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# Sustainability/ Environment, Social, Governance (ESG) Reporting

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# Today's Discussion

- Sustainability / ESG Reporting at Exelon and Value
- Reporting Standards and Examples
- “Material Issue” Concept – How to Identify What to Report
- Overview of 3<sup>rd</sup> Party ESG Rating Systems
- Exelon Scoring Across Rating Systems
- Exelon Annual Approach to Sustainability Reporting
- DJSI Case Study
- Shareholder and NGO Activism
- Discussion

# ESG Reporting at Exelon and Value

- **Policy Maker and NGO Engagement:** Communicate Exelon's focus on the energy system transformation and strong environmental, social, governance (ESG) performance
- **Business Objective Support:** "Off the shelf" information to support new and emerging business needs
- **Customers:** Provide information to support customer interest in clean, affordable reliable energy
- **Communities:** Speak to community Interest in education, workforce development, corporate philanthropy
- **Employees:** Employees want to work for responsible companies
- **Investors:** Regularly ask Exelon about ESG topics during engagements. May factor into investment decisions
- **Sustainability Surveys:** Dow Jones Sustainability Index (DJSI), CDP Climate Survey, GRESB, others
- **Shareholder Responsiveness:** Exelon has updated voluntary reporting in response to shareholders ...
- **Third-Party Sustainability Raters:** Sustainalytics, MSCI ...
- **ESG databases:** Bloomberg, ISS, & others, maintain databases of sustainability metrics

**Sustainability reporting supports engagement with many stakeholders. Investors/Surveys/Raters prefer public information**

# Sustainability Reporting Standards

## Example Voluntary Reporting Standards

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate Related Financial Disclosures (TCFD) recommendations
- International Sustainability Standards Board (ISSB)
- World Resource Institute (WRI) GHG Protocols – Scope 1, 2 and 3
- United Nations Sustainable Development Goals

## Example Mandatory Reporting Standards

- Securities and Exchange Commission (SEC)
  - Human Capital
  - Climate change proposed rule: GHG emissions; financial metrics; risks

