



# POLITICAL ACTIVITIES AND CONTRIBUTIONS POLICY

## PURPOSE AND SCOPE

The purpose of this Policy is to:

- ensure compliance with legal requirements pertaining to political activities;
- ensure consistent messaging to Government Officials;
- outline how Personnel may be involved in TransCanada's political activities; and
- outline criteria for TransCanada's Political Contributions.

This Policy applies to all TransCanada Personnel as well as members of the TransCanada Board of Directors.

## DEFINITIONS

**Consultant Lobbyists** means individuals hired by TransCanada, due to their expertise and experience in certain matters, to communicate on behalf of the Company or to arrange meetings with Government Officials. Consultant Lobbyists may include Contract Workers, Independent Contractors, or Independent Consultants, as defined in the Contingent Workforce Policy.

**Good Faith Reporting** means an open, honest, fair and reasonable report without malice or ulterior motive.

**Government Official** means any appointed, elected, or honorary official or employee of a government, government-owned or controlled company. This definition encompasses officials in all branches and at all levels of government: federal, state/provincial or local. This definition also includes political parties and party officials and candidates for political office. A person does not cease to be a Government Official by claiming to act in a private capacity or by the fact that he/she serves without compensation.

Examples of Government officials relevant to TransCanada's business are:

- government ministers and their staff;



- elected officials, appointees or employees of government departments;
- employees of regulatory agencies;
- judges, judicial officials and judicial staff; and
- employees of state-owned oil companies, or other government-owned or controlled corporations.

**Industry Association** means an organization that is founded and funded by mutually benefitting members (sector or issue specific).

**In-house Lobbyists** means TransCanada employees who communicate on behalf of the Company with Government Officials or arrange meetings with Government Officials.

**Lobbying** means a communication with the government made in an attempt to influence certain types of government decisions including:

- the development of a legislative proposal;
- introduction, passage or defeat of a bill or resolution;
- development, enactment or amendment of any regulation or order in council or similar requirement;
- development, establishment, amendment or termination of any program, policy, directive or guideline; and/or
- awarding of a grant or financial benefit.

**Personnel** means all full-time, temporary, and part-time employees, contingent workforce contractors (CWC) and independent consultants, including executive officers.

**Political Association** means an association of members of a Political Party in a region or riding, or as otherwise may be defined under Federal, State or Provincial law.

**Political Committee** means any committee or group of persons that receives contributions or makes expenditures in excess of certain thresholds to support the election or appointment of any candidate to public office.

**Political Contributions** means monetary, in-kind or non-monetary contributions, whether directly or indirectly, of goods or services to Political Organizations or candidates for public office. For example, the purchase of tickets to a Political Party



event (monetary) or Personnel volunteering time outside of business hours (in-kind and/or non-monetary).

**Political Organizations** means Political Committee, Political Party and Political Association, collectively.

**Political Party** means a registered Political Party under federal, state or provincial law, as applicable.

**TransCanada or the Company** means TransCanada Corporation and its wholly-owned subsidiaries and operated entities.

**TransCanada USA PAC** means the TransCanada USA Services Inc. Political Action Committee.

## POLICY

### General

In accordance with TransCanada's Code of Business Ethics Policy, TransCanada is non-partisan and only participates in the political process when permitted by applicable law, in accordance with Company policies, and in a responsible and ethical way that serves the best interests of the Company and its stakeholders.

TransCanada recognizes the right of Personnel to be involved in the political activities of their choice, but Personnel:

- must not endorse or appear to endorse Political Organizations or individuals who hold or are candidates for public office, engage in Lobbying activities, or make Political Contributions on TransCanada's behalf without prior authorization;
- must make it clear that Political Contributions or interactions with Government Officials in their personal capacity are done on their own account and not on behalf of TransCanada;
- cannot use Company time or resources for personal political activities;
- must notify their leader if they decide to run as a candidate for public office; and
- must notify their leader if they apply or are appointed to a federal, state, provincial, or local government administrative board, commission, or tribunal.



