- and cyber-security across our infrastructure, including at our offices, power plants and electric and gas T&D systems.

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, Exelon quickly and effectively responds by 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.

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.

Exelon's business continuity program undergoes continuous improvement, refining planning, training, exercises and other response and recovery capabilities with the goal of increasing the resilience of critical business functions to withstand threats. These efforts reflect enterprise-wide engagement, as demonstrated by our participation in the 2019 NERC Grid Security Exercise (GridEx) V drill. More than 6,500 people and 425 organizations from across the electric power industry and federal and state governments participated in the drill. More than 600 of Exelon's incident responders participated. Through enterprise-wide coordination, the participants validated improvements to various operational and response practices and identified new areas for refinement.

## Ethics and Compliance

At Exelon, we know that how we run our business is just as crucial as the results we achieve. Integrity guides our mission and shapes how we work with and are viewed by our customers and communities.

We are always raising the bar by continuously reviewing our policies and tightening our controls and oversight whenever we see opportunities to achieve higher levels of performance and accountability. The Exelon Corporation [Code of Business Conduct](#) sets clear standards of behavior and expectations for our employees, including Exelon's directors and officers, and our third-party business partners, such as our vendors, suppliers, consultants and independent contractors. The Audit Committee of our Board oversees compliance with the Exelon Code of Business Conduct. The Code of Business Conduct sets expectations that are often greater than what is required by law.

The Ethics and Compliance Office provides governance and oversight for Exelon's compliance with its regulatory obligations and is the primary resource for ethics advice and interpretation of the Code. It works with business units to ensure that appropriate controls concerning our compliance obligations are designed, implemented and tested, and ensures that all reports of potential Code violations are properly assessed, investigated and resolved.

We maintain a Help Line and a dedicated web portal (hosted by a third-party) for stakeholders to report concerns regarding potential ethical, compliance or legal violations. While employees and other stakeholders can seek advice or report potential violations directly to the Ethics and Compliance Office, the Exelon Ethics Help Line and web portal offer anonymous reporting options, 24 hours a day, every day of the year. The Ethics and Compliance Office actively monitors the receipt of Help Line reports. Each report is assessed and, when warranted, referred to seasoned, trained investigators to perform objective investigations. Personnel in the Ethics and Compliance Office oversee the completion of investigations and ensure appropriate corrective action occurs — up to and including dismissal — when any wrongdoing is substantiated.

A waiver of any provision of the Code will be made only in exceptional circumstances for substantial cause. Requests for waivers must be submitted to Exelon's general counsel, or their designee. Any request for a waiver by any director or executive must be submitted to the Board or a Board Committee. All waivers will be reported to the Exelon Ethics and Compliance Steering Committee. In addition, any waiver of provision in the Code for any director or executive officer will be disclosed to shareholders.

In 2019 Exelon and ComEd received subpoenas relating to an ongoing investigation by the United States Attorney's Office for the Northern District of Illinois of their lobbying activities in Illinois. The Securities and Exchange Commission also is investigating these activities. We have cooperated fully and expeditiously with the United States government in this investigation and our Board has formed a special committee with its own external counsel to provide oversight in this matter. We are committed to a level of ethics and integrity well beyond any legal requirements. As part of this commitment, we have taken a number of steps to ensure that Exelon and its subsidiaries operate at best-in-class compliance standards, including strengthening our leadership team in 2020 by hiring a new executive vice president of Compliance and Audit Services reporting directly to the CEO and substantially strengthening guidance and controls relating to lobbying and other interactions with government officials.

**Required Ethics Trainings**

Exelon regularly trains our workforce on ethics expectations and provides tools for our employees to meet those expectations. All new hires receive Code training, and the Ethics and Compliance Office delivers mandatory annual Code refresher training and other electronic modules addressing Security Awareness, Harassment Prevention and other important topics. These role-based training obligations, which flow from discrete compliance risk areas, emphasize performing job responsibilities with integrity.

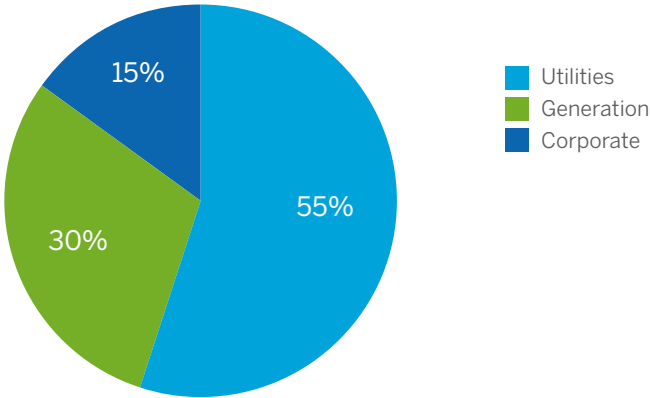
**Sustainable Supply Chain**

Exelon works with approximately 8,000 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 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

**SUPPLIERS BY SOURCING AREA**





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 2019, Exelon conducted its semiannual detailed risk assessment that identified 96 critical Tier 1 suppliers — suppliers with whom Exelon spends directly. These Tier 1 suppliers represent 44 percent of total spend. As part of this process, we identified one high-risk critical Tier 1 supplier and implemented a risk mitigation strategy with this supplier. Of the 96 critical Tier 1 suppliers, we audited seven percent in 2019 and placed four percent on a supplier watchlist or performance improvement plan. Exelon actively works with all suppliers on a watchlist or performance improvement plan to implement corrective action strategies and remediate any performance issues.

### Supply Chain Spend Analysis

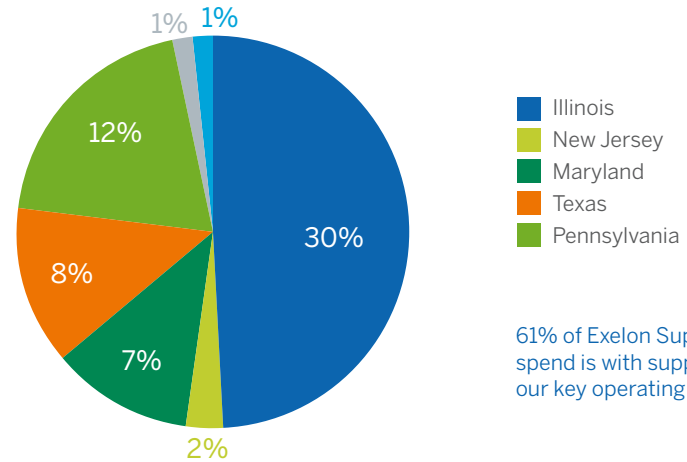
Exelon sourcing professionals within the corporate, generating and utilities supply teams manage approximately 90 categories of spend across these business areas. At a higher level across the enterprise, 43 percent of this spend is on services, 25 percent is on materials, 21 percent is on construction and 11 percent is on IT hardware and 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, such as fuel purchased for power generation.

