



# Corporate Political Participation Practice

**PSEG Practice**

**530-3**

**January 8, 2021**

### Purpose

Public Service Enterprise Group Incorporated ("PSEG" or "Company") takes an active role in the political process by communicating with government agencies and officials, participating in trade associations and other tax-exempt organizations, making political contributions and expenditures, and engaging in other activities to advance the interests of PSEG and its stakeholders.

PSEG must ensure that all of these activities are consistent with our Standards of Conduct, Core Commitments and legal obligations. This Practice sets forth expectations of all employees when: interacting with government officials, making political contributions or expenditures, hiring or promoting candidates with a connection to or referral from a political figure, and retaining certain entities who have relationships with or connections to political figures to provide goods or services to the Company.

### Applicability

Line of Business	Applicable?
PSEG Power	Yes
PSEG Services	Yes
PSE&G	Yes
PSEG Long Island	Yes

### Scope

This Practice applies to all employees.

### Definitions

- **Covered Third Party:** any of the following
  - Any entity employing a Prominent Political Figure who will directly perform work for the Company;
  - Any entity with an owner, beneficial owner (i.e., someone who has a 10% or greater financial interest in a vendor or supplier), director or officer who is: (i) a Prominent Political Figure; or (ii) the relative of a Prominent Political Figure.

- Entities who, at the time of the proposed engagement with the Company, work for the political committee of a Prominent Political Figure.
- Entities who were referred to PSEG by Prominent Political Figures.
- **Lobbying Activities:** Lobbying is a legitimate means of informing a government agency, representative, or legislator about the interests of the Company and its stakeholders. Lobbying may include: (1) contact with legislators, senior regulatory officials, executive branch officials, and/or their staffs; (2) work done in preparation for those contacts; and (3) other efforts to influence legislative or administrative action.
- **Government Official:** Any official, officer, or employee of or candidate for a federal, state, local or municipal government department or agency or legislative body, whether elected, appointed, retained or otherwise employed. An “employee” of a government department, agency, or legislative body, for purposes of this definition, is an individual with a role or position that involves oversight of or influence over the Company’s interests.
- **Political Compliance Workflow:** the process through which information about retentions of Covered Third Parties is submitted by the lines of business to the Office of Ethics & Compliance, the SVP Corporate Citizenship and the Executive Vice President and General Counsel for review. The Workflow is accessible through SharePoint.
- **Prominent Political Figure:** an individual who is a current or former (i) elected official; (ii) appointed official; or (iii) advisor to, or staff member for, an elected or appointed official.
- **Publicly available information:** Information available to the general public regarding the Covered Third Party. This can include, but is not limited to the following:
  - Job history; membership on a board, affiliation with a non-profit organization, or any organization with a political affiliation;
  - News coverage (e.g., a news article outlining the Covered Third Party’s stance on a particular issue relevant to PSEG’s business or reputational interests);
  - Known clients;
  - Social Media accounts of the Covered Third Party or any of its members;
  - Lobbying activities (available via NJELEC or relevant state resources);
  - Political donations (see politicalmoneyline.com or similar resources);
  - Any other information that may be relevant to determining whether retaining the Covered Third Party would pose a conflict with the best interests of PSEG.
- **Relative:** spouse; domestic partner; civil union partner; son or daughter; father or mother; brother or sister; guardian or ward; aunt or uncle; niece or nephew; cousin; grandparent or grandchild; step, half, or in-law relationship; a person living in one’s household; any other person with such a close bond as to suggest a nearly familial relationship (e.g., a fiancé).
- **Review Panel:** The Review Panel will consist of representatives from Human Resources and Compliance, and will convene on an as needed basis to review certain candidates for hire or promotion.

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### I. Interactions with Government Officials, Including Lobbying

How we interact and communicate with Government Officials has a significant impact on PSEG’s credibility, reputation and ability to advocate on our behalf or on behalf of our stakeholders.

As such, employees who, within the scope of their employment, interact with any **elected Government Official or a member of their staff** must clear the interaction in advance with the Vice President (“VP”) Federal & State Governmental Affairs or their designee. (Note: staff of an elected official does not include individuals who are appointed, e.g., a BPU Commissioner or FERC Commissioner).