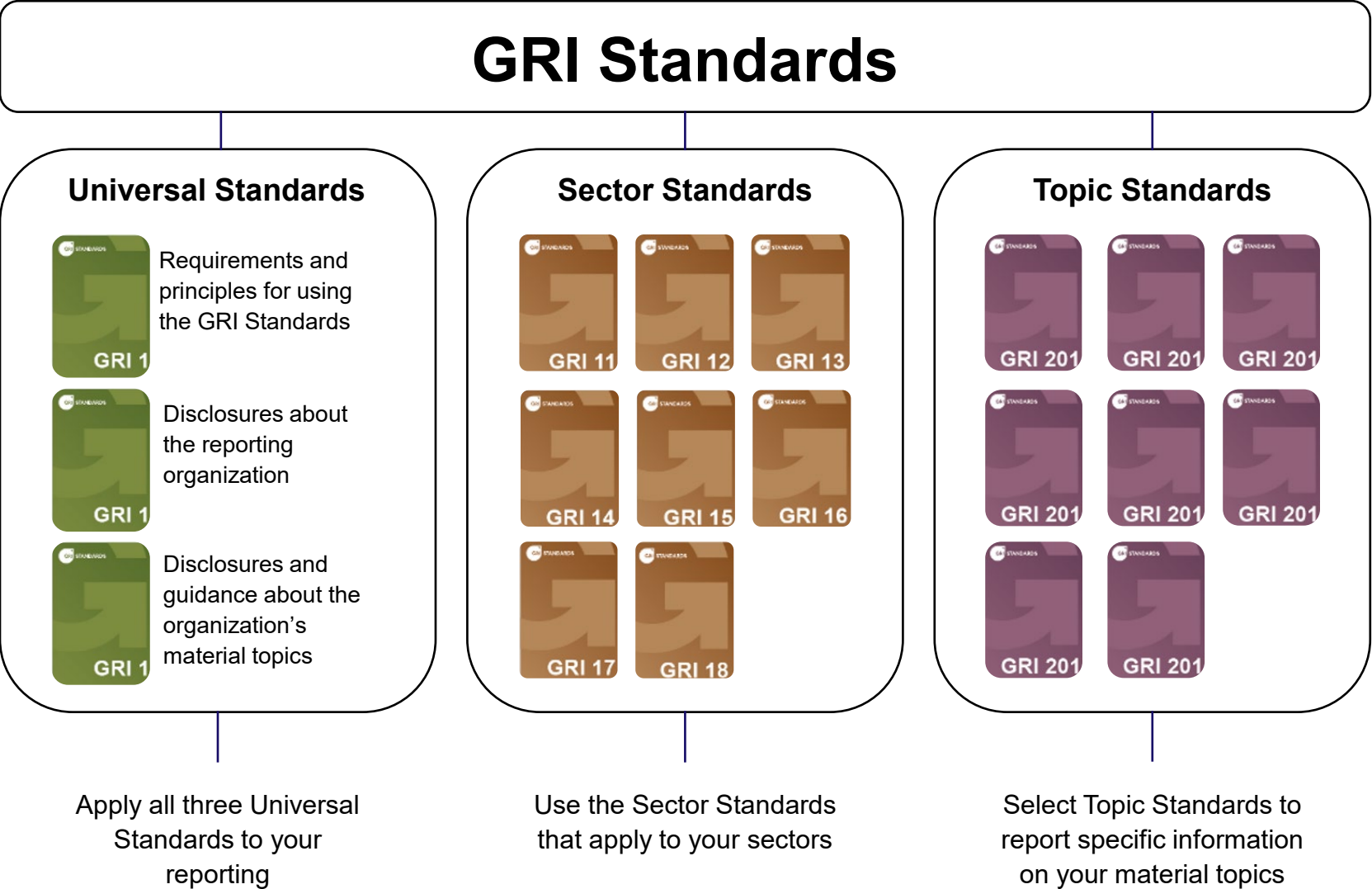
## Example European Standards

- **Mandatory:** Corporate Sustainability Reporting Directive (CSRD) / European Financial Reporting Advisory Group (EFRAG); EU Taxonomy for Sustainable Activities, Sustainable Finance Disclosure Regulation (SFDR)
- **Voluntary:** International Sustainability Standards Board (ISSB) / IFRS Sustainability Disclosure standards

## Global Reporting Initiative (GRI) Standard Purpose Statement

Through their activities and business relationships, organizations can influence the economy, environment, and people, and in turn make negative or positive contributions to sustainable development. Sustainable development refers to **“development which meets the needs of the present without compromising the ability of future generations to meet their own needs”**.

# Global Reporting Initiative (GRI) Standards Example



- **100+ metrics and disclosures**
  - Organization & report scope
  - Activities and Workers
  - Governance
  - Strategy, policy and practices
  - Environmental
  - Safety
  - People / DEI
  - Electric sector metrics
- **Typically presented in a “map” or “index” in company reports**

# Example Exelon Sustainability Report Metrics

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

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

# Example Exelon Sustainability Report Metrics

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

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

# Link Exelon Business Strategy and Sustainability

## Exelon's Energy Transformation Strategy



- **Exelon is well positioned to enable and lead the Energy Transformation**
- **Investing \$31.3 billion from 2023 through 2026 in infrastructure and technology**
- **Articulate what the company is doing to create value for customers and communities and support clean, affordable, equitable and reliable energy systems**