### Improving Sustainability with Our Suppliers

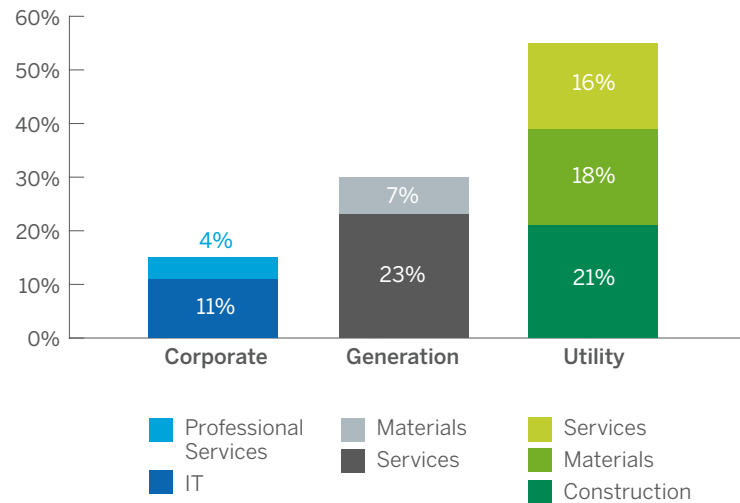
In addition to meeting contract terms and conditions tailored to manage each supplier’s engagement, all Exelon business partners, including our suppliers, are required to comply with [Exelon’s Code of Business Conduct](#). The Code establishes requirements for how Exelon and our business partners will conduct their business operations. All suppliers must meet Exelon’s standards, including environmental performance review.

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

### SUPPLIER SPEND BY STATE



### MAJOR CATEGORY SPEND





## ACHIEVEMENTS IN SUPPLY

During 2019, teams across supply partnered with ComEd and BSC Real Estate and Facilities on the rebuilding of the Chicago North Distribution Center. For the Distribution Center re-development phase of the plan, 68 percent of the work and \$6.7 million of spend was performed by local and diverse suppliers.

Because innovation is a key strategic focus area within supply, we implemented eight robotic process automations to leverage technology to achieve efficiencies and cost savings. This includes automation of the manual processes of notification, review and cancellation of past-due material requests for 7,800 material requests. This strategy reduced about \$35 million in material unnecessarily allocated to these requests.

In 2019, supply chain leaders and employees supported several STEM efforts by participating in Exelon-sponsored STEM events in our major cities. These included the STEM Academy in Philadelphia, Chicago and Baltimore, Opt4STEM summer program in Chicago and PECO and Supply co-sponsored HeForShe event “Play Big: Lessons in Being Limitless from the First Woman to Coach in the NFL, Dr. Jen Welter.”

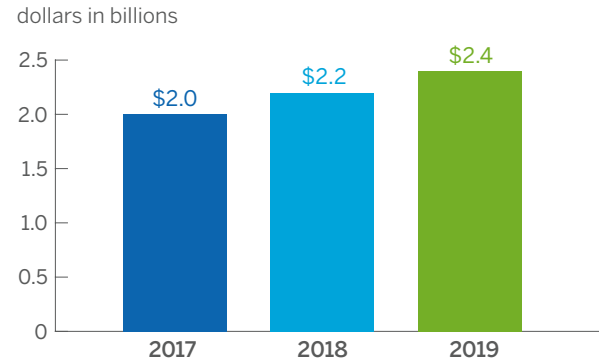
we have to encourage sustainable practices in our supply chain. At Exelon, we make a concerted effort to minimize potential impacts of the goods and services we procure and to motivate our suppliers to improve their operational performance. We advance sustainability in our supply chain through both our 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. In 2019, Exelon’s Chief Supply Officer became Chair of the EUISSCA executive committee.

## Supporting Local and Diverse Suppliers

At Exelon, we share a passion for diversity and inclusion that guides the way we work and do business. Through our Exelon Diverse Business Empowerment (EDBE) program, we realize competitive advantages from the talents each of us brings 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 the community. We source materials, goods and services from thousands of large and small businesses across the country. In 2019, we spent approximately \$9 billion with suppliers, excluding generating plant fuel purchases. More than 61 percent of this was spent locally in our key operating areas — Illinois, Pennsylvania, Maryland, New Jersey, Delaware, the District of Columbia and Texas — where our businesses are most heavily concentrated.

## DIVERSITY-CERTIFIED SUPPLIER SPEND



In 2019, our spending with diversity-certified suppliers reached almost \$2.4 billion — an increase of more than 23 percent since 2016 — and accounted for 27 percent of our sourced spending. As further recognition for our continued commitment to building a diverse supply chain, in 2019 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 \$170 million in 2019. The Exelon “high-margin” strategy is regarded as a utility industry best practice. This strategy focuses on fully integrating diversity-certified suppliers in underutilized 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.



Vernice Lewis (third from left) received the 2019 Eastern Minority Supplier Development Council Emmett T. Vaughn Corporate Advocate of the Year Award.

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 2019, Exelon arranged \$141.5 million in credit lines with 22 community and minority-owned banks in Illinois, Maryland, New Jersey and Pennsylvania, reinforcing the company’s commitment to invest in local communities. These transactions help grow local businesses 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 22 participating banks across the country, which is nearly three times the original number. Exelon Corporation currently invests \$3.4 billion of pension, employee savings plan, nuclear decommissioning and retiree health-care assets with 24 diversity-certified investment firms. In addition, another 18 minority investment firms participated in or co-managed \$3 billion in corporate bond deals.

## Conflict Minerals

In alignment with the conflict mineral reporting requirements of Section 1502 of the Dodd-Frank Act, Exelon reviewed whether conflict minerals were necessary to the production or functionality of any product manufactured or contracted for manufacture by the company. After a review of the products we sell and services we deliver, we concluded that we do not have any reporting requirements.

## 2019 AWARDS



The Eastern Minority Supplier Development Council (EMSDC) awarded Vernice Lewis the Emmett T. Vaughn Corporate Advocate of the Year award for Excellence in Supplier Diversity Advocacy. Following Emmett's passing in 2019, the EMSDC named this award in his honor, recognizing his tremendous leadership and immeasurable contributions towards advancing supplier diversity.

The Chicago Minority Diversity Council (CMSDC) awarded Emmett T. Vaughn the Lifetime Achievement Award for Excellence in Supplier Diversity Advocacy to Exelon.

The CMSDC also awarded Michael Cabrera the Outstanding Contracting Executive award for outstanding support of the MBE business community and leadership in driving increased spend with MBE suppliers.