While not required, prior to an interaction with an **appointed Government Official** (e.g., BPU Commissioners, FERC Commissioner, etc.) all employees are encouraged to inform the VP Federal & State Governmental Affairs (or their designee) of such interaction. Keeping the VP Federal & State Governmental Affairs informed of such interactions with **Government Officials** allows the Company to proactively and strategically coordinate such interactions.

Employees must be mindful that interactions with Government Officials may constitute Lobbying Activities, as defined above. Federal and state laws contain registration and reporting requirements for those engaging in Lobbying Activities and/or for those retaining third parties to do so. Specifically, employees and third parties engaging in Lobbying Activities are required to:

- Register if applicable;
- Track important lobbying-related information (e.g. contacts, issues, time, and expenses). Notably, employees engaging in lobbying are required to specifically track and enter their lobbying time into the Company’s timekeeping system on a weekly basis using the appropriate codes established to track lobbying activity;
- Prepare and file reports;

- Provide relevant information in a timely manner when requested by either Corporate Citizenship or Ethics & Compliance to ensure compliance with individual and Company reporting obligations.

Employees who need assistance in meeting the requirements specified herein or have questions related to Lobbying Activities **must** proactively seek guidance from the VP Federal & State Governmental Affairs (or their designee) or the Chief Compliance Officer (or their designee) to ensure appropriate compliance.

Employees should also be aware that PSEG publicly discloses both federal and state lobbying expenditures, as follows:

- PSEG submits to Congress quarterly lobbying reports, which describe the total spent on federal lobbying activities during the respective quarters. PSEG and its lobbyists also file with Congress [semi-annual contribution reports](#).
- Under New Jersey state law, PSEG files [quarterly lobbying](#) and [annual expense](#) reports that include information about its lobbying activities and expenses.
- In Connecticut, PSEG submits [quarterly reports](#) detailing lobbying expenditures and monthly reports when legislature is in session.
- In New York, PSEG submits [semi-annual lobbying reports](#).

Employees must also be aware that there are certain restrictions related to providing anything of value to government officials. **Gifts to Government Officials are governed by PSEG's Practice 615-10, Gifts, Meals and Entertainment.** Please refer to that Practice for the Company's requirements applicable to situations involving gifts or gratuities to government officials.

## II. Political Contributions and Expenditures

PSEG complies with applicable federal, state, and local laws when reporting corporate political activities. To promote transparency and accountability, PSEG also voluntarily publishes this Practice and provides an annual report on its [public website](#) of corporate political contributions and expenditures. A copy of this annual report is also provided to the Corporate Governance Committee of the PSEG Board of Directors.

### A. Federal Political Contributions and Independent Expenditures

PSEG does not make contributions to support federal candidates and political parties, as such contributions are prohibited by law. However, PSEG, like other corporations maintains a political action committee ("PAC") that may contribute to candidates for federal elective office using voluntary contributions from the Company's eligible employee base.

PSEG maintains PEGPAC, a voluntary, non-partisan committee that allows eligible employees to make monetary contributions to federal candidates within the United States in accordance with applicable laws. Employees should understand the following as it relates to PEGPAC:

- PEGPAC is funded exclusively by eligible employees' voluntary contributions.
- Employees' contributions are never coerced and all solicitees are informed that neither their contribution nor their refusal to contribute will affect their employment status.
- Employees may not be directly or indirectly reimbursed for PAC contributions.
- PEGPAC is administered pursuant to Bylaws, which establish an Executive Committee as PEGPAC's governing body and designate officers, which include a Director and a Treasurer. The Director is the highest level PSEG employee with day-to-day responsibility for PSEG's federal affairs function.
- PSEG files monthly reports with the Federal Election Commission ("FEC") disclosing PEGPAC contributions to candidates, parties, and PACs. PEGPAC's FEC reports may be found at: <https://www.fec.gov/data/committee/C00383489/>

PSEG and other corporations are also legally permitted to sponsor independent expenditures, and to support independent expenditure-only committees (a.k.a. "super PACs") and other politically active tax-exempt organizations.

