

**PSEG CORPORATE GOVERNANCE PRINCIPLES**  
**AMENDED AND RESTATED AS OF NOVEMBER 20, 2018**

The Corporate Governance Principles (“Principles”) of Public Service Enterprise Group Incorporated (“Company” or “PSEG”) provide guidelines for Directors and management to effectively pursue and support PSEG’s business objectives as a diversified energy services company. These Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board of Directors (“Board”). These Principles and the charters of each Committee of the Board are included on the Company’s website and will be made available in print upon a request sent to the Corporate Secretary of the Company.

**BOARD STRUCTURE AND REQUIREMENTS**

**Role and Function of the Board of Directors**

PSEG’s business and affairs are managed by or under the direction of the Board of Directors, which delegates certain responsibilities to its committees and to management consistent with the By-Laws of the Company.

The Directors of PSEG are elected by the stockholders to provide direction and oversight to the conduct of PSEG’s business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Evaluates Board and Committee processes and performance, and selects nominees for election to the Board; and
- Selects and evaluates performance of, and approves succession plan for, the Chief Executive Officer (“CEO”) and other senior executives.

These activities are generally performed in cooperation with the Company’s CEO, who is a member of the Board. The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

**Chairman of the Board and President**

The By-Laws of the Company provide that the Chairman of the Board and the President are members of the Board, and that either the Chairman or the President shall be the CEO, as designated by the Board. The By-Laws also permit one person to hold both the Office of Chairman of the Board and President, as determined by the Board.

## **Lead Director**

The non-management Directors will annually designate, from among the non-management Directors willing to serve in the position, an independent Director to serve as Lead Director. Although annually designated, it is expected that the Lead Director will typically serve in that capacity for four years coterminous with the terms of Committee Chairs; provided that a Lead Director may serve in that position for an additional twelve consecutive months if approved by a majority vote of the non-management Directors.

The Lead Director has the following duties and responsibilities:

1. Presides at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent Directors;
2. Serves as principal liaison on Board-wide issues between the Chairman of the Board and the independent Directors;
3. Calls meetings of the independent Directors, as may be necessary or desirable;
4. Consults with the Chairman of the Board on Board Agendas;
5. Reviews information sent to the Board and consults with the Chairman of the Board on the quality and timeliness of information provided to the Directors;
6. Serves on the Executive Committee; and
7. Receives from the Corporate Secretary communications to, or for consideration by, the independent Directors.

## **Board Membership Criteria and Diversity**

The Corporate Governance Committee, on behalf of the Board, seeks nominees for Director on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. The Committee considers diversity in its selection of nominees utilizing a broad meaning to include not only factors such as ethnicity and gender, but also background, experience, leadership positions, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals.

The Committee also considers the amount of time that a person will likely have to devote to his or her duties as a Director, including non-PSEG responsibilities as an executive officer, board member or trustee of businesses and charitable institutions, and the contribution by Directors to the ongoing business of PSEG.

The Committee considers and assesses the effectiveness of this policy in connection with its annual nomination process to assure that the Board contains an effective mix of people to best further PSEG's long-term business interests.

## **Nomination and Election as a Director**

Under the Company's By-Laws and in accordance with New Jersey law, a Director's term extends until his or her successor is duly elected and qualified, or until he or she resigns or is removed from office. Thus, an incumbent Director who fails to receive the required vote for re-election would continue serving as a Director (sometimes referred to as a "holdover" Director).

In order to address the situation where an incumbent member of the Company's Board of Directors receives more votes "against" his or her re-election than votes "for" his or her re-election in an uncontested election of Directors, the Board has adopted a policy whereby such incumbent Director receiving a majority vote against must promptly tender an offer of his or her resignation following certification of the shareholder vote. As a result, in uncontested elections, the Board will nominate for election or re-election as a Director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted "for" that Director does not exceed the number of shares voted "against" that Director. If an incumbent Director fails to receive the required "majority" vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Committee.

No Director who fails to receive a "majority" vote in an uncontested election shall participate in either the recommendation of the Committee or the determination of the Board with respect to his or her resignation letter or that of any other Director in regard to that year's Annual Meeting election. Any such Director may, however, participate in any and all other matters of the Board and its various Committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and these Corporate Governance Principles. If a majority of the Corporate Governance Committee fails to receive a "majority" vote, then the remaining independent Directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent Directors did not receive a majority vote in the same election, then all independent Directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no Director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they respectively deem relevant, including, but not limited to, the stated reason(s) for the "against" vote, the impact that the acceptance of the resignation would have upon the Company's compliance with applicable law or regulation, the potential triggering of any change in control or similar provisions in contracts, benefit plans or otherwise, and the qualifications of the Director and his or her past and anticipated future contributions to the Company.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to acceptance or rejection of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a "majority" vote.

