

Under PJM's organic documents, general principles of corporate law, and FERC's regulations, those serving on the Board of Managers ("Board") of PJM Interconnection are accountable for maintaining PJM's independence, its fulfillment of its contractual obligations, and its compliance with applicable legal and regulatory requirements. The Board must exercise reasonable due diligence, good faith and care in the management of PJM's affairs while bringing to bear independent, honest and unbiased business judgment. Accordingly, the Board will avoid self-dealing and conflicts of interest and accord PJM's interests priority over other interests, connections, and affiliations. In addition, the Board shall ensure that PJM performs its duties and responsibilities in a manner consistent with: (1) the safe and reliable operation of the PJM Region; (2) the creation and operation of a robust, competitive, and non-discriminatory electric power market in the PJM Region; and (3) that no PJM regional participants (as described below) will have undue influence over the operation of PJM. In furtherance of these objectives, the PJM Board has adopted certain standards of conduct, which are included in the PJM Code of Conduct posted on PJM Wired and the PJM website. In addition, the PJM Board has adopted supplemental provisions in this PJM Board Code of Conduct. Each Board Member shall comply with the PJM Code of Conduct and this Board Code of Conduct. To ensure the PJM Board's independence, following a review by the Board Governance Committee, the PJM Board may impose reasonable conditions on a Board Member's participation in PJM Board activities or non-PJM activities, as may be necessary or appropriate.

I. Measures to Safeguard PJM Board Independence

The independence of PJM Board Members is an essential governing principle. Among other things and subject to certain limited exceptions, as a PJM Board Member, the Operating Agreement and PJM Code of Conduct prohibit one from having a financial interest in PJM regional participants or financially benefitting from a transaction with a PJM regional participant. PJM regional participants include PJM Members, their affiliates and related entities (which include public power entities that are part of larger entities that are PJM Members), any customer taking service from PJM, market participants, generators, other supply resources, curtailment service providers, new entrants, and non-incumbent developers. Similar prohibitions exist in regard to financial interests in and business relationships with PJM vendors and suppliers. To assist in compliance with this requirement, PJM Board Members should consult the Prohibited Securities list routinely prepared by PJM.

For purposes of this Board Code of Conduct, no improper financial benefit is derived from a transaction that occurs at fair value. By way of example, by living or operating in the PJM Region, it is expected that a person or entity will take retail electric service. Such foreseeable and necessary transactions generally will not undermine a PJM Board Member's independence if such Board Member takes such retail service on terms and conditions generally applicable to others in the market, or if such Board Member is associated with an entity that does. If a PJM Board Member is considering a relationship with another entity that is taking retail electric service in the PJM region, that must be disclosed and will be reviewed consistent with this Board Code of Conduct.

A. Conditions to Avoid Financial Conflicts of Interest

Subject to very limited exceptions, a Board Member, a Board Member's spouse and any dependent children may not stand to financially benefit from a transaction with any PJM regional participant or vendor/supplier. An exception may be sought where such Board Member (or spouse or dependent child) stands to receive a financial benefit in the form of a commission or other compensation arising from products, or services the Board Member (or spouse or dependent child) may provide to such entities, provided all of the following shall apply:

- 1 | The product or service for which such financial benefit is derived must be unrelated to the entity's business in the U.S. electric utility industry, including business with PJM or any activities involving PJM or its subsidiaries;
- 2 | Prior notice and explanation of circumstances is given to the Chair of the PJM Board, President & CEO, the General Counsel, and the PJM Ombudsman before receipt of any financial benefit; and
- 3 | Prior approval is recommended by the PJM Ombudsman, along with conditions as may be appropriate, such as continued oversight of the relationship, reporting obligations, or recusal from voting or deliberating on any matter or decision affecting any entity from whom the Board Member directly or indirectly stands to receive the financial benefit.

With this information, the risks and propriety of the transaction will be assessed in light of the PJM Board Member's obligations, and the Board Governance Committee will make a recommendation to the PJM Board. Notwithstanding any of the above, if approved, the Board Member is bound to consider and confirm that the financial benefit neither influences nor compromises the independence of decision making by the Board Member.

B. Conditions for Non-PJM Activities

PJM Board Members may, from time to time, engage in non-PJM activities. Such activities may include, but are not limited to, a potential seat on another board of managers or directors (regardless of industry or entity type), full-time or part-time employment at other companies, or contractual/consulting engagements.