**Required Approvals:**

- Any corporate federal independent expenditures and political contributions to entities other than candidates and political parties must be approved by the SVP Corporate Citizenship and the EVP and General Counsel.
- PEGPAC contributions to federal candidates, political parties and committees must be approved by the PEGPAC Executive Committee.
- Solicitation of voluntary contributions from employees to PEGPAC must be approved by the VP Federal & State Governmental Affairs.

**B. State Political Contributions and Independent Expenditures**

PSEG only sponsors independent political advertisements and makes political contributions to state and local candidates, political parties, and political committees when legally permissible.

PSEG does not make corporate political contributions to candidates for elective office in New Jersey because gas, electric, and power companies and their affiliates are prohibited from supporting New Jersey state or local candidates. PSEG reserves the right to make contributions to candidates and political parties in other states, where permitted. PSEG may also, from time to time, support national organizations of state officials, such as the Republican Governors Association or the Democratic Governors Association.

PSEG employees have established PSEExec PAC, a New Jersey state political committee, and certain PSEG employees maintain and operate PSEExec PAC as volunteers. Employee should understand the following as it relates to PSEExec PAC:

- PSEExec PAC is not funded, administered, endorsed, or sponsored by PSEG. Because PSEExec PAC is an independent effort and not a corporate project, PSEG employees must keep the following in mind if they choose to volunteer for the PSEExec PAC:

- PSEExec PAC volunteers must serve in their personal, volunteer capacities;
  - PSEG will not compensate any individual to work on PSEExec PAC projects;
  - PSEG personnel will not be favored or disadvantaged by the company due to their volunteer activities on behalf of PSEExec PAC; and
  - PSEExec PAC must reimburse PSEG for the cost (if any) of using the company's physical facilities and electronic equipment.
- Employees' contributions to PSEExec PAC are never coerced and all solicitees are informed that neither their contribution nor their refusal to contribute will affect their employment status.
  - PSEExec PAC is governed pursuant to Bylaws. These Bylaws provide for an Executive Committee as the governing body comprised of a Chairman, Executive Director and Treasurer. The Chairman of the Executive Committee is required to be a member of PSEExec PAC who has knowledge of the legislative process, the issues affecting the utility industry and competitive markets in the State of New Jersey, and the candidates for state office in New Jersey.
  - PSEExec PAC files [quarterly and pre-/post-election reports](#) with the New Jersey Election Law Enforcement Commission.

PSEG has also established Power Long Island, which is a state-level political committee duly registered with the New York State Board of Elections. PSEG files [periodic reports](#) with the New York State Board of Elections that disclose Power Long Island PAC's contributions to candidates, political parties, and political committees.

**Required Approvals:**

- Corporate state and local level independent expenditures and political contributions to candidates, political parties and committees under \$5,000 must be approved by the Senior Director State Government Affairs; over \$5,000 must be approved by the SVP Corporate Citizenship after consultation with the EVP and General Counsel.
- PSEExec PAC contributions to NJ state candidates, political parties and committees must be approved by the PSEExec PAC Executive Committee.
- Solicitation of voluntary contributions from employees to PSEExec PAC must be approved by the VP Federal & State Governmental Affairs.
- Power Long Island PAC contributions to NY state candidates, political parties and committees must be approved by the Senior Director State Government Affairs.
- Solicitation of voluntary contributions from employees to Power Long Island PAC must be approved by the Senior Director State Government Affairs.

## C. Trade Associations

PSEG is a member of various trade associations that may participate in the political process. While PSEG may not always agree with the views of the trade associations with which it is affiliated, its involvement provides several benefits, including but not limited to, working collaboratively with industry peers on legislation, regulation, or governmental processes potentially affecting PSEG and its shareholders.

**Required Approvals:** All corporate contributions to Trade Associations must be approved by the SVP Corporate Citizenship in coordination with Business Unit leaders.

## D. Social Welfare Organizations

Contributions to 501(c)(4) organizations may be made in limited circumstances when the organization demonstrates adequate governance to reasonably protect the Company from adverse reputational and business risk.

