



Constellation®

# Green Financing Framework

February 2024



Constellation  
Clinton Clean Energy Center

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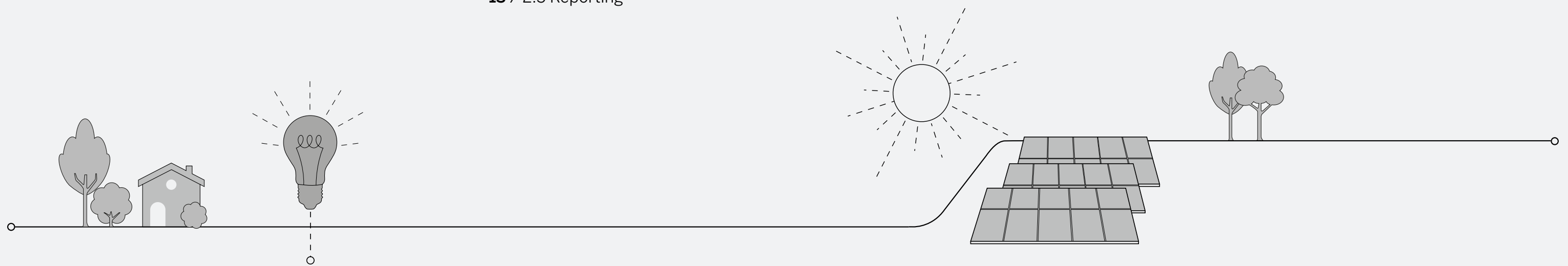
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# 1. Introduction

Constellation Energy Corporation (“Constellation” or “the Company”) was formed during the separation of Constellation from Exelon Corporation in February 2022, and is headquartered in Baltimore, Maryland.

Constellation is the nation’s largest producer of clean, carbon-free energy and a leading supplier of sustainable power and energy products and services to businesses, homes, community aggregations and public sector customers across the continental United States, including approximately 75% of Fortune 100 companies. Our purpose is to accelerate the nation’s transition to a carbon-free future with a generation fleet capacity of 32,355 megawatts (MW) and an annual output that is almost 90 percent carbon-free, generating enough clean energy to power the equivalent of 15 million homes, producing about 10 percent of the U.S. grid’s clean, carbon-free power.



## Carbon-Free Generation Fleet



#1 Provider of carbon-free 24/7 energy in the United States



~123 million metric tons of carbon avoided through our nuclear fleet<sup>1</sup>



Lowest carbon emissions and carbon intensity generator in the United States



94.8% capacity factor at nuclear plants



32,355 MWs of total generating capacity





Ability to extend fleet to 80 years-providing 24/7 carbon-free power through 2050 and beyond









Note: Numbers reflect year -end 2022

<sup>1</sup> / Measured using the EPA Greenhouse Gas Emissions Calculator <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