Following the Board's determination, the Company will publicly disclose the decision and, if applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

### **Director Independence**

A majority of the Board shall consist of "Independent Directors" as determined by the Board. The Board adopts the New York Stock Exchange definition of "independent Director" as one who has no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In determining independence, the Board shall consider relationships with Directors, including levels of business, charitable and familial relationships with entities affiliated with Directors, and applicable regulatory requirements, to assure such relationships are consistent with an independent relationship. The Board has adopted the standards in Appendix A to assist it in determining Director independence. Any additional requirements to serve on any Board Committee shall be stated in that Committee's Charter.

### **Director Stock Ownership and Transactions**

All Directors are required to own a number of shares of PSEG common stock (including any restricted stock, whether or not vested, any stock units under the 2007 Equity Compensation Plan for Outside Directors, and any phantom stock units under the Directors' Deferred Compensation Plan) equal to five times the annual cash retainer within five years after their election to the Board or when new guidelines are implemented. Directors are required to report transactions involving PSEG securities to the Corporate Secretary. The Company assists Directors and executive officers in the preparation and filing of Section 16 reports. Directors are required to comply with the Company's Insider Trading Policy.

### **Limits on Other Board Memberships**

Prior to accepting an invitation to serve as a director of a public company, the CEO and any Director shall submit a letter to the Corporate Governance Committee so as to allow the Committee to review potential conflicts and time demands of the new directorship.

The CEO will not simultaneously serve as a Director of four or more public companies, including PSEG.

Without Board approval, a Director may not serve as a member of the Audit Committee of PSEG if he or she serves on the audit committee of four or more public companies including PSEG. If such membership will result in the Director serving on the audit committee of four or more public companies, the Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on PSEG's Audit Committee and must disclose such determination either on the PSEG website or in its annual proxy statement.

### **Term Limits and Refreshment**

The Corporate Governance Committee does not believe it is appropriate to set absolute limits on the length of a Director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Corporate Governance Committee believes the appropriate mix of varied levels of tenure and experience can help mitigate risk. The Board is also refreshed through rotation of Committee memberships and Chairs.

### **Standards of Conduct and Conflicts of Interest**

The general guidelines for business conduct are described in the Company's Standards of Conduct, which are included on the Company's website and may be made available in print upon a request sent to the Corporate Secretary of the Company. The Board endorses the Standards of Conduct and operates in accordance therewith. As described in the Standards of Conduct, at PSEG we avoid real or perceived conflicts of interest and promptly disclose any real or perceived conflicts. A "conflict of interest" occurs when an individual's private interest interferes with the interests of the Company as a whole. A conflict of interest can arise if a Director takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when a Director, or a member of his or her family, receives improper personal benefits as a result of such Director's position at the Company.

If a Board member, or a member of his or her immediate family, as defined in Appendix A, encounters a possible conflict of interest or proposes to accept a position with an entity that may present a conflict of interest, the Board member will disclose the situation fully, promptly and accurately to the Chair of the Corporate Governance Committee, so that the issue can be considered by the Corporate Governance Committee in consultation with the General Counsel. Following its review, the Corporate Governance Committee will make such provisions as are necessary to address any conflict or the appearance thereof. Directors are expected to bring questions about particular circumstances that may pose a conflict of interest or that may implicate a provision of the Standards of Conduct to the attention of the Chair of the Corporate Governance Committee, who may consult with the General Counsel. Potential conflicts of interest to be reported by Directors include, but are not limited to, positions Directors and their immediate family members hold as directors, officers, or employees of other companies with which the Company does business or proposes to do business and charitable and other tax-exempt organizations to which the Company makes contributions or proposes to make contributions.