The 501(c)(4) organization may demonstrate this by:

- Stating a clear and detailed explanation of the intended purpose for the contribution;
- Identifying the organization's decision makers and providing a level of visibility and transparency into the organization's governance structure (i.e., Does the organization have a Board of Directors? Who are the members?);
- Representing that PSEG's contribution funds will be segregated or earmarked for the specific purpose identified above;
- Providing PSEG with an Assurance Letter that may include some or all the following:
  - A statement of the intended purpose of the donation;
  - A certification that the donation will not be used for the purpose of lobbying or influencing elections in New Jersey;
  - Representations that the donation has not been requested by any government official;
  - A stipulation that the 501(c)(4) was not established and is not directed, controlled, financed, or maintained by any government official;
  - A declaration that the 501(c)(4)'s activities are planned and conducted in its sole discretion; and
  - A certification that the 501(c)(4) will comply with any applicable laws, including campaign finance, lobbying, and government ethics rules.

To obtain approval for 501(c)(4) contributions, the PSEG requestor must submit the above identified information to the External Affairs Specialist. If the 501(c)(4) recipient is unable or unwilling to provide any of the above information (e.g., certain items in the Assurance Letter), that must be noted in the submission with an explanation.

The request will be shared with the SVP Corporate Citizenship and the EVP and General Counsel for final review and approval. Contributions to 501(c)(4) organizations, in any amount, cannot be made without approval from the SVP Corporate Citizenship and the EVP and General Counsel.

Within one business day of approving any 501(c)(4) contribution in excess of \$250,000.00, the SVP Corporate Citizenship must notify the Governance Committee of the Board of such approval, including, at least, the rationale for the contribution and its intended purpose. For any contribution under \$250,000, the Governance Committee may be notified at their next regularly scheduled meeting.

**Required Approvals:** All contributions to 501(c)(4) organizations must be approved by the SVP Corporate Citizenship and the EVP and General Counsel.

### III. Hiring or Promoting Candidates

PSEG strives to fill job vacancies with the best-qualified and available candidates. At times, candidates may be Prominent Political Figures, related to Prominent Political Figures, or referred to the Company by a Prominent Political Figure. When this occurs, it requires a heightened review to ensure that the hiring process is adhered to and that candidates are selected for the appropriate reasons.

As such, all external and internal job applicants will be required to answer the following as part of the job application for any position at PSEG:

*It is expected that individuals who are political figures, come recommended by political figures or have relationships with political figures may apply for a position at PSEG at any time. Given the Company's Core Commitment to Integrity, these candidates are diligently reviewed to ensure that all applicable requirements are met.*

*As such, please answer the following:*

- *Are you a "prominent political figure," which PSEG defines as a current or former: (i) elected official; (ii) appointed official; or (iii) advisor to, or staff member for, an elected or appointed official*
- *Do you have a relative<sup>1</sup> who is a "prominent political figure?" If so, please: (i) identify the individual; (ii) position held, and (iii) state whether the individual recommended you apply for a position at PSEG.*
- *Were you referred or recommended to apply for a position at PSEG by a "prominent political figure?" If so, please: (i) identify the individual; and (ii) position held.*

**Please note that answering YES to any of these questions does NOT provide you with preferential treatment nor disqualify you from consideration.**

Candidates who respond "Yes" to the questions above will be tracked throughout the hiring process by Talent Acquisition. If a Hiring Manager would like to extend an offer to a candidate who responded "Yes," a Review Panel will convene, and the Hiring Manager will be asked to present the employment decision at a scheduled meeting.

The Review Panel will assess the employment decision to determine the following:

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<sup>1</sup> The definition of "relative" as set forth in the Definition section of this Practice will be included in the application.

- Whether the candidate meets the required qualifications for the position; and
- If the appropriate interview and selection process was followed.