Presidents' RoundTable (PRT) & PRT Reach Foundation awarded the PRT Corporate Leadership Award to Exelon Utilities CEO Calvin G. Butler Jr. for the Focus Forward, BGE Supplier Diversity Academy (Best-in-class). Since 2013, more than 42 companies have completed the program, including many PRT member companies.



# Appendix



## 2019 ELECTRIC GENERATION BY MAJOR STATION<sup>1,2</sup>

FOSSIL	Location Water Body	Net Operational Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			EMISSIONS (thousand short tons) <sup>5</sup>				TECHNOLOGY	
			2017	2018	2019	Type	2017	2018	2019	Current Air Pollution Control	Cooling Water <sup>6</sup>
<b>Colorado Bend II</b> Combined cycle: 4 gas turbines & 2 steam generator (intermediate)	Wharton, TX Colorado River	1,140	5,462	4,751	6,104	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.2 2,381	* 0.1 2,018	* 0.1 2,464	SCR, low-NO <sub>x</sub> burners	Dry Cooling
<b>Eddystone</b> 2 oil/gas steam units (intermediate) 4 combustion turbines (peaking)	Eddystone, PA Delaware River	820	12	17	1	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* * 44	* 0.1 50	* * 13	Low-NO <sub>x</sub> burners with separated overfire air	Open
<b>Handley</b> 3 gas steam units (2 peaking and 1 intermediate)	Fort Worth, TX Lake Arlington	1,265	355	757	616	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 255	* 0.1 549	* 0.1 471	SCR	Open
<b>Hillabee Energy Center</b> Combined cycle: 2 gas 2X1 turbines & 1 steam generator (intermediate)	Alexander City, AL Municipal Supply	753	3,095	4,376	5,037	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 1,299	* 0.1 1,852	* 0.1 2,103	SCR	Closed
<b>Mystic &amp; Mystic Jet</b> Combined cycle: 2 gas 2X1 turbines; Conventional: 2 gas/ 1 duel-fueled steam generators & 1 oil combustion turbine (intermediate)	Charlestown, MA Mystic River	1,968	7,158	4,550	2,409	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	0.1 0.1 3,178	0.1 0.1 2,134	0.1 0.1 994	SCR, low-NO <sub>x</sub> burners	Dry Cooling (Combined Cycle)/Closed (Conventional Steam)
<b>Wolf Hollow II</b> Combined cycle: 4 gas turbines & 2 steam generator (intermediate)	Granbury, TX Lake Granbury	1,115	6,137	5,477	6,399	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.3 2,620	* 0.1 2,259	* 0.1 2,565	SCR	Dry Cooling

## 2019 ELECTRIC GENERATION BY MAJOR STATION<sup>1,2</sup> (Continued)

RENEWABLE	Location Water Body	Net Operational Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			EMISSIONS (thousand short tons) <sup>5</sup>				TECHNOLOGY	
			2017	2018	2019	Type	2017	2018	2019	Current Air Pollution Control	Cooling Water <sup>6</sup>
<b>Albany Green Energy</b> Biomass-fueled combined heat (steam) and power generation (baseload) 99%	Albany, GA Groundwater	52	282	70	298	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 372	* * 125	* * 534	SNCR, sorbent and activated carbon injection, baghouse	Closed
<b>Fairless Hills<sup>7</sup></b> 2 landfill gas units (peaking)	Fairless Hills, PA Delaware River	60	230	212	198	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	0.1 0.1 11	0.1 0.1 6	0.1 0.1 4		Open
<b>Muddy Run<sup>15</sup></b> 8 pumped-storage units (intermediate)	Drumore, PA Susquehanna River	1,070	1,416	1,468	1,270						Pumped storage
<b>Conowingo</b> 11 hydro units (baseload)	Darlington, MD Susquehanna River	572	1,945	2,788	2,162	AVOIDED GHG EMISSIONS (thousand metric tons CO <sub>2</sub> e) <sup>8</sup> 747					Run-of-river
<b>Exelon Wind<sup>9</sup></b> 721 units 51–100%		776	4,050	2,769	2,450	AVOIDED GHG EMISSIONS (thousand metric tons CO <sub>2</sub> e) <sup>8</sup> 1,276					
<b>Solar<sup>9</sup></b> 478 units 4.2–100%		586	1,057	1,086	937	AVOIDED GHG EMISSIONS (thousand metric tons CO <sub>2</sub> e) <sup>8</sup> 147					

## 2019 ELECTRIC GENERATION BY MAJOR STATION<sup>1,2</sup> (Continued)

NUCLEAR <sup>10</sup>	Location Water Body	Net Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			Avoided GHG Emissions (thousand metric tons CO <sub>2</sub> e) <sup>8</sup>	TECHNOLOGY  Cooling Water <sup>6</sup>	NUCLEAR OPERATIONS DATA			
			2017	2018	2019			Unit	Commercial Ops. Began	Current License Expiration <sup>11</sup>	Spent Fuel Pool Capacity Reached <sup>12</sup>
<b>Braidwood</b> 2 PWR units (baseload)	Braidwood, IL <i>Kankakee River</i>	2,386	19,944	19,343	20,251	11,173	Closed	1 2	1988 1988	<b>2046</b> <b>2047</b>	Dry cask storage in operation
<b>Byron</b> 2 PWR units (baseload)	Byron, IL <i>Rock River</i>	2,347	19,153	20,051	20,118	11,099	Closed	1 2	1985 1987	<b>2044</b> <b>2046</b>	Dry cask storage in operation
<b>Calvert Cliffs</b> 2 PWR units (baseload) 50.01%	Lusby, MD <i>Chesapeake Bay</i>	895	7,555	7,495	7,508	4,142	Open	1 2	1975 1977	<b>2034</b> <b>2036</b>	Dry cask storage in operation
<b>Clinton</b> 1 BWR unit (baseload)	Clinton, IL <i>Clinton Lake</i>	1,069	8,348	8,397	8,388	4,628	Closed	1	1987	2027	Dry cask storage in operation
<b>Dresden</b> 2 BWR units (baseload)	Morris, IL <i>Kankakee River</i>	1,845	15,445	15,538	15,082	8,320	Open	2 3	1970 1971	<b>2029</b> <b>2031</b>	Dry cask storage in operation
<b>Fitzpatrick</b> 1 BWR unit (baseload)	Scriba, NY <i>Lake Ontario</i>	842	5,396	6,528	7,355	1,971	Open	1	1974	<b>2034</b>	Dry cask storage in operation
<b>LaSalle</b> 2 BWR units (baseload)	Seneca, IL <i>Illinois River</i>	2,320	18,908	19,346	19,435	10,723	Closed	1 2	1984 1984	<b>2042</b> <b>2043</b>	Dry cask storage in operation
<b>Limerick</b> 2 BWR units (baseload)	Sanatoga, PA <i>Schuylkill River<sup>13</sup></i>	2,317	18,553	19,357	19,346	10,673	Closed	1 2	1986 1990	<b>2044</b> <b>2049</b>	Dry cask storage in operation
<b>Nine Mile Point</b> 2 BWR units (baseload) Unit 1: 50%, Unit 2: 41%	Scriba, NY <i>Lake Ontario</i>	838	6,997	6,797	6,866	1,840	Open/Closed	1 2	1969 1986	<b>2029</b> <b>2046</b>	Dry cask storage in operation
<b>Peach Bottom</b> 2 BWR units (baseload) 50.00%	Delta, PA <i>Susquehanna River</i>	1,324	10,861	10,837	11,147	6,150	Open	2 3	1974 1974	<b>2053</b> <b>2054</b>	Dry cask storage in operation
<b>Quad Cities</b> 2 BWR units (baseload) 75.00%	Cordova, IL <i>Mississippi River</i>	1,403	11,551	11,607	11,615	6,408	Open	1 2	1973 1973	<b>2032</b> <b>2032</b>	Dry cask storage in operation



