

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

**Exelon Policy  
LE-AC-POL8-003  
Rev. 6**

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## Table of Contents

<b>1. Policy Statement</b>	<b>1</b>
<b>2. Policy Intent</b>	<b>2</b>
<b>3. Applicability</b>	<b>2</b>
<b>4. Terms and Definitions</b>	<b>2</b>
<b>5. Policy</b>	<b>3</b>
<b>6. Reporting Potential Policy Violations; Non-Retaliation</b>	<b>7</b>

## **1. Policy Statement**

- 1.1. Exelon Corporation, along with its subsidiaries (“Exelon” or “the Company”), is committed to selecting qualified, reputable vendors and suppliers who share our commitment to integrity. At times, the Company may receive requests, recommendations, and referrals from external sources, including Public Officials, to contract with a particular vendor or source materials from a particular supplier. Public Officials may also have an ownership interest in or affiliation with vendors or suppliers that seek to do business with the Company. This Policy sets forth the standards and requirements applicable to any request, recommendation, or referral from a Public Official – made directly or through an agent or intermediary – for Exelon or its subsidiaries to select a particular vendor or supplier, as well as the process to review vendors and suppliers owned or affiliated with public officials who seek to contract with Exelon or its subsidiaries. This Policy does not address the selection of lobbyists and political consultants, which is addressed by *Interactions with Federal, State, and Local Public*

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

*Officials (LE-AC-POL8-001), and Due Diligence and Monitoring Procedure for Third Parties Engaged in Political Consulting and Lobbying Activities (LE-AC-PCD8-001).*

## 2. **Policy Intent**

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This Policy sets forth the following:

- The requirements to centralize and track requests, recommendations, or referrals from Public Officials, or their intermediaries or agents, that the Company contract with a particular vendor or source materials from a particular supplier (collectively referred to as “Requests”);
- The requirements to identify any vendor or supplier owned by or affiliated with a Public Official (referred to as a “Covered Vendor/Supplier”); and
- The escalation, review, and approval requirements that apply to any vendor or supplier who is the subject of a Request and/or any Covered Vendor/Supplier.

## 3. **Applicability**

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This Policy governs all employees, officers, and directors of the Company, and applies to the hiring of vendors and suppliers by all business units. See *Spending and Authorization to Contract with Suppliers Policy (SM-AC-POL1-001)*.

## 4. **Terms and Definitions**

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4.1. The following are definitions for terms used in this Policy:

4.2. **“Public Official”**: Any elected or appointed official, candidate for elective office, and any employee of a federal, state, or local government department or agency. A “Public Official,” for purposes of this definition, is an individual with a role or position that involves oversight of or influence over the Company’s interests.

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

- 4.3. “Request”: Any request, recommendation, or referral from a public official, or an intermediary or agent of a Public Official, that the Company contract with a particular vendor or source materials from a particular supplier.
- 4.4. “Covered Vendor/Supplier”: Any vendor or supplier with an owner, beneficial owner (someone who has a 10% or greater financial interest in a vendor or supplier), director, officer, or Key Employee (a “Key Employee” is an agent, representative, broker or employee who will be compensated for or involved in conducting business with the Company); who is either:
- (a) a current or former Public Official (within the past two years); or
  - (b) the spouse, domestic partner, child, sibling, parent, or parent/child/sibling-in law of a current or former Public Official (within the past two years).
- A publicly-traded company is not a Covered Vendor/Supplier for purposes of this Policy unless a Key Employee involved in the vendor’s relationship with the Company is a current or recent former Public Official as described above.

## 5. Policy

### 5.1. Reporting and Tracking Requests and Covered Vendors/Suppliers

- 5.1.1. Requests under this Policy may come to the Company directly from Public Officials or indirectly by others, and to Company personnel at different levels of seniority and in different business units. No matter how a Request is communicated to the Company, all personnel have an obligation to promptly report Requests. Reports may be made through the business unit Government Affairs team or Compliance & Ethics.
- 5.1.2. Compliance & Ethics shall maintain a system to document all Requests, including but not limited to who made the Request, the date of the Request, who received the Request, the vendor(s) or supplier(s) that are the subject of the Request, and the disposition of the Request (“Tracking

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

System”). The Compliance & Ethics Office shall be responsible for determining which function in the Company has responsibility for reviewing the Covered Vendor/Supplier pursuant to the Company’s established vendor selection processes reflected in the *Spending and Authorization to Contract with Suppliers Policy (SM-AC-POL1-001)*. Those functions include Supply as well other business units in the Company that have responsibility for selecting and contracting with vendors and suppliers outside of Supply.

5.1.3. The Tracking System shall be used to ensure compliance with this Policy; inform relevant stakeholders, including personnel in Supply, Government Affairs, and the Legal Department, of vendors and suppliers who are the subject of Requests; and facilitate semi-annual reporting of Requests and their disposition to the Audit and Risk Committee of Exelon’s Board of Directors and to the Boards of Directors of Exelon’s operating companies, as set forth in Section 3.4 below.

5.1.4. A due diligence process will be implemented to identify whether a vendor or supplier is a Covered Vendor/Supplier. Covered Vendor/Suppliers will be tracked by Compliance & Ethics in the Tracking System.

### 5.2. Prohibited Conduct

5.2.1. Exelon is committed to making procurement decisions based on objective criteria, including the qualifications and reputation of the vendor and the needs of the business units. It is prohibited to select a vendor or supplier for the purpose of influencing a Public Official to take official action for the benefit of the Company, even if no Public Official has directly made a Request with respect to the vendor or supplier.