From time to time, Prominent Political Figures may contact the Company to refer a candidate. In order to ensure those referrals and requests are properly vetted, **all employees are required to notify Human Resources at [PSEG-PoliticalReferrals@pseg.com](mailto:PSEG-PoliticalReferrals@pseg.com) within three (3) business days of receiving a request or recommendation to hire or promote a candidate from a Prominent Political Figure.** Human Resources will coordinate these notifications with the Office of Ethics & Compliance. To the extent a Hiring Manager wants to make an offer to a candidate identified through the PSEG-PoliticalReferral inbox, the Review Panel will convene and follow the same process outlined above.

#### IV. Retention of Covered Third Parties

PSEG seeks business partners who share our commitment to integrity and conduct business in a manner consistent with our Standards of Conduct and Core Commitments. Accordingly, PSEG must exercise due diligence and ongoing monitoring of third parties with whom we do business, especially when those third parties engage in lobbying activities, political consulting or have a connection with prominent political figure.

##### A. Identifying Covered Third Parties

Prior to entering into a commercial or other agreement with any of the following Covered Third Parties, the Line of Business or Corporate Function proposing such an agreement must receive approval from the SVP Corporate Citizenship and the EVP and General Counsel:

- Any entity employing a Prominent Political Figure who will directly perform work for PSEG<sup>2</sup>;
- Any entity with an owner, beneficial owner (i.e., someone who has 10% or greater financial interest in a vendor or supplier), director or officer who is: (i) a Prominent Political Figure; or (ii) the relative of a Prominent Political Figure
- Entities who, at the time of the proposed engagement with the Company, work for the political committee of a Prominent Political Figure.
- Entities who were referred to PSEG by a Prominent Political Figure.

To identify Covered Third Parties, the following questions will be incorporated into Procurement's Vendor Master Form and Non Competitive Bid Form (i.e., Single/Sole Source Justification Form):

*Does the vendor or supplier you are requesting to add: 1) employ a Prominent Political Figure, as defined in Practice 530-3, who will be performing work for the Company?; 2) have an owner, beneficial owner (someone who has 10% or greater financial interest in a vendor or supplier), director or officer who is either: (i) a Prominent Political Figure; or (ii) the relative (as defined in Practice 530-3) of a Prominent Political Figure; 3) work for the*

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<sup>2</sup> If the entity employs a Prominent Political Figure who will not be performing work for PSEG, the entity is not required to go through the review and approval process. However, if at any point, the Company wants to have said individual(s) perform work, they above process must be followed.

*political committee of a Prominent Political Figure (as of the time of the engagement); or 4) come recommended to PSEG (Procurement and/or client) by a Prominent Political Figure.*

*This question MUST be answered. If yes, the vendor or supplier must be reviewed in accordance with the requirements set forth in Practice 530-3 Corporate Political Participation.*

If the answer to questions 1, 2 or 3 is Yes,” the line of business or corporate function will be required to submit information related to the Covered Third Party for review through the [Political Compliance Workflow](#). The information will be reviewed by the Office of Ethics & Compliance and then routed to the SVP Corporate Citizenship and EVP and General Counsel for final approval. **Approvals must be obtained prior to engaging the Covered Third Party.**

If the answer to question 4 is “Yes,” the line of business must notify the Office of Ethics & Compliance at [ethics.compliance@pseg.com](mailto:ethics.compliance@pseg.com) for further guidance.

#### **B. Review and Approval Process for Covered Third Parties**

Through the [Political Compliance Workflow](#), the line of business or corporate function will be asked to provide the following information related to the Covered Third Party:

- A description of the services to be performed;
- Publicly available information regarding the Covered Third Party;
- An analysis of any potential risks to PSEG’s reputation that may potentially arise out of the retention;
- An analysis as to whether any of the Covered Third Party’s clients would pose any perceived or actual conflict of interest with the business interests of PSEG;
- A draft agreement memorializing the retention. The draft agreement must include the following:
  - a. A description of activities or services to be performed;
  - b. Payment terms – must include monthly invoice summarizing specific activities or services (if flat fee retention) or specific services performed (if hourly rate retention);
  - c. A requirement that the Covered Third Party provide periodic reports describing the activities or services provided;
  - d. A fixed agreement term that cannot exceed two years;
  - e. A representation of compliance with anti-corruption laws and all provisions in PSEG’s Supplier Code of Conduct;
  - f. If the Covered Third Party is a Lobbying Firm, Political Consultant, or Public Affairs Firm, a requirement that the Covered Third Party will not subcontract any portion of their work to another party without advanced notice to and approval from PSEG.