In accordance with the TransCanada Code of Business Ethics, Personnel may not serve in a political office or on a government administrative board, commission or tribunal if that office, board, commission or tribunal may have any decision-making authority related to any aspect of TransCanada's business. In cases where a political office, board, commission or tribunal is not in conflict with TransCanada's business, Personnel must obtain approval from the Corporate Secretarial group in consultation with the Government Relations department and their leader prior to accepting a position.

### **Government Lobbying**

All TransCanada Lobbying activities with Government Officials must be planned, coordinated, and pre-approved by the Government Relations department.

All Personnel are required to:

- obtain approval from the Government Relations department before Lobbying Government Officials;
- contact [Lobbying Filing](#) within 30 days of communication if they or someone they know have engaged in Lobbying activities, or are uncertain whether a communication needs to be reported; and
- report any violations or concerns related to this Policy.

TransCanada has In-house Lobbyists and Consultant Lobbyists.

- In-house Lobbyists must report their Lobbying activities internally to facilitate TransCanada's Lobbying registrations and meet reporting requirements.
- Company retention of Consultant Lobbyists must be pre-approved by the Government Relations department. Consultant Lobbyists are responsible for complying with all applicable registration, reporting, and legal requirements.

All Personnel who may Lobby Government Officials on behalf of TransCanada must familiarize themselves with the requirements of the jurisdictions in which they will be engaging in Lobbying activities.

### **Avoiding Bribery and Corruption**

In accordance with the Avoiding Bribery and Corruption Policy and the Gifts, Meals, Entertainment and Travel for Government Officials Standard, TransCanada prohibits the payment of bribes and kickbacks, or provision of gifts, entertainment or something of value, in order to improperly influence a Government Official's decisions



or actions in the performance of their duties. Personnel are prohibited from offering, paying, promising, or authorizing a compensation, payment or benefit to any Government Officials.

### **Company Political Contributions**

All TransCanada Political Contributions must be centrally managed and made in accordance with all applicable laws and the following requirements. These requirements do not apply to Political Contributions that Personnel may make in their personal capacity.

- In Canada and the United States Political Contributions must be approved by the Senior Vice-President responsible for Public Affairs and Communications.

In accordance with applicable legislation, the Company cannot make Political Contributions in Mexico.

All Company Political Contributions must meet the following criteria:

- the regions/ridings must be located in areas where TransCanada conducts business and has interests or that could have a direct bearing on Company issues; and
- Political Organizations must have consistent values with TransCanada and follow responsible governance.

### **Rules Governing Political Contributions in the U.S.**

In accordance with legislation, the Company has established an independent, non-partisan, voluntary fund known as the TransCanada USA PAC supported by eligible Personnel who choose to make Political Contributions to support the candidacy of candidates who share TransCanada's values and public policy objectives.

See Appendix A for background information on the PAC and Appendix B for details regarding the PAC governance.

Personnel who are U.S. citizens or U.S. permanent residents may make voluntary Political Contributions using personal, non-corporate funds to the TransCanada USA PAC. Personnel who are not U.S. citizens or permanent residents cannot donate to the TransCanada USA PAC, and cannot direct to whom PAC contributions will be made.



## Industry Associations

TransCanada pays regular dues as a member of several Industry Associations that may engage in Lobbying activities and may utilize a portion of membership dues for Political Contributions. All corporate membership payments to Industry Associations must be approved and tracked by Government Relations. This requirement does not apply to the Industry Association memberships of individual Personnel.

## COMPLIANCE

Personnel must comply with all aspects of this document and support others in doing so. Personnel are responsible for promptly reporting suspected or actual violation of this document, applicable law, or any other concern, through available channels so that it can be appropriately investigated, addressed and handled. Personnel who fail to comply, or knowingly permit Personnel under their supervision to not comply, may be subject to appropriate corrective disciplinary action in accordance with the company's policies and process. Please refer to the TransCanada Corporate Policies website for more information.