# TCFD Reporting Example



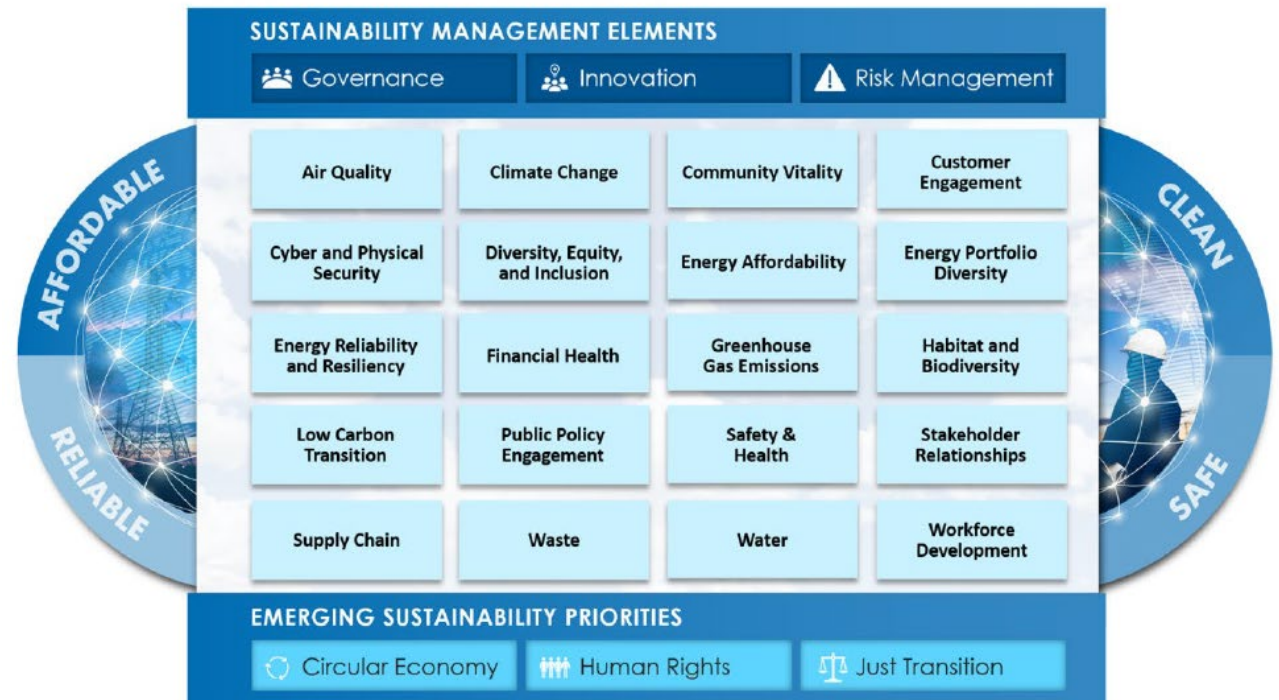
- **Governance:** The organization’s governance around climate-related risks and opportunities
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning
- **Risk Management:** The processes used by the organization to identify, assess, and manage climate-related risks
- **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities

In more recent years, some standards have been developed with “investors” in mind ... TCFD is focused on Climate Change risks and opportunities and the Sustainability Accounting Standards Board (SASB) has focused industry-specific metrics with electric and gas utilities standards

# “Material Issue” Concept – How to Identify What to Report

- Corporate reporters consider businesses and stakeholder interests
- Industry groups conduct periodic reviews with membership (EEI and EPRI)
- Exelon Sustainability Report:
  - “Key Sustainability Topics” list in each annual Sustainability Report (23 issues)
  - Exelon maps its reporting against:
    - GRI
    - TCFD
    - SASB – electric and gas standards
    - United Nations SDGs

## EPRI Sustainable Priorities for the Electric Power Industry



Underlying most reporting frameworks is the concept of “materiality.” I.e., what issues are important for companies and industries; what issues are important for stakeholders; what issues rise to the level of voluntary or mandatory disclosure? EPRI periodically publishes its views on issues for the electric sector ...


# Overview of Select 3<sup>rd</sup> Party Rating Systems

- **Performance / Risk Rating Systems:** MSCI, Sustainalytics, CDP, DJSI (and more recently Bloomberg) have evolved their scoring to consider both industry performance expectations, as well as company risks and how companies manage risk.
- **Disclosure Rating Systems:** As data providers, Bloomberg and ISS focus primarily on disclosure ... more disclosure = higher scoring. Quantitative and/or qualitative information
- **Rating System Methodologies:** Methodologies that describe scoring systems typically available but may not be satisfactory at the detail level.
- **Passive Versus Active Sourcing of Information:** Some raters request “active” participation to get information. Some acquire information through “passive” utilization of publicly available information (but may offer data portals and/or draft reports to companies to review).

Example Third-Party Rating Systems				
Rater	Disclosure Scoring	Performance Scoring	Information Sourcing	Comment
Bloomberg	Yes	Yes (new)	Passive	<ul style="list-style-type: none"> <li>• Over 300 ESG metrics tracked</li> <li>• Updates real time</li> </ul>
CDP Climate	Yes	Yes	Active	<ul style="list-style-type: none"> <li>• Annual survey: Letter score: A to F</li> </ul>
DJSI Index / S&P Global CSA	Yes	Yes	Active	<ul style="list-style-type: none"> <li>• Annual survey: 125 questions, 1,000 data points assessed</li> </ul>
ISS	Yes	No	Passive	<ul style="list-style-type: none"> <li>• Over 280 ESG metrics tracked</li> <li>• Disclosure scoring updates monthly</li> </ul>
MSCI	Yes	Yes	Passive	<ul style="list-style-type: none"> <li>• Annual ESG Rating Report</li> <li>• Scoring across 10 “material issues”</li> </ul>
Sustainalytics	Yes	Yes	Passive	<ul style="list-style-type: none"> <li>• Annual ESG Rating Report</li> <li>• Glass-Lewis includes Sustainalytics summary evaluations in proxy voting recommendations</li> </ul>