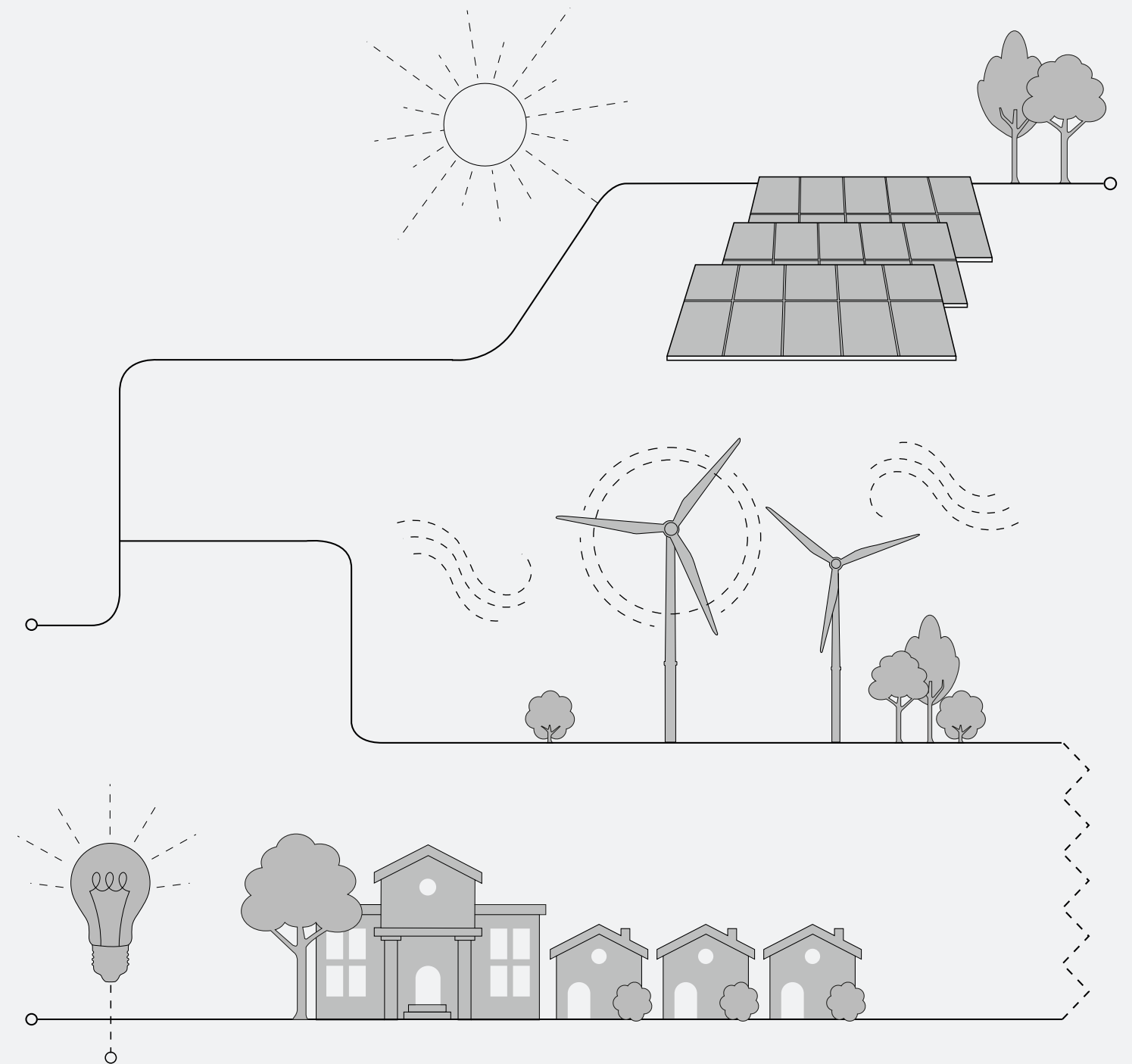
## Supporting our Communities

- |   |   |
|---|---|
|  Fortune 200 company, based on \$24.4B in operating revenues in 2022 |  Donated more than \$12.5M to charitable causes, including \$4.6M from employee contributions                                  |
|  Approximately 13,400 employees nationwide                           |  Increasing diverse workforce, with strong diverse hiring and promotion rates and community workforce development partnerships |
|  Employees volunteered over 80,000 hours in 2022                     |   |

## Industry Leading Customer Business

- |   |  |
|---|--|
|  #1 in market share for C&I customers <sup>2</sup>         |  Serves 3/4 of the Fortune 100                      |
|  #2 retail electricity provider <sup>2</sup>               |  2 million total customers                          |
|  #3 in market share for mass market customers <sup>2</sup> |  208 TWh of load served                             |
|  Top 10 natural gas provider in the U.S.                   |  Operates in 48 states and the District of Columbia |

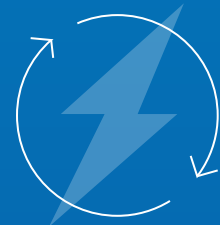
Note: Numbers reflect year -end 2022  
 2 / Per DNV's 2022 Sales Strategies Study



# We are the nation's largest producer of clean, carbon-free energy

Enough energy to power

**15 million homes**



Our generating capacity is  
**32,355 MW**

With an annual output that is  
**90 percent** carbon-free



In 2022, we produced more than **178 terawatt hours** (TWh) of clean, carbon-free electricity

**10%**

and producing around **10 percent** of the carbon-free energy in the U.S.

helping avoid **126 million metric tons** of carbon emissions



# 1:1 Constellation's Sustainability Strategy

At Constellation, sustainability is at our core. Our values provide a common foundation for our work as a premier sustainability company and proven leader in providing clean, carbon-free energy. We are driven by our commitment to create long-term value for our customers, communities and shareholders by combining next generation energy products and services with the nation's top-producing fleet of carbon-free generation assets. Our superior operational performance, nearly two decades of best-in-industry nuclear capacity factors and a strong customer-facing business enable us to be a leader in the clean energy transition and meet the challenges of the climate crisis. Our sustainable business strategy is built on four strategic principles: powering America's clean energy future, expanding America's largest fleet of clean energy centers, uplifting and strengthening our communities and providing energy and sustainability solutions for customers. We also align our strategy to the United Nations Sustainable Development Goals. For more information, please see the [Priority Sustainable Development Goals](#) section of our 2022 Sustainability Report. For more information about our sustainability strategy, please read our latest [Constellation Sustainability Report](#).