Once submitted, the Covered Third Party will be reviewed by the Office of Ethics & Compliance and approved by the SVP Corporate Citizenship and the EVP and General Counsel. A decision as to whether the Covered Third Party has been approved or denied will be communicated through an automatically generated e-mail from the Workflow.

**Note: Covered Third Parties must be reviewed through the Political Compliance Workflow every two years (as agreements with Covered Third Parties cannot exceed two years) or any time they are being retained for a new scope of work.**

## V. Training, Oversight and Governance

The Corporate Governance Committee of the PSEG Board of Directors has oversight responsibility for PSEG's corporate political activities. The SVP Corporate Citizenship, the VP Federal & State Governmental Affairs and the EVP and General Counsel will provide periodic reports to the Committee regarding PSEG's political activities.

On an annual basis, members of the Company's Leadership Forum will be required to attend general awareness training related to the topics covered in this Practice.

On a bi-annual basis, the Office of Ethics & Compliance shall arrange for an independent assessment of PSEG's political compliance program, its design, implementation, and effectiveness. The assessment shall be conducted by a qualified, independent external consultant and/or outside counsel.

Questions regarding this Practice should be directed to the VP Federal and State Governmental Affairs or the Office of Ethics & Compliance at [ethics.compliance@pseg.com](mailto:ethics.compliance@pseg.com). The Chief Compliance Officer shall be responsible for the interpretation of this Practice.

### Revision History

Date	Material?	Summary of Changes
11/1/2017	No	Reformatted.
10/15/2019	Yes	Updated to include ownership clarity and process improvements to reflect new organizational structure and new 501c4 approval.
1/8/2021	Yes	Incorporated new requirements related to: interactions with government officials; approvals for federal contributions and expenditures; contributions and approvals to 501(c)(4) organizations; hiring candidates and disclosing referrals from political figures; retaining covered third parties; training and governance; approvals for gifts.

### References

[Practice 615-1, Standards of Conduct](#)  
[Practice 615-9, Conflicts of Interest](#)  
[Practice 615-10, Gifts, Meals & Entertainment](#)  
[Practice 700-1, HR Practice Guide](#)

**Attachment A – Political Activity Approval Reference Chart**

POLITICAL ACTIVITY	RESPONSIBLE FOR APPROVAL
Interactions with an Elected Official or a member of their staff	Vice President - Federal and State Governmental Affairs
Corporate Federal Independent Expenditures and Political Contributions to Entities Other than Candidates and Political Parties	Senior Vice President Corporate Citizenship and Executive Vice President and General Counsel
Corporate State- and Local-Level Independent Expenditures and Political Contributions to Candidates, Political Parties, and Committees	<i>\$5,000 or below:</i> Senior Director -State Government Affairs <i>Over \$5,000:</i> Senior Vice President Corporate Citizenship after consultation with the Executive Vice President and General Counsel
Corporate Contributions to Trade Associations	Senior Vice President Corporate Citizenship in coordination with Business Unit leaders
Corporate Contributions to Social Welfare Organizations	Senior Vice President Corporate Citizenship and Executive Vice President and General Counsel
PEGPAC Contributions to Federal Candidates, Political Parties, and Committees	PEGPAC Executive Committee
Solicitation of Voluntary Contributions from Employees to PEGPAC	Vice President Federal and State Governmental Affairs
PSExec PAC Contributions to New Jersey State Candidates, Political Parties, and Committees	PSExec PAC Executive Committee
PSExec PAC Solicitation of Voluntary Contributions from Employees	Vice President Federal and State Governmental Affairs
Power Long Island PAC Contributions to New York State Candidates, Political Parties, and Committees	Senior Director State Government Affairs
Power Long Island PAC Solicitation of Voluntary Contributions from Employees	Senior Director State Government Affairs
Gifts to Government Officials	Vice President Federal and State Governmental Affairs and Chief Compliance Officer