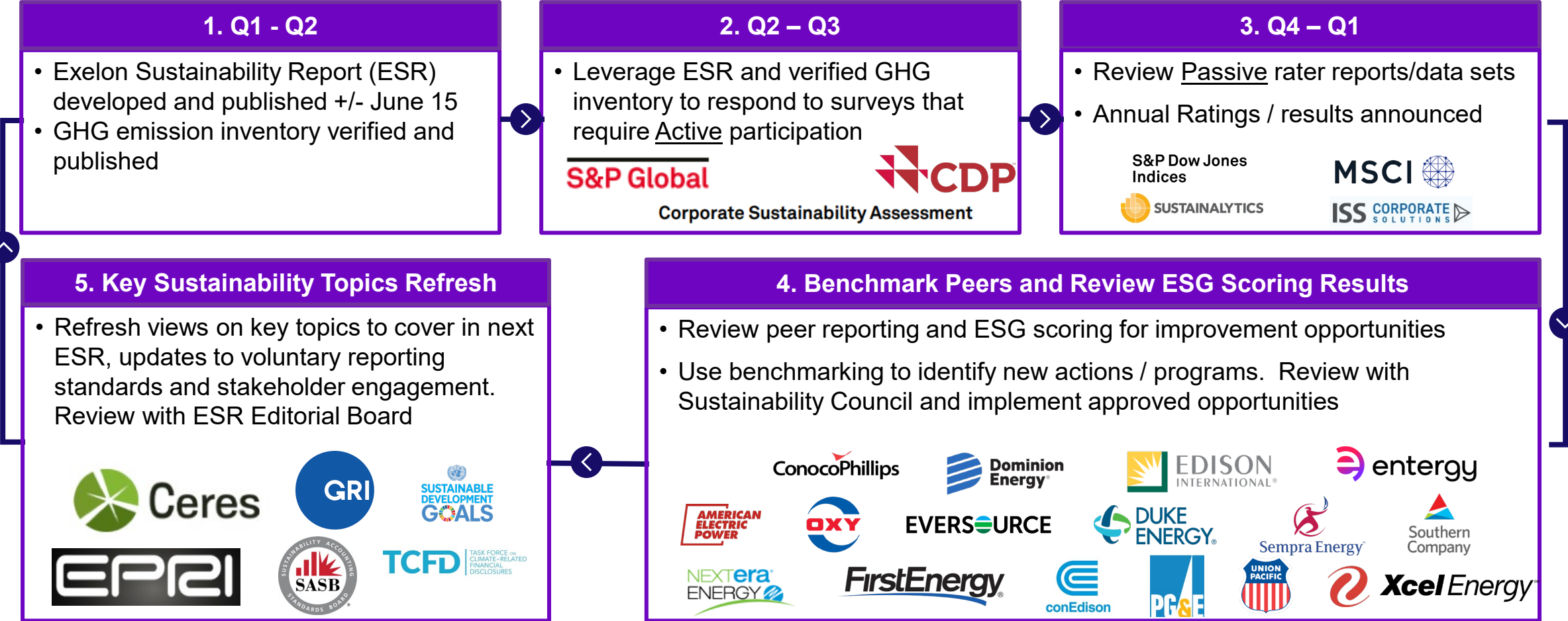
- Multiple rating systems exist and continue to evolve ratings and products
- Ones listed in above table are cited more frequently, but users seem to have different preferences on which ones to use ...
- Others not listed include: EcoVadis, FTSE4Good, Just Capital, Moody’s ESG, Refinitiv, RepRisk, Sustainable Fitch, GRESB