We are committed to a carbon-free future while maintaining a strong balance sheet, advancing our environmental, social and governance (ESG) initiatives and investing in clean energy solutions. As our CEO Joe Dominguez said, "at Constellation, ESG is both the commitment and the strategy."

## Our Strategy



### Uplift and Strengthen our Communities

Advance respect, belonging, diversity and equity: drive community investment and create family-sustaining clean energy jobs for all.



### Expand America's Largest Fleet of Clean Energy Centers

Leverage and expand our state-of-the-art clean energy assets by co-locating with data centers, exploring direct air capture of CO<sub>2</sub>, and producing clean hydrogen and other sustainable fuels to reduce industrial pollution.



### Provide Energy and Sustainability Solutions for Customers

Provide reliable, resilient energy and deliver innovative sustainability solutions that help customers achieve their clean energy goals.



### Power America's Clean Energy Future

Operate and grow the nation's largest fleet of clean, zero-emissions generation facilities, with world-class levels of safety, reliability, and resiliency.

Our ESG principles are core to our purpose and business strategy of supporting the transition to a carbon-free future, and we believe these attributes make us the premier ESG company in the power sector. As the business case for climate action and strong ESG investment builds momentum, we will continue to partner with businesses and governments committed to setting ambitious carbon-reduction goals and seeking long-term solutions to the climate crisis. Our disciplined capital allocation strategy supports a strong investment grade balance sheet. Constellation's growth investment is consistent with our corporate strategy, and our dividend policy ensures return of capital to owners. For more information on our value proposition, please visit our [website](#).

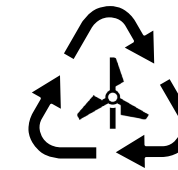
### Nuclear is Foundational to Our Sustainability Strategy:

As a clean, carbon-free and highly reliable power source, nuclear is an essential part of the solution to combat climate change. Our nuclear fleet alone avoided approximately 123 million metric tons of carbon emissions in 2022. Increasingly, federal and global legislative bodies are recognizing nuclear as a source of clean, carbon-free energy that can be relied upon to operate during times when customer demand is at its peak. Nuclear energy emits no GHGs or criteria air pollutants, such as nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), particulate matter (PM) or mercury. Nuclear is uniquely resilient, with on-site fuel provisions lasting 18 to 24 months, making it the ideal reliable energy producer in the face of seasonality, weather anomalies and other external volatilities. Constellation's nuclear fleet is the nation's largest and produces reliable baseload generation, staying online approximately 95 percent of the time, on average. With 24/7 generation capacity, our nuclear plants also support the expansion of renewables by stabilizing the grid for the intermittent nature of wind and solar power.



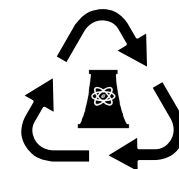
#### Firm Carbon-Free

Nuclear power provides firm carbon-free electricity while displacing fossil fuels in applications requiring a continuous power supply



#### Variable Renewables

Nuclear power can support higher deployment of variable wind and solar generation without the need for backup capacity from fossil fuel generation



#### Resilient

Nuclear power has onsite fuel for 18-24 months, providing resilient and reliable power every season, no matter the weather



#### License Renewals

Second license renewals will extend carbon-free production to 80 years - more than three times the useful life of renewables and two times the useful life of coal

## Reducing Emissions:

Constellation is a leader in generating carbon-free energy and offering sustainability solutions to our customers. We are committed to operating our businesses in a socially responsible, sustainable manner by reducing our GHG emissions and as industry leaders, we are committed to accelerating the transition to a clean, carbon-free energy future. Our commitments start with continuing to expand the capabilities of our clean energy generation and reducing our emissions. We will continue to reduce our operational emissions to advance our sustainability goals and support a cleaner, healthier environment in our communities and around the world.