The Company will not make loans to any of its Directors or executive officers. Directors and members of their immediate families may not accept gifts or gratuities from entities or persons who deal with the Company where acceptance of such items could create the appearance of a conflict of interest or where such items are given in order to influence a Director's actions in relation to the Company. Directors shall not use Company information, assets or labor for personal use unless approved by the Chairman of the Board, Chief Executive Officer or Chief Compliance Officer as part of a compensation or expense reimbursement program available to all Directors. Directors are forbidden from: (a) taking for themselves opportunities related to the Company's business; (b) using the Company's information, assets or position for personal gain; or (c) competing with the Company for business opportunities, provided, however, that if the Company's disinterested Directors determine that the Company will not pursue an opportunity that relates to the Company's business, a Director may do so.

### **Confidential Information**

Directors are entrusted with confidential and proprietary information that is not generally known to the public and that can provide a business advantage to others. Directors must comply with laws protecting sensitive information from unlawful disclosure and maintain the confidentiality of information given to them as directors except when disclosure is authorized or legally mandated. Directors must not disclose sensitive information to others, including employees of the Company, who do not have a business need to know the information.

### **Director Terms of Service**

The Board seeks to maintain an orderly transition for phased termination of service and proper refreshment. Directors who have never been employees of the PSEG group of companies may not serve as Directors beyond the Annual Meeting of Stockholders occurring in the calendar year following the occasion of their 75<sup>th</sup> birthday. Directors who are former chief executive officers of PSEG may not serve as Directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-fifth birthday. Directors who are former employees, other than chief executive officers, may not serve as Directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies. In accordance with this policy, new nominees are expected to be able to serve for at least five years.

### **Change in Status**

Any Director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board shall submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a Director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the Director joined the Board should necessarily leave the Board. The Corporate Governance Committee shall review the relevant details of such Director's new position and determine the continued appropriateness of Board membership under the circumstances.

## **BOARD OPERATIONS**

### **Director Orientation and Continuing Education**

New Directors receive an orientation packet produced and maintained by the Office of the Corporate Secretary. An orientation program is provided to new Directors, which includes visits to corporate facilities and presentations by senior management to familiarize new Directors with the Company's strategic plans, operations, significant financial, accounting and risk management issues, regulatory strategy, governance practices, compliance programs, Standards of Conduct, principal officers and internal and independent auditors. Each year, the Board is briefed and continuing education is provided to all directors on corporate governance trends and best practices and topics of importance to the Company's business. The Board is also provided with presentations and materials from consultants and experts. Directors are encouraged to take advantage of other relevant educational programs.

### **Board and Committee Performance**

The Board believes that a robust and constructive evaluation process is an important component of good corporate governance. The Board and each committee conduct an annual assessment process to evaluate the effectiveness of their processes and practices, including Board and committee performance, Board composition and culture, Board meetings and risk management. Among the items considered are the monitoring and oversight of policies, evaluation of the CEO and senior officers, consideration of shareholder value, understanding of the business, access to information and resources and opportunity to inquire or challenge, management.

### **Board Compensation**

Director compensation shall be reviewed periodically by the Corporate Governance Committee, which shall make recommendations to the Board for changes. The Board may periodically modify compensation of Board members, Committee Chairs and the Lead Director as appropriate. It is the Board's intention to provide compensation to non-management Directors that is comparable to Director compensation among our peer companies, in order to be able to attract and retain high quality Board members. This compensation is expected to include a retainer, and may include PSEG common stock, meeting fees, restricted stock compensation and reimbursement for expenses for attending Board and Committee meetings and related functions. Directors who are compensated as officers or employees shall not receive any additional compensation for Board membership. In accordance with PSEG's Certificate of Incorporation, the Company shall provide indemnity and reimbursement of expenses to the full extent permitted by law. PSEG provides Directors and officers' insurance to cover responsibilities of Directors and officers.

### **Business and Financial Review**

The Board annually reviews the Five-Year Business Plans of the Company and its principal operating companies. The Board is responsible for risk management oversight and annually reviews its Financial Risk Management Practice, which includes policies for risk management,

issuance and retirement of debt, cash investments and capital investment. Throughout the year, the Board monitors management's performance against the business plan, and the Financial Risk Management Practice.

### **Board and Committee Meeting Frequency**

The Board is scheduled to meet at least six times per year. At least one meeting each year will be devoted to focusing on the Company's long-term strategy and addressing emerging issues. During the months when the Board does not hold regularly scheduled meetings, the CEO provides the members of the Board with a summary of current financial and operating results of the Company.

