



## **NOMINATING COMMITTEE CODE OF CONDUCT**

It is the policy of PJM Interconnection, L.L.C. ("PJM") to operate in a fair and nondiscriminatory manner and to implement such rules and regulations in the governance of the organization as are necessary to prevent control, or the appearance of control, of the decision-making process by any member or group of members of PJM.

It further is the policy of PJM to attract the best qualified candidates to serve on the PJM Board. In order to fulfill that goal, it is the policy of PJM to employ nominating procedures that strictly maintain the confidentiality of the identity of potential Board candidates and that ensure that those involved in the nomination process strictly follow procedures that maintain such confidentiality.

In furtherance of these policies, the PJM Nominating Committee established pursuant to section 7.1 of the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement") has adopted the following Code of Conduct to govern the actions of the members of the Committee:

1. The members of the Nominating Committee shall undertake and fulfill their duties in furtherance of the best interests of PJM without regard to the individual or affiliated company interests of any member of the Nominating Committee and without regard to the interests of any other PJM member or group of PJM members.
2. All information that the members of the Nominating Committee receive in undertaking and performing their duties shall be deemed confidential information of PJM and shall not be disclosed in any manner to any other member of PJM or any other person, except as specifically permitted by this Code of Conduct.
3. In order to perform its duties and in conformance with the requirement of the Operating Agreement, the Nominating Committee may retain an independent consulting firm to identify candidates for the PJM Board. The consulting firm to be retained shall be determined by majority vote of the Nominating Committee. The Nominating Committee shall require the consulting firm to disclose to PJM all financial affiliation or other business relationships with PJM members. The Nominating Committee shall determine if the contents of such disclosure warrant disqualification of such consultant.
4. The Nominating Committee may solicit written suggestions for candidates from the PJM members and may, but only upon agreement of the Nominating Committee, suggest such candidates to the consulting firm. All suggestions by PJM members shall be submitted only in writing and only to the Nominating Committee. The members of the Nominating Committee shall not discuss any external candidates, including candidates suggested by PJM members, with any person not on the Nominating Committee or the Board.

5. Members of the Nominating Committee may suggest individuals that the consulting firm should consider, including but not limited to those suggested by PJM Members and endorsed by the Nominating Committee, provided, however, that the Nominating Committee may not independently consider any external candidate for nomination that has not been recommended by the consulting firm.
6. The Nominating Committee in its discretion may nominate, without retaining an independent consultant, a Board member whose term is expiring and who desires to serve an additional term.
7. The candidates identified by the consulting firm and provided to the Nominating Committee shall remain strictly confidential, and the members of the Nominating Committee shall not disclose such names to any other person within the companies by which they are employed, to any representative of any other PJM member, or to any other person, except in the form of a formal nomination from the Nominating Committee.
8. The Nominating Committee shall direct the President of PJM to communicate with individuals identified by the consulting firm and to conduct initial interviews with such individuals. The President shall report to the Nominating Committee about such interviews. Following such reports, the Nominating Committee may determine to, but shall not be required to, meet with the individuals. No member of the Nominating Committee shall communicate in any manner with any such individual, except in a formal Nominating Committee meeting.
9. Upon the nomination of a candidate by the Nominating Committee, the President shall inform the candidate, the Board, and the Members Committee.
10. PJM shall maintain a copy of this Code of Conduct and keep it available for public inspection by way of posting it on the PJM web site.
11. Each member of the Nominating Committee and each *ex officio* participant in the Nominating Committee shall execute a compliance statement indicating that he or she has read and understands the content, spirit and intent of this Code of Conduct and agrees to comply with its terms.