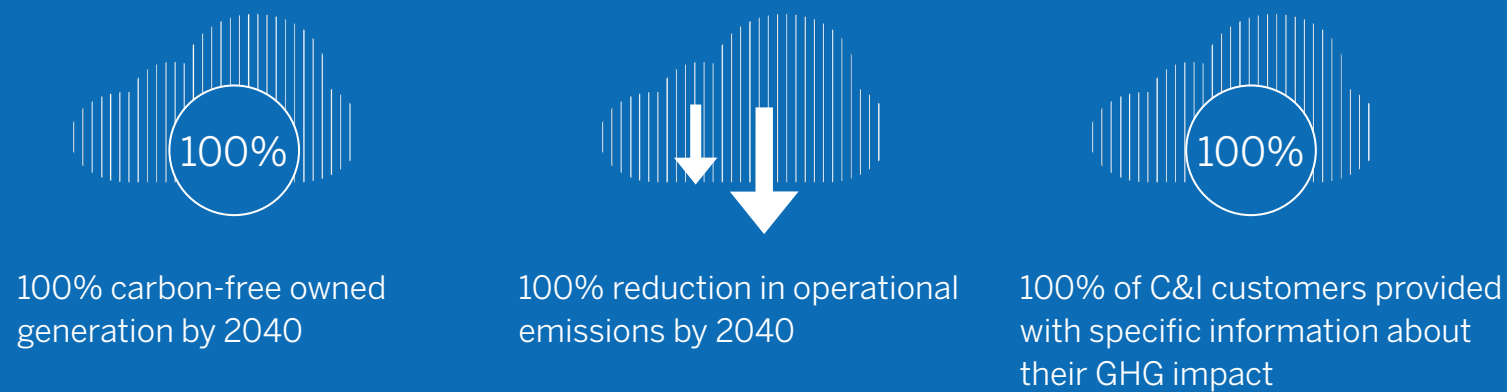


Figure 1. Any operational emissions that cannot be technologically reduced by that time will be offset. Constellation also commits to reducing methane emissions 30% from 2020 by 2030 aligned with the Global Methane Pledge.

## ESG Principles and Stakeholder Engagement:

Our ESG principles are core to our business strategy of supporting the transition to a carbon-free future. To succeed, we must lead in the following critical focus areas. For more information on each of our principles, please visit our [website](#).

- 
**Providing Carbon-Free Energy and Climate Mitigation**
- 
**Equity and Community Empowerment**
- 
**Commercial & Industrial Customer Transformation**
- 
**Commitment to Diversity, Equity and Inclusion**
- 
**Innovation and Technology Enablement**
- 
**Strong Corporate Governance and Risk Management**
- 
**Carbon-Free Policy Advocacy**



# 1:2 Corporate Governance



Our purpose to accelerate the transition to a carbon-free future and generate long-term value for our stakeholders is dependent on robust leadership and governance. Our strategy is driven by our Board of Directors and executive team, who consistently guide and support our operational and business leaders to implement key initiatives.

## Our Board of Directors:

The Constellation Board of Directors is responsible for overseeing senior management’s execution of the company’s growth and long-term business plan, business operations and performance, enterprise risks, executive compensation, governance practices, and corporate citizenship, including sustainability and environmental stewardship and social responsibility.

We embed ESG throughout our business activities and strategy. The full Board oversees ESG issues, including, but not limited to, evaluating business risks related to climate change, reviewing investment and divestment opportunities related to climate risks, holding ongoing discussions around diversity and corporate culture, and