## 2019 ELECTRIC GENERATION BY MAJOR STATION<sup>1,2</sup> (Continued)

NUCLEAR <sup>10</sup>	Location Water Body	Net Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			Avoided GHG Emissions (thousand metric tons CO <sub>2</sub> e) <sup>8</sup>	TECHNOLOGY  Cooling Water <sup>6</sup>	NUCLEAR OPERATIONS DATA			
			2017	2018	2019			Unit	Commercial Ops. Began	Current License Expiration <sup>11</sup>	Spent Fuel Pool Capacity Reached <sup>12</sup>
<b>R.E. Ginna</b> 1 PWR (baseload) 50.01%	Ontario, NY <i>Lake Ontario</i>	288	2,349	2,349	2,497	669	Open	1	1970	<b>2029</b>	Dry cask storage in operation
<b>Salem</b> 2 PWR units (baseload) 42.59%	Lower Alloways Creek Twp., NJ <i>Delaware Estuary</i>	998	7,641	8,048	7,266	4,009	Open	1 2	1977 1981	<b>2036 2040</b>	Dry cask storage in operation
<b>Three Mile Island<sup>14</sup></b> 1 PWR unit (baseload)	Middletown, PA <i>Susquehanna River</i>	837	6,861	7,335	5,214	2,877	Closed	1	1974	<b>2034</b>	Dry cask storage in 2021

1 Owned generation as of Dec. 31, 2019. Table does not include station auxiliary equipment, plants comprised solely of peaking units or joint-owned plants where Exelon owned less than 100 MW. However, the corporate emission and intensity totals presented in the Reducing Air Emissions section of this report include emissions and generation from all equity-owned generation. Further, the emissions and intensities shown in the Reducing Air Emissions section of the report include retired and divested fossil unit emissions for the time periods in 2017–2019 during which Exelon had an ownership interest in these units. Numbers have been rounded. For more information on Exelon's generation fleet, please see Item 2: Properties, in Exelon's 2019 10-K.

2 Percentages listed under station name reflect Exelon's fractional ownership interest for those assets that are not 100 percent.

3 Nuclear station capacity reflects the annual mean rating. Fossil stations reflect a summer rating. Wind and solar facilities reflect nameplate capacity.

4 Net generation.

5 \* Indicates emissions less than 50 short tons.

6 Open — a system that circulates cooling water withdrawn from the environment, returning it with waste heat to its source.

Closed — a system that recirculates cooling water with waste heat dissipated to the atmosphere through evaporation.

Dry Cooled — a system that uses air-flow cooling without using water.

7 Fairless Hills CO<sub>2</sub> emissions are those related to fossil fuel combustion and exclude landfill gas CO<sub>2</sub> emissions.

8 Avoided greenhouse gas (GHG) emissions for renewable energy sources are calculated using USEPA eGrid (2016) regional or national emissions factors for CO<sub>2</sub>e and 2019 production levels. Avoided GHG emissions for nuclear sources are calculated using the applicable eGrid regional ISO (PJM & NYISO) averages adjusted to remove Exelon-owned nuclear contributions. In 2019, Exelon's renewable energy plants avoided 2.2 million metric tons of CO<sub>2</sub>e and our nuclear plants avoided 84.7 million metric tons of CO<sub>2</sub>e, for a total avoidance of 86.9 million metric tons of CO<sub>2</sub>e from Exelon's ownership in zero-emission generation. Avoided GHG emissions calculated based on 2019 production levels.

9 Ownership may vary with each asset.

10 BWR — boiling water reactor; PWR — pressurized water reactor.

11 Dates in bold indicate that NRC license renewals have been received. Generation is in the process of pursuing a 20-year license extension for the Clinton plant, the application is currently expected to be submitted no earlier than the first quarter of 2024. In 2019 the NRC approved a change of the operating license for Clinton from 2026 to 2027. In March 2020, the NRC approved license extensions for the Peach Bottom nuclear power plant units 2 and 3 until 2053 and 2054, respectively.

12 Dry cask storage will be in operation at all sites prior to the closing of on-site storage pools.

13 Supplemented with water from the Wadesville Mine Pool and the Still Creek Reservoir at Tamaqua via the Schuylkill River, and the Delaware River via the Bradshaw Reservoir, and Perkiomen Creek.

14 On September 20, 2019, Exelon permanently ceased generation operations at the Three Mile Island nuclear power plant. The results reported are for the period of operation up to that time.

15 Muddy Run is used to generate electricity for peak demand by running water from the Muddy Run reservoir through turbines that produce electric power. The reservoir is filled during off-peak hours when lower cost electricity is available to pump water into the Muddy Run reservoir. GWh listed is what Muddy Run provides to the grid and is not netted out against electricity used to pump water into the reservoir from the Conowingo pond.

# About This Report

The Exelon 2019 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 2018 Sustainability Report.

Data in this report cover 2017 through 2019, with an emphasis on activities in the reporting period of January 1, 2019 through December 31, 2019. 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. Data reflect all wholly or partially owned generating units for the period of ownership unless otherwise noted. Contracted power (i.e., purchases for trading or resale) is outside the scope of this report.

We also seek annual assurance of our GHG emission inventory. Lloyd's Register Quality Assurance, Inc. (LRQA), an accredited GHG verifier, provided verification of our 2019 inventory to a reasonable assurance level in accordance with The Climate Registry and ISO 14064 standards. The verification statement is available on our [website](#).