5.2.2. Consistent with *Corporate Policy Anti-Bribery and Anti-Corruption (LE-AC-60)* and *Interactions with Federal, State, and Local Public Officials (LE-AC-POL8-001)*, if a Public Official makes or appears to make a Request in exchange for offering to perform, or as a reward for, an official act for Exelon or any of its subsidiaries:

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

- The Request must be reported immediately to the Company's Chief Compliance & Ethics Officer or General Counsel; and
- The vendor or supplier who is the subject of the Request made in exchange for offering to perform, or as a reward for, an official act for the Company shall be disqualified from consideration to provide any goods or services to the Company.

5.2.3. The Company's Chief Compliance & Ethics Officer, together with the business unit responsible for the procurement, shall ensure that a vendor or supplier subject to the prohibition in Section 3.2.2 of this Policy is not hired by the Company and the decision is appropriately documented in the Tracking System and the responsible business unit's procurement due diligence documentation.

### 5.3. **Consideration of Vendors and Suppliers Subject to Requests and Covered Vendors/Suppliers**

5.3.1. Any vendor or supplier who is the subject of a Request, and not otherwise disqualified from consideration under Section 3.2 of this Policy, and any Covered Vendor/Supplier may be considered for contracting and sourcing with the Company subject to the following requirements:

- The vendor or supplier must meet the qualifications and requirements for the contracting and sourcing work, as determined by the business unit responsible for the procurement decision;
- The vendor or supplier must go through the standard due diligence process administered by the business unit responsible for procurement; all vendors and suppliers subject to review by Supply must be reviewed in accordance with the *Materials and Services Procurement Procedure (SM-AC-400)*, including a competitive bidding process if applicable;
- If the vendor or supplier is being awarded a single-source or sole-source contract, the justification for not competitively bidding the contract and required approvals must be documented and

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

maintained. (For vendors or suppliers subject to review by Supply, that process is specified in the *Single Source Procedure (SM-AC-4011)*.)

- Due diligence documentation for vendor selection including competitive bid evaluations and/or rationales for sole-source contracts, and information captured in the Tracking System, must be submitted to the following (1) officer responsible for Government Affairs, business unit; (2) General Counsel, business unit; and (3) Chief Compliance & Ethics Officer.

5.3.2. Before selecting and contracting with a Covered Vendor/Supplier or a vendor or supplier subject to a Request, the reasons to support the selection must be documented in the Tracking System and final written approval must be obtained from each of the following: (1) officer responsible for Government Affairs, business unit; (2) General Counsel, business unit; (3) CEO, business unit; and (4) Chief Compliance & Ethics Officer. The final determination regarding whether to award a contract to the vendor or supplier under consideration also shall be documented in the Tracking System.

5.3.3. All Covered Vendors/Suppliers who are contracted to provide goods or services to the Company are subject to ongoing monitoring during the time they provide goods or services to the Company. The monitoring will be performed by the Company department responsible for managing the relationship with the Covered Vendor/Supplier. The monitoring will comply with the requirements prescribed by the *Contract Administration Procedure Policy (SM-AC-403)* and include, but not be limited to the following:

5.3.3.1. Review of invoices to determine whether the invoices are consistent with contract terms and are supported with appropriate detail; and

5.3.3.2. Review of any proposed expansion of the goods or services to be provided by the Covered Vendor/Supplier.

### 5.4. Quarterly Reporting

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

Exelon Policy  
LE-AC-POL8-003  
Rev. 5

- 5.4.1. Quarterly, the Chief Compliance & Ethics Officer shall report to the Audit and Risk Committee of the Exelon Board and the Boards of each operating company regarding all Requests received under this Policy relevant to the applicable business units. The reporting shall include, but not be limited to the number of Requests that fall under this Policy, the Public Official associated with each Request, a brief summary of each Request, and the disposition of each Request.

### **6. Reporting Potential Violations; Non-Retaliation**

- 6.1. Compliance with this Policy is critical to sustaining Exelon's integrity in its interactions with public officials. Exelon is committed to a culture that encourages employees to speak up when we see something that violates – or could possibly violate – the law or our policies, and to seek help when we are unsure about the proper course of action. If you suspect a violation, or possible violation, of this Policy, you have an obligation to report your concerns. There are a number of ways to report possible concerns or ask questions about these policies, including through:

- The Compliance & Ethics email account at [EthicsOffice2@exeloncorp.com](mailto:EthicsOffice2@exeloncorp.com)
- The Ethics Help Line (800-233-8442) and [Web Portal](#) (employee access to Web Portal is here). Both the Ethics Help Line and Web Portal have anonymous reporting options and are available 24 hours a day, every day of the year.

For additional information on how to report concerns, you can consult LE-AC-204, *Reporting Potential Violations of the Code of Business Conduct and Supplier Code of Conduct*.

- 6.2. All reports will be treated confidentially to the fullest extent possible under the circumstances, consistent with the requirements of LE-AC-204, *Reporting Potential Violations of the Code of Business Conduct and Supplier Code of Conduct*. Exelon will not tolerate retaliation against anyone who, in good faith, raises a question or concern about a potential violation of this Policy, our Code of Business Conduct, or potential non-

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

**Exelon Policy  
LE-AC-POL8-003  
Rev. 5**

compliance with any laws or regulations. Retaliation in any form – threats, harassment, intimidation, violence, reassignment, demotion, or firing – impedes our progress, has no place in our organization, and is subject to discipline, up to and including termination.