### **Executive Sessions**

The Board meets in executive session without management in attendance at every meeting unless waived by the Board. In addition, the independent Directors will meet in executive session at least once a year with only independent Directors present (if there are any non-management Directors who are not independent). The non-management Directors or the independent Directors, as appropriate, will meet in executive session 1) when the Board evaluates the performance of the CEO, 2) when it determines the compensation of the CEO, and 3) at any other time that such Directors desire to meet in executive session. The Lead Director shall preside at all executive sessions of the Board and shall report the results of such sessions to the Chairman of the Board as directed by the Directors participating in such sessions.

### **Board and Committee Agendas and Meeting Preparation**

At the end of each year, the Board and each Committee establishes a schedule of agenda items to be discussed at each of their meetings during the next year (to the degree these can be foreseen). The schedules, which are furnished to all Board members, cover a variety of financial, business and governance matters, and are periodically reviewed and modified by the Board and the Committees, with management's input, as necessary to timely reflect changes in the Company's strategic, operating, economic, business, legal, regulatory, compliance and governance environments and objectives. The schedule of agenda items serves as the basis for establishing the preliminary agenda for each meeting. The Chairman of the Board establishes the preliminary agenda for each meeting of the Board in consultation with the Lead Director and appropriate members of management. Preliminary Committee agendas are discussed with the respective Committee Chairs. The members of the Board and its Committees receive these preliminary agendas and associated materials in advance of the Board and Committee meetings and are requested to provide any additional agenda items. Members of the Board and its Committees are expected to review advance copies of any materials provided prior to each meeting. The Lead Director regularly advises the Chairman of the Board as to the quality and timeliness of information provided to directors.



## **Meeting Attendance**

Each Director is expected to attend all Board meetings and all meetings of Committees of which the Director is a member. The Board recognizes that, on occasion, meetings will need to be scheduled on short notice and conflicts in schedules will arise that preclude Director attendance. However, the Board expects each Director will make every effort to keep absences to a minimum. The Board encourages personal attendance and discourages attendance telephonically, unless required by special circumstances. Unless a meeting is specifically designated as “telephonic”, the Chair should be physically present at the meeting. The Office of the Corporate Secretary records Director attendance for all Board and Committee meetings and provides a periodic written report to each Director that contains the Director’s year-to-date attendance record. Each Director is also expected to attend the Annual Meeting of Stockholders.

## **Management Attendance at Board Meetings**

The Chairman of the Board may invite members of senior management to attend Board or Committee meetings or portions thereof for purposes of reporting and/or participating in discussions.

## **Communication with Non-Management Directors**

Shareholders and other interested parties may communicate directly with the Board, including the non-management Directors of PSEG, by writing to the Corporate Secretary of PSEG and indicating who should receive the communication. Unless the context otherwise requires, the Corporate Secretary will provide the communication to the Lead Director and to the Chair of the Board Committee most closely associated with the matter. The Corporate Secretary will forward communications raising substantial issues, but has discretion to exclude from transmittal communications that are commercial advertisements, other forms of solicitation or individual service or billing complaints (although all communications are available to the Directors upon request). Shareholder recommendations of nominees for Director will be forwarded to the Chair of the Corporate Governance Committee before the Corporate Governance Committee meets to consider nominees for Director.

Directors are expected at all times to take special care in any communication concerning the Company and the Board. In light of the needs for the Company and the Board to provide coordinated communications as well as confidentiality requirements and laws prohibiting insider trading, tipping and selective disclosure, the Chairman of the Board or Lead Director may request that the Company’s EVP & General Counsel or his or her designee be present for any such meeting or communication.

## **Corporate Spokesperson**

The Board believes that management should speak for the Company. Individual Directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members will do this with the knowledge of

management, and in most cases, at the request of management. Board members shall refer any requests for public comment to the CEO.

### **COMMITTEES**

The Board currently has the following six standing Committees: Audit, Corporate Governance, Finance, Fossil Generation Operations Oversight, Nuclear Generation Operations Oversight, and Organization and Compensation. The duties of each Committee shall be specified in the Committee's Board-approved Charter. In its discretion, the Board may create new Committees, either permanent or temporary, disband any existing Committee, or amend the Charter of any Committee, subject to limitations imposed by any applicable law, regulation or listing standard. The Audit, Corporate Governance and Organization and Compensation Committees, and such other committees as the Board may determine, are comprised solely of independent Directors who are appointed annually from among the independent Directors willing to serve on such Committee. The members of the Audit and Organization and Compensation Committee must meet certain requirements in addition to those listed on Appendix A to these Principles to be considered independent for Committee purposes, which are further specified in each Committee's Charter.