## 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.

## GRI INDEX

General Disclosures		Report Section
ORGANIZATIONAL PROFILE		
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 and Inclusion</a> Exelon reports the total number of employees, identifying gender, minority 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, 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="#">Exelon 2019 10-K</a>
102-12	External initiatives	<a href="#">CEO Message; Managing Sustainability; Advancing a Culture of Technology and Innovation; Stakeholder Engagement; Rising to the Challenge of Climate Change; Creating Value for Customers; Sustainable Supply Chain; Managing Our Environmental Impacts</a>
102-13	Membership of associations	<a href="#">Exelon website</a>

General Disclosures		Report Section
<b>ORGANIZATIONAL PROFILE</b> <i>(continued)</i>		
EU1	Installed capacity	<a href="#">About Exelon; 2019 Electric Generation by Major Station</a>
EU2	Net energy output	<a href="#">About Exelon; 2019 Electric Generation by Major Station</a>
EU3	Number of customers	<a href="#">About Exelon</a>
EU4	Length of transmission and distribution lines	<a href="#">About Exelon</a>
EU5	Allocation of CO <sub>2</sub> e emissions allowances	Exelon fossil plants in Massachusetts utilize Regional Greenhouse Gas Initiative (RGGI) CO <sub>2</sub> e allowances.
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	<a href="#">A Message from Our CEO</a>
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards and norms of behavior	<a href="#">Managing Sustainability; Ethics and Compliance</a>
<b>GOVERNANCE</b>		
102-18	Governance structure	<a href="#">Sustainability Governance; Effective Governance</a>
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	<a href="#">Stakeholder Engagement</a>
102-41	Collective bargaining agreements	As of December 31, 2019, 12,049 employees, or 37 percent, of the Exelon workforce were covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement</a>
102-43	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement; Disaster Preparedness and Awareness; Diversity 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 2019 10-K</a>
102-46	Defining report content and topic boundaries	<a href="#">Managing Sustainability</a>
102-47	List of material topics	<a href="#">Managing Sustainability</a>
102-48	Restatements of information	No material restatements; footnotes on charts and tables throughout the report indicate any adjustments and scope of data.
102-49	Changes in reporting	No significant changes
102-50	Reporting period	<a href="#">About This Report</a>
102-51	Date of most recent report	<a href="#">About This Report</a>
102-52	Reporting cycle	<a href="#">About This Report</a>
102-53	Contact point for questions regarding the report	<a href="#">Back Cover</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="#">About Exelon; Exelon Family of Companies; Managing Sustainability</a>
103-3	Evaluation of management approach	<a href="#">Managing Sustainability; Effective Governance</a>

Specific Disclosures		Report Section
<b>ECONOMIC PERFORMANCE</b>		
103-2	Management approach	About Exelon; Exelon 2019 10-K
201-1	Direct economic value generated and distributed	About Exelon; Local Economic Benefits; Giving Back to Communities
201-2	Climate change financial implications	Aligning Our Reporting with the Task Force on Climate-related Financial Disclosure (TCFD)
<b>INDIRECT ECONOMIC IMPACTS</b>		
103-2	Management approach	Partnering with Our Communities
203-2	Significant indirect economic impacts	Local Economic Benefits
<b>PROCUREMENT PRACTICES</b>		
103-2	Management approach	Sustainable Supply Chain
204-1	Proportion of spending on local suppliers	Sustainable Supply Chain
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
103-2	Management approach	Ethics and Compliance
206-1	Legal actions for anti-competitive behavior	Exelon was not involved in any regulatory enforcement actions alleging anticompetitive or anti-trust behavior in 2019.
<b>AVAILABILITY AND RELIABILITY</b>		
103-2	Management approach	Building the Next-Generation Energy Company; Connected Communities
EU10	Capacity and demand	About Exelon; Building the Next-Generation Energy Company; Connected Communities
<b>DEMAND-SIDE MANAGEMENT</b>		
103-2	Management approach	Energy Efficiency
<b>RESEARCH AND DEVELOPMENT</b>		
103-2	Management approach	Building the Next-Generation Energy Company
<b>PLANT DECOMMISSIONING</b>		
103-2	Management approach	Exelon 2019 10-K
<b>SYSTEM EFFICIENCY</b>		
103-2	Management approach	Maintaining Operational Excellence, Productivity and Efficiency
EU11	Generation efficiency	Maintaining Operational Excellence, Productivity and Efficiency
<b>ENERGY</b>		
103-2	Management approach	Exelon 2019 CDP Climate Change Response
302-1	Energy consumption within the organization	Exelon 2019 CDP Climate Change Response
302-4	Reduction of energy consumption	Exelon 2019 CDP Climate Change Response
302-5	Reduction in energy requirements of products and services	Maintaining Operational Excellence, Productivity and Efficiency; Energy Efficiency
<b>WATER</b>		
103-2	Management approach	Improving Watershed Management; Exelon 2019 CDP Water Response
303-1	Interactions with water as a shared resource	Improving Watershed Management; Exelon 2019 CDP Water Response
303-2	Management of water discharge-related impacts	Improving Watershed Management; Exelon 2019 CDP Water Response



Specific Disclosures		Report Section
<b>WATER</b> <i>(continued)</i>		
303-3	Water withdrawal by source	Improving Watershed Management; Exelon 2019 CDP Water Response
303-5	Water consumption by source	Improving Watershed Management; Exelon 2019 CDP Water Response
<b>BIODIVERSITY</b>		
103-2	Management approach	Habitat and Biodiversity
304-1	Sites near areas of high biodiversity value	Habitat and Biodiversity
304-2	Impacts on biodiversity	Habitat and Biodiversity
304-3	Habitats protected or restored	Habitat and Biodiversity
<b>EMISSIONS</b>		
103-2	Management approach	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-1	Direct (Scope 1) GHG emissions	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-2	Energy indirect (Scope 2) GHG emissions	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-3	Other indirect (Scope 3) GHG emissions	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-4	GHG emissions intensity	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-5	Reduction of GHG emissions	Rising to the Challenge of Climate Change; Full GHG Inventory and Accounting Protocol; Exelon 2019 CDP Climate Change Response
305-7	NO <sub>x</sub> , SO <sub>x</sub> and other air emissions	Reducing our Air Emissions
<b>EFFLUENTS AND WASTE</b>		
103-2	Management approach	Waste Management
306-2	Waste by type and disposal method	Waste Management
306-3	Significant spills <sup>1</sup>	Managing Environmental Risks
<b>ENVIRONMENTAL COMPLIANCE</b>		
103-2	Management approach	Managing Environmental Risks
307-1	Non-compliance with environmental laws and regulations	Managing Environmental Risks
<b>EMPLOYMENT</b>		
103-2	Management approach	Diversity and Inclusion
401-1	New employee hires and employee turnover	Diversity and Inclusion
401-3	Parental leave	Progressive Workforce Policies
<b>OCCUPATIONAL HEALTH AND SAFETY<sup>2</sup></b>		
103-2	Management approach	Promoting a Culture of Safety and Health
403-1	Occupational health and safety management system	Promoting a Culture of Safety and Health
403-2	Hazard identification, risk assessment, and incident investigation	Promoting a Culture of Safety and Health
403-3	Occupational health services	Promoting a Culture of Safety and Health