# Exelon Scoring Across Select Rating Systems

BEST Score	Company	DJSI	Company	MSCI	Company	Sustainalytics	Company	CDP Climate
	Entergy	77	PSEG	AAA	Eversource	18.8	Dominion	A
	Duke	74	Xcel	AAA	Exelon	23.5	Exelon	A-
	Sempra	72	ConEd	AA	Union Pacific	23.5	ConEd	A-
	Exelon	70	Dominion	AA	Eaton Corp.	23.5	PG&E	A-
	Union Pacific	69	Duke	AA	Sempra	23.9	Southern	A-
	Conoco Phillips	68	Eversource	AA	ConEd	24.0	Eaton Corp.	A-
	PSEG	68	Exelon Corp	AA	Xcel	24.0	Entergy	B
	Eversource	41	International P.	AA	International P.	24.6	Eversource	B
	FirstEnergy	38	NextEra	AA	NextEra	25.2	International P.	B
	AEP	36	AEP	A	FirstEnergy	25.6	Union Pacific	B
	Eaton Corp.	35	Conoco Phillips	A	AEP	26.1	AEP	C
	Dominion	34	Eaton Corp.	A	Dominion	26.2	FirstEnergy	C
	NextEra	33	Entergy	A	Duke	27.0	Conoco Phillips	D
	Occidental P.	33	Sempra	A	PSEG	27.2	Occidental P.	D
	International P.	32	Union Pacific	A	Edison Int.	27.9	Xcel	F
	ConEd	30	Edison Int.	BBB	Entergy	29.3	Edison Int.	F
	Edison Int.	29	FirstEnergy	BBB	Southern	33.0	Sempra	Not Scored
	Xcel	28	Occidental P.	BBB	Conoco Phillips	33.9	Duke	Not Scored
	Southern	26	PG&E	BB	PG&E	35.0	NextEra	Not Scored
	PG&E	NA	Southern	Not scored	Occidental P.	41.7	PSEG	Not Scored
Worst Score	- Higher score is better  - 125 question areas; 1,000 datapoints  - Next results expected December 2023		- AAA is Best  - Issues assessed: carbon emissions, renewable energy, air emissions and waste, water stress, community relations, human capital development, corporate governance, corporate behavior  - Next report expected Q4 2023		- Lower score is better (less ESG Risk)  - Risk bands: Negligible (0-10), Low (10-20), Medium (20-30), High (30-40), Severe (40+)  - Issues assessed: Governance, OHS, Ethics, Emissions/Effluents/Waste, Community Relations, Human Capital, Land use and biodiversity, carbon emissions.		- Scoring bands A/A- (Leadership) B/B- (Management) C/C- (Awareness) D/D- (Disclosure) F (Did not respond)  - Next results expected November / December 2023	

- Exelon scores top quartile across most ESG Rating Systems
- Each system has its own methodology
- Peer company scores continue to increase
- Exelon uses scoring for benchmarking purposes and to identify performance improvement gaps

# Exelon Approach to Sustainability Reporting, Rating and Benchmarking Cycles



Third Party Raters typically perform annual reviews of companies. Scoring is generally higher when companies publish more information in areas of interest to raters ... raters also “scrape” data real time--and some publish monthly disclosure scores.

# DJSI Survey Case Study

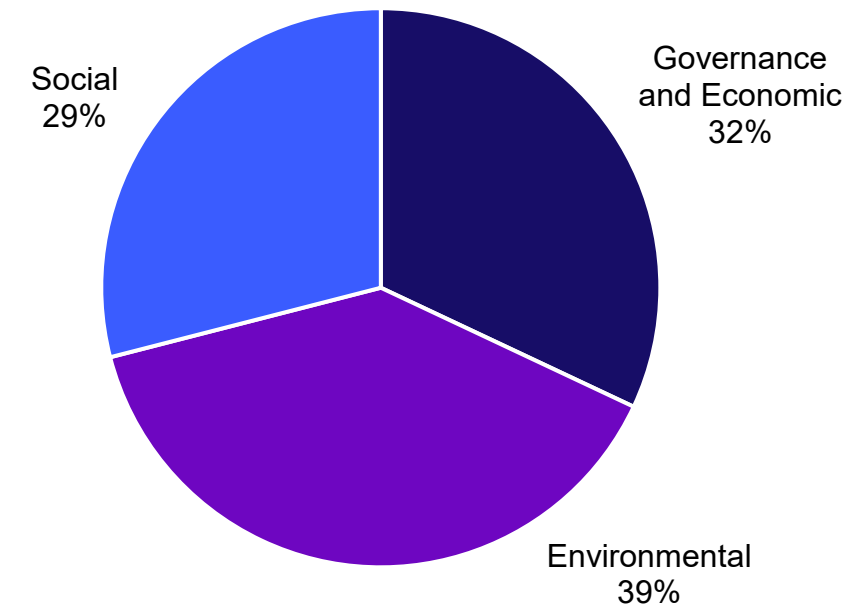
- One of the oldest sustainability surveys for investors. Purchased by S&P Global in 2019 – part of consolidation trend where bigger companies are buying ESG boutique raters
- 11,000 global companies are invited to participate
- >50 percent of global market cap actively responds
- General criteria evaluated in 3 Dimensions (E, S and G)
- Custom criteria for 61 industries + universal criteria applied to all
- ~125 question areas and 1,000 data points evaluated; response is confidential, but can be made public (EXC is confidential)
- Top 20% of 600 largest North American (NA) companies named to NA Index
- Exelon named to NA Index 17 consecutive years in December 2022
- Duke, Entergy, NiSource, PSEG, Sempra, AES on NA Index
- Top 10% of global companies named to World Index