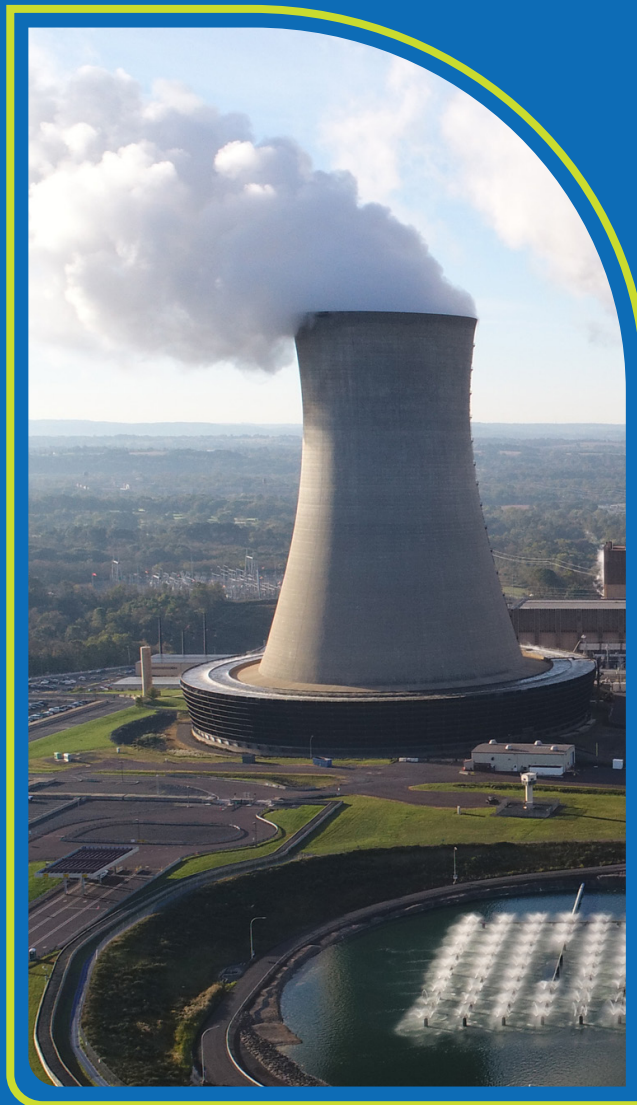
reviewing corporate philanthropy and political contributions. The Board has four standing committees with dedicated responsibilities outlined in each committee’s charter, which are reviewed annually. The Board has delegated to each committee specific aspects of our ESG oversight.

## Sustainability Governance:

Sustainability is an integral part of our business strategy and key to our success. We manage sustainability at the Board level through the Corporate Governance Committee. We also have specific executive leaders responsible for advancing our ESG principles. For instance, the Constellation Sustainability Council, led by the Vice President of Sustainability and Climate Strategy, is comprised of executive representatives from key functions within Constellation. The Council meets four times per year to review sustainability policies and initiatives, ensure strategic alignment, discuss emerging ESG trends, and make informed suggestions to senior leadership.

As we continue to make progress as America’s leading clean, carbon-free energy company, we routinely evaluate our sustainability goals, measure our progress and evaluate our impacts. To implement our sustainability and environmental objectives across our operations, we work collaboratively across our business to minimize our environmental impact, foster an inclusive culture, and support our employees and communities.

## 2. Green Financing Framework



### 2:1 Alignment with the Green Bond Principles, 2021, Green Loan Principles, 2023

Constellation has developed this Green Financing Framework under which Constellation or any Constellation subsidiary and/or affiliate will be able to issue Green Bonds, Loans or Commercial Paper (together “Green Financing Instruments”). This Framework has been developed in alignment with The Green Bond Principles, 2021 (“GBP”) and Green Loan Principles, 2023 (“GLP”), which are voluntary process guidelines for best practices when issuing or borrowing Green Financing Instruments.

### 2:2 Use of Proceeds

Constellation intends to allocate an amount equal to the net proceeds from the sale of any Green Bond issuance or raised from any Green Loan transactions to finance or refinance, in whole or in part, to one or more new or existing Eligible Projects. “Eligible Projects” are defined as investments and expenditures made by

Constellation after the issuance of such bonds or loans, or in the 24 months prior to any such issuance within the eligible categories defined below.





### 2:3 Process for Project Selection and Evaluation

The Company will form a Selection Committee including personnel from Sustainability, Treasury, Finance, Controllership and Legal, among others, to identify and select Eligible Projects to be financed or refinanced through Green Financing Instruments. Constellation’s company-level environmental and social risk mitigation processes are applicable to all allocation decisions made under the Framework. During development, Constellation’s ESG and development teams work to identify and assess early-stage risks during due diligence, design, engineering and procurement. The Selection Committee will review identified risks and mitigation plans.

The projects will meet all lending and other business criteria established by Constellation in the ordinary course of its business. The Selection

Committee will review the allocation of proceeds to Eligible Categories periodically and determine whether any update to allocations (such as replacement, deletion, or addition) is necessary.