Each Committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent Directors.

In addition to the six standing Committees of the Board, there is an Executive Committee of the Board consisting of the Chairman of the Board, the Lead Director and at least one additional independent Director which may exercise all the authority of the Board when the Board is not in session. The Executive Committee meets only if it is impracticable to convene the full Board.

## APPENDIX A

### DIRECTOR INDEPENDENCE STANDARDS

The Board employs the categorical independence standards listed below to assist it in making determinations of independence. An Independent Director shall have no material relationship with PSEG and its subsidiaries, as determined by the Board, including the following:

1. The Independent Director shall not be, or within the last three years have been, an employee of PSEG or any of its subsidiaries.
2. No member of the Independent Director's immediate family<sup>1</sup> shall be, or within the last three years have been, an executive officer of PSEG or its subsidiaries.
3. The Independent Director or member of the Independent Director's immediate family shall not receive more than \$50,000 per year in direct compensation from PSEG, other than Director and Committee fees and other compensation provided to Directors generally.
4. The Independent Director or member of the Independent Director's immediate family shall not be, or within the last three years have been, affiliated with or employed by the independent or internal auditor for PSEG and its subsidiaries.
5. The Independent Director or immediate family member of the Director shall not be, or within the last three years have been, employed by another company where any of PSEG or its subsidiaries' executive officers serves on the compensation committee of such other company.
6. The Independent Director shall not be an employee, and an immediate family member shall not be an executive officer, of a company that makes payments to or receives payments from PSEG and its subsidiaries, in an amount which, in any single fiscal year within the last three fiscal years, is more than \$1 million, or 2% of such other company's consolidated gross revenues, whichever is greater.
7. The Independent Director shall not be an executive officer of a charity if contributions by PSEG and its subsidiaries exceed \$1 million, or 2% of the charity's consolidated gross revenues, whichever is greater.
8. The Board will annually review other commercial relationships of Directors and determine whether any of those relationships are material relationships that impair a Director's independence, even though those relationships would not be regarded as material relationships that affect independence under the standards provided in 1 through 6 above. In making this determination, a Director's position as a Director or less than 5% equity holder of another company with which the Company does business will not be considered a material relationship that impairs the Director's independence if the aggregate of payments made by the Company to that other company, or received by the Company from that other company, in its most recent fiscal year, were less than the greater of \$1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a Director's independence if and to the extent that the transaction involves A) the sale of electricity or gas or related products or services in the ordinary course of business, B) the

purchase of goods or services at rates or charges that are determined by competitive bidding or are set with reference to prevailing prices set by a well-established commodity market, C) the purchase of services of a common carrier or commercial banking services or participation as an underwriter or placement agent in an offering of debt or equity securities in the ordinary course of business of the Company, D) the collection or remittance of funds as billing or collection agent for competitive suppliers or service providers or similar collections and remittances, or E) the purchase of goods or services at rates or charges that are fixed in conformity with law or governmental authority. In addition, a purchase of electricity or gas or related products or services from the Company, by a Director or a Director's immediate family member, in the ordinary course of business of the Company, will not be considered a material relationship that impairs the Director's independence. Notwithstanding the foregoing, the Board will not treat a Director's relationship with the Company as categorically immaterial if the relationship is required to be disclosed by the Company pursuant to Item 404 of Regulation S-K.

9. The Board will annually review other relationships Directors have with charitable and other tax-exempt organizations and determine whether any of those relationships are material relationships that impair a Director's independence, even though those relationships would not be regarded as material relationships that affect independence under the standard provided in item 7 above. In making this determination, a Director's relationship with a charity or other tax-exempt organization to which the Company makes contributions will not be considered a material relationship that impairs the Director's independence if the aggregate contributions made by the Company to that organization in its most recent fiscal year were less than the greater of \$1 million or 5% of that organization's consolidated gross revenue in that year. For purposes of this rule, payments made by the Company to a charitable or other tax-exempt organization under matching gifts programs or payments for services or rental or use of facilities will not be considered "contributions."
10. If a Director has a business or other relationship that does not fit within the rules stated above regarding Director independence, the Board may determine that the Director is independent after considering all relevant facts and circumstances.

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<sup>1</sup> The immediate family of a Director includes the Director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than tenants or employees) who shares the Director's home.