Specific Disclosures		Report Section
<b>OCCUPATIONAL HEALTH AND SAFETY</b> <i>(continued)</i>		
403-4	Worker participation, consultation, and communication on occupational health and safety	Promoting a Culture of Safety and Health
403-5	Worker training on occupational health and safety	Safety Management
403-6	Promotion of worker health	Promoting a Culture of Safety and Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Promoting a Culture of Safety and Health
403-8	Workers covered by an occupational health and safety management system	Promoting a Culture of Safety and Health
403-9	Work-related injuries	Safety Performance
403-10	Work-related ill health	Safety Performance
<b>TRAINING AND EDUCATION</b>		
103-2	Management approach	Accelerating Talent
404-2	Programs for upgrading employee skills	Accelerating Talent
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
103-2	Management approach	Diversity and Inclusion
405-1	Diversity of governance bodies and employees	Diversity and Inclusion
<b>LOCAL COMMUNITIES</b>		
103-2	Management approach	Engaging with Communities; Giving Back to Communities
413-1	Local community engagement	Engaging with Communities; Giving Back to Communities
EU22	Displacement and compensation	Not applicable to Exelon.
<b>POLITICAL CONTRIBUTIONS</b>		
103-2	Management approach	Building the Next Generation Energy Company
415-1	Political contributions	Building the Next Generation Energy Company; Exelon website
<b>CUSTOMER HEALTH AND SAFETY</b>		
103-2	Management approach	Disaster Preparedness and Awareness
416-1	Assessment of health and safety impacts	Disaster Preparedness and Awareness
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	Low-income Assistance
EU28	Power outage frequency	Customer Service and Reliability
EU29	Power outage duration	Customer Service and Reliability
EU30	Average plant availability factor	Investing in Our Markets at Attractive Returns
<b>OMISSIONS</b>		
1 Exelon reports total reportable and non-reportable spills based upon applicable state and federal reporting requirements, which may also include voluntary reporting agreements with regulatory agencies. Due to the mix of reporting requirements across our operating states, Exelon does not publish spill volumes.		
2 Exelon internally tracks rates by operating company, but presents data at the corporate level to provide an overall view of company performance.		

# Full GHG Inventory and Accounting Protocol

## Direct and Indirect Emissions

Exelon calculates its GHG emissions inventory in conformance with The Climate Registry General Reporting Protocol, which allows for the use of EPA mandatory Reporting Rule (40 CFR Part 98) requirements where applicable and is based on the WRI GHG Protocol. The inventory is also third-party verified to these standards each year to assure its correctness. Our third-party verifier for the 2019 inventory verification was LRQA. Emissions include stationary and mobile combustion of fossil fuels, fugitive emissions of GHGs (e.g., methane, SF<sub>6</sub>, CO and hydrofluorocarbons) and indirect emissions associated with the purchase of electricity from external sources. Exelon uses the global warming potentials (GWPs) from the Fourth IPCC Assessment Report (AR4) to align with the November 2013 regulatory revisions to the EPA GHG regulations (40 CFR Part 98). Our primary inventory reporting uses an equity-share reporting.

As shown in Table 1, Exelon segregates the GHG inventory between operations-driven and customer-driven sources. Operations-driven emissions relate to emissions 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 that can be affected by weather, market and economic conditions that Exelon cannot control. We present our inventory under

both the location-based Scope 2 accounting and the market-based accounting as defined by the World Resources Institute (WRI) GHG Protocol. Location-based accounting is representative of how electricity is delivered over wires and is calculated using the latest regional transmission organization (RTO) average emissions rates (if available, or latest eGRID sub-regional factors if RTO factors are not available). 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 RTO residual emissions rates (that remove clean energy attributes retired by others) where they are available. Per The Climate Registry protocol, emission rates are adjusted to account for the fossil generation Exelon has in each region, to avoid double counting of these emissions already captured in our Scope 1 accounting.

Efforts to reduce the customer-driven segment of our inventory are associated with our customer programs for energy efficiency, access to clean energy and increasing generation of low-carbon electricity. These impacts are referred to as customer abatement, emissions displacement and avoided emissions — each of which relate to overall GHG emissions associated with grid-level electric generation and distribution. 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.

**TABLE 1: EXELON CORPORATION GHG INVENTORY BREAKDOWN**

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

**Total Exelon GHG Emissions**

thousand metric tons CO <sub>2</sub> e	2017	2018	2019
Scope 1	10,200	9,526	9,395
Scope 2 (Location-based — As Delivered)	6,521	6,120	6,103
<b>Total Scope 1 &amp; 2, Location-based</b>	<b>16,721</b>	<b>15,646</b>	<b>15,497</b>
Scope 2 (Net of Zero-carbon Electricity Purchases)	5,037	4,817	4,914
<b>Total Scope 1 &amp; 2, Market-based</b>	<b>15,926</b>	<b>14,779</b>	<b>15,141</b>
<b>Supplemental Biomass</b>	<b>688</b>	<b>436</b>	<b>833</b>
<b>Relevant Scope 3</b>	<b>195,220</b>	<b>197,376</b>	<b>180,732</b>

**Customer-Driven Emissions**

thousand metric tons CO <sub>2</sub> e	2017	2018	2019
<b>Scope 1: Direct Emissions</b>			
Stationary Combustion	9,545	8,862	8,581
Upstream Gas (combustion & fugitive) <sup>1</sup>	0	14	215
<b>Total Customer-Driven Scope 1</b>	<b>9,545</b>	<b>8,876</b>	<b>8,796</b>
<b>Scope 2: Indirect Emissions</b>			
T&D Line Losses <sup>2</sup>	6,016	5,596	5,580
Muddy Run Pumping Power <sup>3</sup>	187	179	159
Upstream Gas (purchased electric)	0	1	3
Total Customer-Driven Scope 2 (Location-based, As-Delivered)	6,203	5,777	5,742
<b>Total Customer-Driven Scope 2 (Net of Zero-carbon Purchases)</b>	<b>4,883</b>	<b>4,628</b>	<b>4,725</b>
<b>Total Customer-Driven Scope 1 &amp; 2 Emissions</b>	<b>14,428</b>	<b>13,504</b>	<b>13,521</b>
Supplemental Biomass (Generation)	681	428	825
<b>Relevant Scope 3: Customer-Driven Supply Chain Emissions<sup>4</sup></b>	<b>195,143</b>	<b>197,276</b>	<b>180,640</b>
Longterm and Spot Market Power Purchases For Resale — Fossil <sup>5</sup>	17,693	21,022	18,864
Natural Gas Sold by Constellation New Energy (as used by customer)	91,019	87,548	76,581
Electricity Distributed by our Utilities <sup>6</sup>	75,316	76,991	73,708
Natural Gas Distributed by our Utilities (as used) <sup>7</sup>	10,759	11,257	11,109
Heating and Cooling Equipment Operated for Others	356	458	378