### Eligible Green Categories

	Green UOP	Eligibility Criteria	SDG Alignment
Clean Generation Fleet	Nuclear Power <sup>3</sup>	Investments in nuclear power projects: <ul style="list-style-type: none"> <li>• Acquisition, operation, increased capacity through uprates and maintenance of existing reactors, including lifecycle extensions</li> <li>• Research, development, demonstration, and deployment of innovative reactors that produce energy from nuclear processes with minimal waste from the fuel cycle</li> <li>• Nuclear fuel purchases to support continued operation of zero carbon nuclear assets</li> </ul>	
	Renewable Energy	The installation, maintenance and operation of renewable generation technologies, defined as: <ul style="list-style-type: none"> <li>• Wind-powered generation sources</li> <li>• Solar PV</li> <li>• Existing small run-of-river hydropower (with an installed capacity of 25 MW or less and limited impoundment)</li> </ul>	
	Operational Emissions Reduction	Investments in the decarbonization of existing natural gas-fired generation assets to advance our 2030 GHG reduction and 2040 net zero goals: <ul style="list-style-type: none"> <li>• Retrofits to enable hydrogen blending</li> <li>• Installation of CCUS systems<sup>4</sup> to reduce lifecycle GHG emissions intensity to below 270 gCO<sub>2</sub>/kWh OR by 90%</li> </ul>	
Clean Hydrogen <sup>5</sup>	The installation, maintenance, operation, and storage of hydrogen systems and technologies, defined as: <ul style="list-style-type: none"> <li>• Electrolyzers and associated systems to produce clean hydrogen</li> <li>• Transport and delivery of clean hydrogen</li> <li>• Technology and equipment installation, operation, and maintenance to support nuclear produced hydrogen</li> </ul>		



3 / All investments in this category will be in relation to facilities licensed by the U.S. Nuclear Regulatory Commission (NRC), including complying with regulations in relation to safety and waste management and that meet Constellation's commitments to risk management and nuclear plant safety.

4 / Captured CO<sub>2</sub> will not be used for enhanced oil recovery

5 / Hydrogen with lifecycle GHG emissions of less than 0.45 kilograms of CO<sub>2</sub>-equivalent per kilogram of hydrogen



## Eligible Green Categories

Green UOP	Eligibility Criteria	SDG Alignment
<p><b>Energy Storage</b></p>	<p>The installation, maintenance and operation of energy storage systems and technologies, defined as:</p> <ul style="list-style-type: none"> <li>• Flexible grid and energy capacity</li> <li>• Battery systems</li> <li>• Pumped-storage hydro facilities</li> </ul>	
<p><b>Clean Commercial Offerings</b></p>	<p>Long-term and project-specific procurement expenditures supporting programs to bring off-site renewable energy to customers, including:</p> <ul style="list-style-type: none"> <li>• Constellation Offsite Renewables (COPe) and COPe+ products<sup>6</sup></li> <li>• Renewable Energy Certificates (RECs), Emission-Free Energy Certificates (EFECs)<sup>7</sup> and other Energy Attribute Certificates (EACs)</li> <li>• Renewable Natural Gas (RNG) from landfill gas and agricultural waste</li> </ul> <p>Expenditures in programs to support customer energy efficiency, excluding gas metering and other applications specific to the use of natural gas, including:</p> <ul style="list-style-type: none"> <li>• Energy management and benchmarking systems for customers</li> <li>• Efficiency Made Easy (EME)<sup>8</sup></li> <li>• Peak demand shaving</li> <li>• Technologies to support energy data collection to support hourly carbon-free energy matching (Constellation Hourly Carbon-Free Energy Matching solution<sup>9</sup>)</li> <li>• EV charging solutions</li> </ul>	

6 / <https://www.constellation.com/solutions/for-your-commercial-business/sustainability-efficiency-technology/Constellation-Offsite-Renewables.html>

7 / <https://www.constellation.com/solutions/for-your-commercial-business/Electricity/Carbon-Free.html>

8 / [https://www.constellation.com/solutions/for-your-commercial-business/sustainability-efficiency-technology/Energy\\_Efficiency.html](https://www.constellation.com/solutions/for-your-commercial-business/sustainability-efficiency-technology/Energy_Efficiency.html)

9 / Technology platform that matches a customer’s power needs with local clean energy sources, 24 hours a day, seven days a week, 365 days a year. <https://www.constellation.com/solutions/for-your-commercial-business/sustainability-strategies/managing-carbon/hourly-carbon-free-matching.html>





## 2:4 Management of Proceeds

Constellation's Treasury team will monitor and account for the proceeds of any Green Bond issuance or Green Loan transaction. The allocated and unallocated proceeds will be tracked using an internal tracking system by Constellation's Finance and Treasury teams and reported to the Selection Committee. Constellation will strive to fully allocate the net proceeds from the sale of any Green Bonds or Loans as soon as practicable, with all or substantially all of the remaining amount allocated within 24 months of the issuance.