- **In addition to public recognition via scoring, we use scoring gaps and peer benchmarking to identify performance and disclosure improvement opportunities ...**
- **Opportunity to engage organization across functional areas to drive learning and awareness ...**

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

## Overall DJSI Dimension Weightings - 2022





# Exelon DJSI Scorecard

Corporate Sustainability Assessment Scorecard | 2022

**Exelon Corporation**  
ELC Electric Utilities

Member of DJSI North America

**S&P Global**

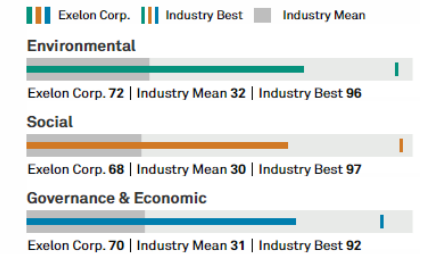
	Company Score	Percentile Ranking	Industry Average	Industry Best	Average Score of DJSI Members in Industry						Weight (%)
					World	Europe	North America	Asia Pacific	Emerging Markets	MILA Pacific Alliance	
<b>Total Sustainability Score:</b>	<b>70</b>	<b>70</b>	<b>50</b>	<b>91</b>	<b>88</b>	<b>90</b>	<b>75</b>	<b>74</b>	<b>88</b>	<b>84</b>	<b>100</b>
<b>Governance &amp; Economic Dimension</b>	<b>69</b>	<b>72</b>	<b>50</b>	<b>92</b>	<b>86</b>	<b>90</b>	<b>79</b>	<b>72</b>	<b>85</b>	<b>83</b>	<b>28</b>
Business Ethics*	55	47	62	100	91	94	66	77	99	96	3
Corporate Governance*	64	66	53	84	62	67	76	56	52	53	6
Information Security/ Cybersecurity & System Availability	74	82	44	98	80	84	80	68	88	83	2
Innovation Management	95	72	53	100	100	100	93	93	100	100	2
Market Opportunities	50	61	41	100	94	100	77	65	87	83	6
Materiality	85	72	60	100	100	100	86	94	99	98	2
Policy Influence*	68	62	47	100	95	96	76	89	100	97	2
Risk & Crisis Management	88	85	48	100	92	96	85	79	97	93	3
Supply Chain Management	89	82	42	100	96	97	81	66	97	94	2
<b>Environmental Dimension</b>	<b>72</b>	<b>73</b>	<b>51</b>	<b>94</b>	<b>89</b>	<b>89</b>	<b>73</b>	<b>77</b>	<b>85</b>	<b>81</b>	<b>39</b>
Biodiversity	50	70	29	96	77	81	57	50	81	76	2
Climate Strategy	83	80	56	99	94	95	81	83	93	89	7
Electricity Generation	NAP	N/A	46	100	85	78	43	56	65	72	8
Environmental Policy & Management Systems	29	23	51	100	81	82	64	83	94	78	3
Environmental Reporting	100	100	72	100	100	100	88	100	100	100	2
Operational Eco-Efficiency	77	83	56	97	88	90	79	77	81	75	8
Transmission & Distribution	74	78	45	100	83	82	76	82	89	81	4
Water Related Risks	NAP	N/A	43	100	100	100	100	93	100	95	5
<b>Social Dimension</b>	<b>68</b>	<b>70</b>	<b>49</b>	<b>97</b>	<b>89</b>	<b>92</b>	<b>74</b>	<b>73</b>	<b>93</b>	<b>88</b>	<b>33</b>
Corporate Citizenship & Philanthropy	94	82	59	100	99	100	95	78	99	98	2
Customer Relationship Management	76	76	46	100	71	79	76	84	69	63	2
Human Capital Development	86	80	58	100	88	88	86	75	95	94	4
Human Rights	38	62	39	100	98	99	53	52	99	97	2
Labor Practice Indicators	73	73	56	97	90	90	79	73	94	91	3
Occupational Health & Safety	35	37	46	99	75	78	49	54	90	77	4
Privacy Protection	60	73	42	100	88	86	63	71	94	81	2
Social Reporting	50	51	71	100	100	100	75	100	100	100	2
Stakeholder Engagement	88	77	46	100	97	98	92	87	97	98	6
Talent Attraction & Retention	61	72	40	100	89	95	66	65	91	82	6
<b>Minimum Total Sustainability Score for Index Inclusion</b>					<b>85</b>	<b>89</b>	<b>73</b>	<b>72</b>	<b>87</b>	<b>78</b>	