**Operations-Driven Emissions**

thousand metric tons CO <sub>2</sub> e	2017	2018	2019
<b>Scope 1: Direct Emissions</b>			
Stationary Combustion — Support Operations	79	85	78
Natural Gas Distribution & LNG Import (Fugitive Methane)	388	369	348
Electrical Equipment (Fugitive SF <sub>6</sub> )	81	87	61
Fugitive Refrigerants, Bulk CO <sub>2</sub> , Coal Pile	8	8	15
Vehicle Fleet Operations	100	100	97
<b>Total Operations-Driven Scope 1</b>	<b>656</b>	<b>650</b>	<b>599</b>
<b>Scope 2: Indirect Emissions</b>			
Building Electric, District Heating and Cooling	140	131	124
Grid Supplied Plant Electric Use	178	213	237
Total Operations-Driven Scope 2 (Location-based, As-Delivered)	318	343	361
<b>Total Operations-Driven Scope 2 (Net of Zero-carbon Purchases)</b>	<b>154</b>	<b>190</b>	<b>189</b>
<b>Total Operations-Driven Scope 1 &amp; 2 Emissions</b>	<b>810</b>	<b>840</b>	<b>787</b>
Supplemental Biogas (Mobile)	7	8	8
<b>Relevant Scope 3: Operations-Driven Supply Chain Emissions<sup>4</sup></b>	<b>77</b>	<b>100</b>	<b>92</b>
Employee Business Travel <sup>8</sup>	30	29	29
Waste Generated in Activities	47	71	63
Employee Commute		Not Yet Quantified	
Purchased Goods and Services		Not Yet Quantified	
Capital Goods		Not Yet Quantified	

1 Upstream Gas accounting refined to align with Argonne National Labs GREET Model estimations.

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

3 Muddy Run Pumping Power emissions adjusted to reflect establishment of location-based Scope 2 accounting.

4 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>.

5 Includes Owned and PPA Renewables for which attributes may have been sold as RECs or Retired for RPS obligations.

6 Exelon Utilities are required to buy from the market - thus these emissions are not associated with Exelon's Generation fleet.

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

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



**TABLE 2: EXELON SIDE-BY-SIDE SCOPE 2 ACCOUNTING<sup>1</sup>**

	<b>2017</b> (Inventory as owned)			<b>2018</b> (Inventory as owned)			<b>2019</b> (Inventory as owned)		
	<b>MWh Use</b> (in thousands)	<b>Location-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)	<b>Market-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)	<b>MWh Use</b> (in thousands)	<b>Location-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)	<b>Market-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)	<b>MWh Use</b> (in thousands)	<b>Location-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)	<b>Market-based Emissions</b> (thousand metric tons CO <sub>2</sub> e)
T&D Line Losses	13,326	6,016	4,883	13,013	5,596	4,627	13,271	5,580	4,722
Muddy Run Pumping Power <sup>2</sup>	417	187	0	422	179	0	380	159	0
LNG Import Plant (Acquired 11/2018)	0	0	0	4	1	1	14	3	3
Building Electric, District Heating and Cooling	311	140	85	320	131	81	290	124	72
Grid-Supplied Plant Electric Use	443	178	70	538	213	108	603	237	117
<b>Exelon Total</b>	<b>14,497</b>	<b>6,521</b>	<b>5,037</b>	<b>14,297</b>	<b>6,120</b>	<b>4,817</b>	<b>14,559</b>	<b>6,103</b>	<b>4,914</b>

1 Historical years have been adjusted to remove plants since divested, Incorporate ISO emission rates as available. eGRID average factors were use in lieu of residual rates not available during those years.

2 Muddy Run pumping power results in an emission benefit of avoiding nearly 1 million mtCO<sub>2</sub>e from emissions displacement that occurs from storing power at generated at night and returning it to the grid at peak hours. This emissions displacement is not currently able to be included as part of TCRs Scope 2 accounting. Electric use is less that returned to the grid at peak hours.

## Scope 2 Accounting

Under the market-based Scope 2 accounting view, Exelon is recognizing the following market-based elements: electricity we purchase specifically from Exelon-owned generation assets, Green-e® certified RECs (renewable generation emissions attributes) and PJM-issued EFECs (nuclear generation emissions attributes). All other electric use is currently assigned a residual emissions rate for the region (the emissions rate of generation after all retired attributes are removed where they are available). An independent system operator residual rate is used where available, as it is considered the most current and accurate (currently only available in PJM, NEPOOL, ERCOT and CAISO). EPA e-GRID sub-regional average emissions rates are used if no ISO residual rate is available. Supplier-specific rates will be used once verified factors become available.

## Scope 3

There are 17 potential Scope 3 categories. Additional information on Scope 3 accounting can be found at <http://ghgprotocol.org/scope-3technical-calculation-guidance>. Exelon currently tracks and reports the Scope 3 emissions that are most relevant for our business. We report WRI Scope 3 supply chain categories such as business travel, long-term power purchase agreements and spot market purchases used to fulfill customer load, electricity delivered by utilities (customer use of electricity), use of natural gas delivered by utilities (customer use of natural gas) and emissions associated with heating and cooling equipment we operate for others. We plan to expand our Scope 3 reporting to include employee commute, purchased goods and services and capital goods once we develop a repeatable methodology for estimating and addressing these emissions categories.

## Clean Attributes and Offsets

Clean power attributes and CO<sub>2</sub> 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 CO<sub>2</sub> emissions outside of our verified GHG inventory. RECs and EFECs as shown are now also accounted for as part of the new market-based accounting. Currently our offsets include Climate Reserve Tonnes (CRTs) and Natural Gas STAR emissions reductions associated with PECO's natural gas system operating at a lower than average operating pressure.

## 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 which help our customers reduce their electricity use through energy efficiency measures in conformance with state-mandated requirements. Our utilities and Constellation are procuring and retiring RECs for retail customer supply, in compliance with state-mandated renewable supply requirements.

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 (lbs./MWh) for the program year being reported.

Constellation's retail energy efficiency and clean energy products sales are also accounted for as customer abatement. Estimated MWh reduced as a result of Constellation efforts are those associated with estimated savings in its Efficiency Made Easy contracts and actual performance as measured in its performance-based contracting. Voluntary REC sales are based on actual annual sales volumes for national wind RECs. We use the PJM system mix average (lbs./MWh) for the program year being reported for estimating avoided emissions from these programs.

