



# Corporate Political Participation Practice

**PSEG Practice**

**530-3**

**October 15, 2019**

## Purpose

Understanding that the political process often impacts business operations, Public Service Enterprise Group Incorporated and its subsidiaries ("PSEG" or "Company") take 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 shareholders. PSEG's participation is conducted in a lawful and ethical manner that builds our community, reflects responsible corporate citizenship, and fulfils our duties to shareholders, regulators, and other stakeholders.

This Corporate Political Participation Practice ("Practice") sets forth the guidelines, oversight, and disclosure requirements governing PSEG's participation in the political process. This Practice should be read in conjunction with the PSEG Standards of Conduct. Definitions for any legal terms used in this Practice can be found by referencing the public websites of government regulators.

## Applicability

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

## Scope

This practice applies to employees.

## **Lobbying Activities**

PSEG engages in activities to influence legislation, regulations, and governmental processes at the federal, state, and local levels ("Lobbying Activities"). Lobbying Activities are conducted by authorized employees, as well as third-party individuals and firms. Lobbying Activities conducted on behalf of the Company must be coordinated in advance with the Vice President-Federal and State Governmental Affairs.

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 must register where required, track important lobbying-related information (e.g. contacts, issues, time, and expenses), prepare and file reports, and provide relevant information when requested to ensure compliance with Company reporting obligations.

## **Retention of Certain Firms for Lobbying Activities and Professional Services**

The Company's retention of a prominent political figure<sup>1</sup> or a firm employing such an individual to perform Lobbying Activities must be approved by the Executive Vice President and General Counsel **and** the Senior Vice President - Corporate Citizenship. Approval is also required when a prominent political figure (or firm employing such an individual) is being retained to perform other professional services. The retention of any such individual or firm approved by the Executive Vice President and General Counsel **and** Senior Vice President - Corporate Citizenship must be implemented as follows:

- Publicly available information regarding the individual or firm must be reviewed to identify potential issues or concerns.
- A conflicts check of the clients represented by the individual or retained by the firm must be completed and the potential for conflicts addressed.
- An agreement memorializing the retention must be prepared that requires or contains, among other things:
  - A description of the activities or services to be performed;
  - Payment terms;
  - Submission of a monthly invoice that summarizes specific activities conducted or specific services performed (for a flat fee retention), or that lists specific services performed (for an hourly rate retention);
  - A fixed term for a period not exceeding two years; and
  - Periodic reports from the individual or firm that describes the activities or services provided.

The PSEG employee responsible for managing the Company's business relationship with the individual or firm must review all invoices, verify services performed, and approve payment.

## **Political Contributions and Expenditures**

### **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.

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<sup>1</sup> For purposes of this Practice, a "prominent political figure" is an individual who is: (1) a current or former elected official; (2) a current or former appointed official; or (3) a current or former advisor to, or staff member for, an elected or appointed official.

However, PSEG and other corporations may fund the establishment and maintenance of 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. 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 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.

#### **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 PSExec PAC, a New Jersey state political committee. Certain PSEG employees maintain and operate PSExec PAC as volunteers. PSExec PAC is not funded, administered, endorsed, or sponsored by PSEG. Because PSExec 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 PSExec PAC: (1) PSExec PAC volunteers must serve in their personal, volunteer capacities; (2) PSEG will not compensate any individual to work on PSExec PAC projects; (3) PSEG personnel will not be favored or disadvantaged by the company due to their volunteer activities on behalf of PSExec PAC; and (4) PSExec PAC must reimburse PSEG for the cost (if any) of using the company's physical facilities and electronic equipment. As with PEGPAC, employees' contributions to PSExec PAC are never coerced and all solicitees are informed that neither their contribution nor their refusal to contribute will affect their employment status. PSExec 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 PSExec 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.

PSEG has also established Power Long Island, which is a state-level political committee duly registered with the New York State Board of Elections.

## **Trade Associations and Social Welfare Organizations**

PSEG is a member of various trade associations that may participate in the political process. PSEG also reserves the right to make financial contributions to social welfare organizations. While PSEG may not always agree with the views of the trade associations with which it is affiliated and the social welfare organizations to which it donates, 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.

## **Management and Governance**

The following table sets forth the individuals with specific management responsibility for approving PSEG's political activities and ensuring compliance with applicable law regarding the conduct of such activities.

The Corporate Governance Committee of the PSEG Board of Directors ("Committee") has oversight responsibility for PSEG's corporate political activities. The Senior Vice President - Corporate Citizenship and the Vice President-Federal and State Governmental Affairs will provide periodic reports to the Committee regarding PSEG's corporate political activities.

## **Public Disclosure of Corporate Political Activities**

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: <https://investor.pseg.com/corporate-governance>. A copy of this annual report is also provided to the Corporate Governance Committee of the PSEG Board of Directors.

### **A. Public Disclosure of PAC Contributions**

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/>

PSEExec PAC files quarterly and pre-/post-election reports with the New Jersey Election Law Enforcement Commission. PSEExec PAC's political contributions reports are located at: <http://www.elec.state.nj.us/publicinformation.htm>.

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. Power Long Island's reports may be found at: <http://www.elections.ny.gov/recipientstext.html>.

### **B. Public Disclosure of Lobbying Expenditures (Federal and State)**

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. These reports are located at: <http://soprweb.senate.gov/index.cfm?event=selectfields>.

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.

PSEG's New Jersey lobbying reports may be found at:

[https://www3-elec.mwg.state.nj.us/ELEC\\_AGAA/lobby\\_reports.aspx](https://www3-elec.mwg.state.nj.us/ELEC_AGAA/lobby_reports.aspx) (Annual Reports); and  
[https://www3-elec.mwg.state.nj.us/ELEC\\_AGAA/entitysearch.aspx](https://www3-elec.mwg.state.nj.us/ELEC_AGAA/entitysearch.aspx) (Quarterly Reports).

PSEG's Connecticut lobbying reports may be found at:

<https://www.oseapps.ct.gov/NewLobbyist/security/loginhome.aspx>

PSEG's New York lobbying reports may be found at:

[https://onlineapps.jcope.ny.gov/Lobbywatch/Menu\\_reports\\_public.aspx](https://onlineapps.jcope.ny.gov/Lobbywatch/Menu_reports_public.aspx)

### Key Roles and Responsibilities

POLITICAL ACTIVITY	RESPONSIBLE FOR APPROVAL
Corporate Lobbying Activities (Federal and State)	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 after consultation with the Executive Vice President and General Counsel
Corporate State- and Local-Level Independent Expenditures and Political Contributions to Candidates, Political Parties, and Committees	\$5,000 or below: Senior Director - State Government Affairs; Over \$5,000: 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	\$5,000 or above: Senior Vice President – Corporate Citizenship after consultation with the 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 Governmental Affairs
Power Long Island PAC Solicitation of Voluntary Contributions from Employees	Senior Director - State Governmental Affairs

**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.