Pending full allocation of an amount equal to the net proceeds of any Green Financing Instrument, proceeds may be invested in cash or cash equivalents, used to repay existing borrowings. In the case of divestment or if a project no longer meets the eligibility criteria, Constellation will use reasonable efforts to reallocate an equal amount of the funds to other Eligible Projects. Payment of principal and interest will be made from our general account and not be linked to the performance of the Eligible Projects.

## 2:5 Reporting

### *Allocation Reporting*

Annually, until full allocation of the net proceeds from any Green Financing Instruments, Constellation will publish a Green Financing Instrument Allocation Report on our Investor Relations [website](#), that will include: (i) the amount of net proceeds from any Green Financing Instruments that have been allocated to one or more Eligible Projects either individually or by category, subject to confidentiality considerations; (ii) the outstanding amount of net proceeds from any Green Financing Instrument yet to be allocated to Eligible Projects at the end of the reporting period, and (iii) the share of financing vs. refinancing.

### *Impact Reporting*

Annually, until full allocation of the net proceeds from any Green Financing Instruments, and where feasible, Constellation will publish a Green Bond or Loan Report on our Investor Relations [website](#) that will include expected environmental metrics related to Eligible Projects as shown in the table below.





### Green Use of Proceeds Categories

Green UOP		Expected Impact Metrics
Clean Generation Fleet	Nuclear	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>• Capacity of nuclear energy plant(s) constructed, uprated, or with license extensions in MW</li> <li>• Annual energy generation in MWh</li> </ul>
	Renewable Energy	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>• Capacity of renewable energy plant(s) constructed or repowered in MW</li> </ul>
Clean Hydrogen		<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>• Clean hydrogen produced, in kg</li> </ul>
Energy Storage		<ul style="list-style-type: none"> <li>• Energy storage capacity from pumped-storage hydro facilities, in MWh</li> <li>• Battery storage capacity, in MWh</li> </ul>
Clean Commercial Offerings		<ul style="list-style-type: none"> <li>• CORE / CORE+ partnerships created</li> <li>• Hourly clean energy matching customers</li> <li>• Number of electric vehicle charging stations built or leased</li> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>• Percentage annual energy efficiency gain relative to an established baseline</li> </ul>

# 3. External Review

## 3:1 Second Party Opinion

Constellation has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental benefits of Constellation's Green Financing Framework as well as the alignment to The Principles. The opinion can be found on the Constellation's [website](#) as well as the SPO provider's website.

## 3:2 Assurance

Each allocation report will be accompanied by a report, such as a limited assurance statement, from an independent party in respect to its examination of management's assertions about allocation of proceeds to Eligible Projects under the Framework.



## Disclaimer

The information and opinions contained in this Constellation Green Financing Framework (the Framework) are provided as at the date of this Framework and are subject to change without notice. None of Constellation or any of its subsidiaries and/or affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Constellation policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide nonexhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Constellation and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Constellation as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are “forward looking statements” about future events, expectations and commitments. Forward-looking statements are generally identified through the inclusion of words such as “will,” “expect,” “may,” “intend,” “aim,” “anticipate,” “believe,” “drive,” “estimate,” “commit” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. Factors that could cause actual results to differ materially include, but are not limited to those set forth in the “Risk Factors” section of Constellation’s most recent Offering Memorandum, as well as market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any securities, proposed use of proceeds or any other transaction described in these materials to fulfil environmental and sustainability criteria required by prospective investors. Each potential investor should be aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts. Constellation has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Constellation Green, Social, and Sustainability Bonds and Loans. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such securities if Constellation fails to adhere to this Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

This Framework is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Constellation. This Framework is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any such securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of an offering memorandum or other equivalent document and a related pricing term sheet (the Offering Documents), and any decision to purchase or subscribe for any such securities pursuant to such offer or invitation should be made independently and solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of the Offering Documents describing any risk factors. In particular, neither this document nor any Offering Documents may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. The merits or suitability of any securities or any transaction described in these materials to a particular person’s situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, credit or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions based on such investigation as it deems necessary.





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