

# Strengthening Lobbying and Compliance Controls to Establish a World-Class Program for Compliance, Ethics and Accountability

**Exelon is committed to the highest standards of integrity and ethical behavior.** We took action to strengthen our compliance governance under the leadership of a new executive vice president of Compliance, Audit and Risk. We have substantially increased oversight of our interactions with public officials, implemented a series of new controls and enhanced our guidance and training.

## Increased Oversight

**We have significantly increased the number and diversity of officials who must review and approve sensitive interactions, including by requiring:**

- All requests, referrals and recommendations from public officials for anything of value, or relating to hiring or the use of vendors, be logged and routed to Compliance and senior business leadership for review and approval. The only exceptions are routine requests for constituent assistance or information.
- Prompt reporting and tracking of anything of value provided to public officials, including, but not limited to, cash or other monetary payments, entertainment, meals, benefits to public officials' family members, employment and directed charitable contributions.
- Detailed tracking of all gifts, entertainment and other things of value provided by public officials.
- Detailed twice-yearly reviews of the activity of each lobbyist and political consultant, with reporting to Compliance, senior business leadership and Exelon and operating company Boards.
- Approval and annual review of engagement with lobbyists and political consultants by Compliance and senior leadership.
- Disposition of requests be tracked and reported to Exelon and operating company Boards.
- Activity relating to public officials, including disposition of public official requests, be regularly reported to Exelon and operating company Boards.

## Strengthened Controls

**We have added multiple controls to reduce the risk of inappropriate conduct, including:**

- Requiring new and existing lobbyists and political consultants to undergo a thorough due diligence process, which must be reviewed and approved by Compliance and senior business leadership, and refreshed annually.
- Establishing a process to identify and provide special scrutiny of vendors affiliated with public officials.
- Prohibiting the subcontracting of lobbying and political consulting work.
- Requiring detailed written contracts for lobbyists and political consultants, which specify the scope of work and require compliance with all applicable legal and ethics obligations.
- Requiring that lobbyists and political consultants provide detailed invoices describing their work, which must be reviewed and certified as appropriate before payment may be issued.

# Increased Guidance and Training

We have implemented four new mandatory policies governing interactions with public officials that spell out detailed rules and procedures and provide a basis for accountability:

## **1. Interactions with Federal, State and Local Public Officials**

- Establishes rules for providing anything of value to public officials and a framework for the reporting, review and tracking of requests, referrals and recommendations from public officials.
- Prohibits providing anything of value to, or at the direction of a public official to improperly influence that official's decision-making.

## **2. Due Diligence and Monitoring Procedure for Third Parties Engaged in Political Consulting and Lobbying Activities**

- Establishes requirements for engaging and overseeing lobbyists and political consultants, including rigorous due diligence, regular monitoring and transparent reporting to Compliance, senior business leadership and Exelon and operating company Boards.

## **3. Referrals, Recommendations and Requests from Public Officials Regarding Employment Decisions**

- Establishes procedures to ensure that requests and recommendations from public officials regarding employment decisions don't undermine Exelon's commitment to hire and promote the best-qualified, available candidates from a diverse and well-qualified applicant pool.
- Prohibits hiring or promoting candidates for the purpose of improperly influencing public officials.

## **4. Vendors and Suppliers Affiliated with or Referred, Recommended or Requested by Public Officials**

- Establishes procedures to ensure that public official requests, recommendations and referrals don't inappropriately influence procurement decisions.
- Prohibits engaging a vendor for the purpose of improperly influencing an official's decision-making.
- Automatically disqualifies candidates if their hiring is requested or recommended by a public official.

**The policies, which apply across all Exelon subsidiaries in Illinois and all other jurisdictions where Exelon operates, are available on the Company's website [here](#).**