- Exelon scores 70 out of 100 possible points. Best score globally in industry was a 91 across 164 peer companies
- Exelon scores better than 70 percent of global ELC peers in survey
- Exelon North America Index 17 Consecutive Years

TICKER: EXC    Industry: ELC Electric Utilities    Location: United States of America

ESG Score Result

**70**



Last Updated: July 21, 2023. Updated annually or in response to major developments.

Data Availability: ■ High

# Shareholder and NGO Activism



## Example Proxy Vote Areas Across Utility Industry Last Five Years

- GHG Reduction Goals (Targets, Scope 3, etc.)
- Reports on Climate Change Physical and Financial Risks
- Greenwashing Audits
- Political Spending
- Report on Risks and Impacts of Natural Gas Use
- DEI / EEO-1 Data publication
- Executive Pay
- Racial Justice
- Board of Directors Composition
- Over-boarding
- Methane Emissions
- Renewable Energy
- Child Labor Audit (cobalt mineral sourcing for EV batteries)

## Net Zero Benchmark – Framework Elements

1. Net zero GHG Emissions by 2050 ambition
2. Long-term ('36-'50) GHG reduction target(s)
3. Medium-term ('26-'35) target(s)
4. Short-term (up to '25) GHG target(s)
5. Decarbonization strategy (how hit targets)
6. Capital allocation alignment
7. Climate policy engagement
8. Climate governance
9. Just Transition
10. TCFD disclosure

**Voluntary sustainability reports offer the space to discuss topics of interest that may not be “material” under the SEC disclosure regulations, but that are still topics of interest to some shareholders and NGOs**



# Discussion

- Other company experiences with sustainability reporting?
- Other company experiences with ESG surveys and 3<sup>rd</sup> party rating systems? How prioritize what to respond to?
- View on sustainability / ESG data and reporting across voluntary and mandatory reporting frameworks ... how manage data and information?
- Other value of sustainability reporting and 3<sup>rd</sup> party survey / rating participation? Benchmarking to drive performance improvement?

# Appendix

MSCI ONE

▼ All

Search for...

ESG

Real Assets

Design

Index Builder

Models

Developer Community

Data Explorer

Operate

Reports

Job Management

Data Provisioning

Index Servicing

Operate / Data Provisioning / ICP

HOME

MY DOCUMENTS

MY REPORTS

MY DATA

MY CONTACTS

MY RESOURCES

FAQ

HELP GUIDE

DATA VERIFICATION FORM - EXELON CORPORATION

Turnaround Times

Exposure

Carbon

Environmental & Social

Governance Metrics

ESG Controversies & Events

Screening & Sustainable Impact

SFDR

Water Stress

Biodiversity & Land Use

Toxic Emissions & Waste

Opportunities in Renewable Energy

Labor Management

Human Capital Development

Weight

Practices

Performance

19

# TCFD Recommendations

Figure 4

## Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

# Exelon Key Sustainability Topics

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

# Exelon Key Sustainability Topics (cont.)

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



# Exelon Key Sustainability Topics (cont.)

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