## Avoided Emissions from Nuclear and Renewable

Exelon presents estimations for avoided emissions associated with our nuclear and renewable electric generation sources. Avoided emissions during past years are calculated based on the actual generation and a GHG emissions per MWh factor of 1,054 lbs./MWh (the U.S. eGRID 2016 issued 2-2018 national average adjusted to remove Exelon's nuclear generation). Projected avoided emissions for current and future years are based on the EIA Outlook Report 2017, pulling emission rates from regional data that includes both generation and emissions projections. 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, or was no longer provided by a low- or zero-carbon source 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.

## Supplier-Specific Emissions Factors

In order to help our customers more accurately report their GHG emissions, Constellation and our utilities began calculating, verifying and publishing supplier-specific emissions factors (lbs./MWh) for the electricity we sell. These emissions rates are calculated based on our owned generation coupled with long-term power purchase agreements and other market purchases associated with how we fulfill our customer's load. Emission rates are state specific where states have renewable or alternative energy portfolio standards that require clean energy attributes (RECs or EFECs) be retired on behalf of customers. Because we also sell RECs, we backfilled grid residual emission attributes for clean power generation for which attributes have been otherwise sold. Similarly, if clean energy attributes for Exelon's nuclear plants have not been specifically retired from the grid mix, grid residual mix attributes are used in the Constellation supplier-specific factor calculation. This is done to ensure no double counting of clean energy attributes and further promote recognition of these attributes as part of the clean energy market.

**TABLE 3: AVOIDED EMISSIONS AND OFFSETS**thousand metric tons CO<sub>2</sub>e

	2017	2018	2019
<b>Clean Attributes and Offsets</b>			
RECs Purchased for Corporate Buildings	(69)	(31)	(35)
EFECs Retired	(1,900)	(777)	(874)
Verified Offsets Retired	(30)	(0)	(5)
U.S. EPA Natural Gas STAR Reduction	(9)	(9)	(9)
<b>Customer Abatement and Avoided Emissions</b>			
Mandated Utility Customer Programs	(8,650)	(9,878)	(8,653)
Utility Renewable Portfolio Obligations	(1,458)	(1,625)	(2,020)
Competitive Retail Customer Energy Efficiency Programs	(190)	(254)	(265)
Competitive Retail Voluntary REC Sales	(1,085)	(1,928)	(2,031)
Competitive Retail Voluntary EFEC Sales	(1,040)	(2,471)	(2,599)
Avoided Emissions — Competitive Retail Distributed Generation <sup>1</sup>	(176)	(165)	(125)
Avoided Emissions — Exelon-owned Utility Scale Renewable Generation <sup>2</sup>	(3,423)	(2,562)	(2,171)
Avoided Emissions — Exelon-owned Nuclear Generation <sup>3</sup>	(86,698)	(87,452)	(84,679)
Displaced Emissions from New High-Efficiency Natural Gas Generation <sup>4</sup>	(1,023)	(850)	(1,611)

1 All years reflect emissions associated with their regional average emissions rate.

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

3 Emission rate based on regional average less Exelon nuclear; include attributes that may have been sold as EFECs.

4 Calculates the emissions displaced generation at ERCOT regional grid rates due to these new lower emitting plants.

**TABLE 4: CONSTELLATION NEW ENERGY 2019 CO<sub>2</sub> EMISSIONS FACTOR SHEET**

State	CNE Supplier-Specific Emissions Factor (lbs/MWh)	Residual Emissions Factor Comparable Regional Default (lbs/MWh)	Grid Average Comparable Regional Average (lbs/MWh)	Data Source
Maine	775.46			
New Hampshire	828.28			
Rhode Island	839.05	882.54	863.36	NE-ISO - CY 2018
Massachusetts	850.06			
Connecticut	849.88			
New York — Upstate				
New York City	634.6	634.6	462.6	NYISO 2018
New York — Long Island				
Delaware	963.50			
Maryland	823.21			
District of Columbia	808.41			
New Jersey	825.56	963.50	924.26	PJM ISO - CY2018
Pennsylvania	838.44			
Ohio	917.12			
Illinois	904.20			
Michigan	1,248.00	1,248.00	1,248.00	MPSC - 3/2020
Texas	1,026.21	1,088.42	982.94	ERCOT - CY2018
Oregon	639.00	639.00	639.00	EPA eGRID - CY2016
California	695.84	943.58	496.50	CA ISO / eGRID - CY2018

- This CNE 2019 CO<sub>2</sub> Emissions Factor Sheet has been third-party verified through LRQA.
- While a significant amount of Constellation supply flows directly from Exelon's fleet of clean generation units (with a CO<sub>2</sub> emissions intensity of 100 lbs/MWh nationally), Constellation is limited to claiming clean attributes from RECs retired for State Renewable Portfolio Standards (RPS) due to the deregulated market structure and limitations in preventing double-counting of nuclear supply in existing market-derived residual emission rates currently used by others. This does differ from utilities in regulated markets where owned generation flows first to its utility supply and is not being potentially reported by other entities.
- There is currently no ISO-level emissions reporting (average or residual emission rates) for NY-ISO or MI-ISO; thus the most recent eGRID 2018 data set (issued 2/2020) has been used as the highest quality proxy for the system average, residual and our supplier rate per the WRI Scope 2 Standard.
- CNE currently has no RPS obligations in Delaware, thus the CNE emissions rate is equivalent to the residual rate for the region.
- Emissions rates in NEPOOL ISO has been adjusted to reflect emissions benefits as shown in eGRID 2018. This applies to anthropogenic emissions from biomass, biogas and municipal waste plants; as well as the dual power benefits of combined heat and power plants.
- IL, PA, and NJ use the reporting year time frame of June 2018 through May 2019 used for the RPS programs in these states. A comparable average emissions rate for that same time period has been listed, although as residual rates are not available for this time frame the PJM 2018 residual has been used as a proxy.



## 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 including among others those related to the expected or potential impact of the novel coronavirus (COVID-19) pandemic, and the related responses of various governments and regulatory bodies, our customers, and the company, on our business, financial condition and results of operations; any such forward-looking statements, whether concerning the COVID-19 pandemic or otherwise, involve risks, assumptions and uncertainties. Words such as “could,” “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, Exelon Generation Company, LLC, 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 2019 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 18, Commitments and Contingencies; (2) the Registrants’ First Quarter 2020 Quarterly Report on Form 10-Q (to be filed on May 8, 2020) 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 14, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants.

Readers are cautioned not to place undue reliance on these forward-looking statements, whether written or oral, which apply only as of the date of this 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.

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