Where a PJM Board Member desires to engage in such non-PJM activities, the Board Member must provide advanced notice to the Chair of the PJM Board, President & CEO, the General Counsel, and the PJM Ombudsman. This will afford the PJM Ombudsman the opportunity to gather information, perform due diligence, and offer a recommendation regarding whether this new opportunity gives rise to: interlocking directorate concerns; indirect or direct transactions with PJM regional participants or vendors; or the potential for other conflicts of interest or regulatory concerns. The PJM Ombudsman's recommendation may include conditions as appropriate, such as continued oversight of the relationship, reporting obligations, or recusal from voting or deliberating on any matter or decision affecting any entity with which the Board member may be engaged in non-PJM activities. With this information, the risks and propriety of further pursuit of this potential opportunity will be assessed in light of the PJM Board Member's obligations, and the Board Governance Committee will make a recommendation to the PJM Board.

The provisions of this part are intended to inform, but not constrain, any decision or recommendation of the PJM Ombudsman, Board Governance Committee, or PJM Board.

II. Conditions for *Ex Parte* Communications

Communications with the Board or any Board Member (except with the President in the normal course of business) by any employee, officer, agent or representative of a PJM regional participant with respect to any matter that is before the Board or is reasonably likely to come before the Board, shall only be conducted through the procedures set forth below:

- 1 | Any written "ex parte" communication shall promptly be disclosed in writing to the full Board and to all Members;

- 2 |** Verbal communication that takes place during and around the course of a public meeting, open to all Members, on topics reflected in the agenda of such meeting shall not be considered “ex parte” communication. Verbal communication of potentially “ex parte” matters in a non-public setting (e.g., a private meeting hosted by an individual Member or subset of Members) shall be avoided. Should such communication occur, the Board Member(s) involved shall disclose the circumstances to PJM’s General Counsel who will determine, in consultation with such Board Member(s) and the Chair of the Board, if a description of such non-public, verbal discussions require disclosure to the full Board and to all Members as “ex parte” communication;
- 3 |** Any “ex parte” communication to the Board raising issues that require referral, or have already been referred, to a governmental investigation or enforcement agency, including the FERC Office of Enforcement or PJM’s Market Monitoring Unit (MMU), will not be disclosed publicly. Such determinations will be made by PJM’s General Counsel, in consultation with the Chair of the Board.
- 4 |** The Board will not accept or post anonymous “ex parte” communications to the Board due to general concerns regarding publishing unattributed allegations. The Board has provided two paths to receive anonymous communications: (a) PJM’s Compliance Hotline; and (b) a liaison to receive comments regarding PJM’s MMU, Monitoring Analytics, LLC. Any Board Member receiving an anonymous communication relating to PJM shall promptly inform the Chair of the Board.

Updated: October 2022

ADDENDUM TO THE BOARD CODE OF CONDUCT

Providing For “Ex Parte” Sector Meetings with the PJM Board

Establishment

Notwithstanding the foregoing restrictions on “ex parte” communications, in addition to standard Liaison Committee meetings with the PJM Board of Managers, each sector may elect to hold individual sector meetings with members of the PJM Board on an annual basis (based upon the PJM annual cycle commencing with the Annual Meeting).

Purpose

The purpose of the sector meetings with the Board is for the leadership of Member entities of each sector to engage with the Board on elevated and strategic perspectives. Meetings will proceed according to an agenda, and a disclosure of the topics discussed will be publicly posted on the PJM website promptly following the meeting. Neither the agenda nor discussion at the meeting shall delve into the details of actual matters pending action before the Board.

Participation

PJM participation will be comprised of at least three independent PJM Board members and its President & CEO. Due to the “ex parte” nature of the meetings, PJM’s General Counsel will attend to ensure discussion is confined to the topics agreed to on the agenda and to prepare a record of the meeting. Each sector’s attendance shall include at least five representatives of the sector, with such attendees being capable of articulating their Member company’s interests and positions on issues germane to PJM matters. In-person attendance is required for sector Member representatives intending to participate and speak in the meetings (if the meeting is being held in person).

Sector Whip Responsibilities

Sector Whips will establish a process for organizing its sector annual meeting with the Board of Managers, and gather sector input related to items on the agenda. Each Sector Whip will work with its sector to select its own methodology for determining meeting participants and speakers. Sector Whips will work with PJM to establish the final agenda for each meeting.

Dates/Times for Meetings

In consultation with the Sector Whips, PJM will set the dates and times for the meetings generally coincident with regular Board meetings. Prior notification of the date and time for each meeting shall be made to all Members.

Meeting Follow-Up

Following the meeting, the agenda and a summary of the topics discussed will be documented by PJM’s General Counsel, and shared with all PJM Members in adherence to the Board Communication rules in Manual 34: PJM Stakeholder Process, section 15.4.

Board Review of the Process

The PJM Board will periodically conduct a review regarding the efficacy and value of the process for “ex parte” sector meetings.