## NON-RETALIATION

We support and encourage Personnel to report suspected incidents of non-compliance with applicable laws, regulations, and authorizations, as well as hazards, potential hazards, incidents involving health and safety or the environment, and near hits. We take every report seriously, investigate each report to identify facts, and effect improvements to our practices and procedures when warranted. All Personnel making reports in good faith will be protected. Good Faith Reporting is intended to remove protection for Personnel making intentionally false or malicious reports, or who seek to exempt their own negligence or willful misconduct by the act of making a report. We ensure immunity from disciplinary action or retaliation for Personnel for the Good Faith Reporting of such concerns. Reports can be made to management, a compliance coordinator, or anonymously to the ethics helpline.

## REFERENCES AND LINKS

- Appendix A: TransCanada USA PAC Background Information
- Appendix B: TransCanada USA PAC Governance
- [Policy Questions and Comments](#)
- Code of Business Ethics Policy



- Avoiding Bribery and Corruption Policy
- Public Disclosure Policy
- Stakeholder Engagement Commitment Statement
- Government Relations Department



## APPENDIX A: TRANSCANADA USA PAC BACKGROUND INFORMATION

### Background

The operation of the TransCanada USA PAC, like all corporate-sponsored U.S. political action committees, is subject to the restrictions and requirements of the *Federal Election Campaign Act* of 1971 as amended (FECA), and the rules and regulations of the Federal Election Commission (FEC) which administers the statute. The TransCanada USA PAC is also subject to the laws and regulations of any state in which they make contributions in connection with state or local elections.

Because TransCanada USA Services Inc. is a U.S. subsidiary of TransCanada Corporation, a Canadian-based company, the TransCanada USA PAC is subject to certain special restrictions and requirements applicable to U.S. subsidiaries of non-U.S. companies. Under the FECA, "foreign nationals" are prohibited from making political contributions in connection with any federal, state or local elections in the United States. The term "foreign national" is defined by the statute to include:

1. any entity organized under the laws of any country other than the United States or having its principal place of business outside the United States; and
2. any person who is not a citizen of the United States or who has not been lawfully admitted for permanent residence in the United States.

The FEC permits U.S. subsidiaries of non-U.S. companies to sponsor, and pay for the administrative costs of, employee-funded political action committees which make political contributions in connection with a federal, state or local elections only so long as:

1. the non-U.S. parent company or a non-U.S. affiliate does not provide funding for the political action committee's establishment, administration or fund-raising costs;
2. no foreign national participates in the operation or administration of the political action committee or in any decisions to make political action committee contributions; and





3. the political action committee exclusively uses for its political contributions funds donated by individuals who are not foreign nationals.

The FEC permits the boards of directors of U.S. subsidiaries of non-U.S. companies, with any board members (regardless of their citizenship or residency status) participating, to make the decision to establish a political action committee and to establish a special committee, whose membership is limited to U.S. citizens or permanent U.S. residents, to make decisions regarding the administration of the political action committee. The FEC also permits the U.S. subsidiary board, with any board members participating, to set a specific budget level for the administrative costs of the political action committee. All other decisions concerning the administration of the political action committee must be made by people who are U.S. citizens or permanent U.S. residents.

## Standards

The following is an overview of some of the key legal requirements and restrictions applicable to the TransCanada USA PAC:

1. All personnel involved in the administration of the TransCanada USA PAC shall familiarize themselves with the laws and regulations applicable to its operation. They shall administer the TransCanada USA PAC in full compliance with these laws and regulations.
2. Only persons who are U.S. citizens or permanent U.S. residents may participate in TransCanada USA PAC activities, the administration of the TransCanada USA PAC, or decisions relating to its solicitation of donations or the making of political contributions.
3. Subject to FEC regulations, TransCanada USA may pay from its own corporate funds the costs of administering the TransCanada USA PAC; however, the TransCanada USA PAC may use only personal, non-corporate funds donated by individuals to make political contributions.
4. As a general rule, the TransCanada USA PAC may solicit at any time donations from individuals within the "restricted class" of TransCanada USA and its affiliated entities as the term is defined by the FEC. The "restricted class" includes executive and administrative personnel, stockholders and the families of those groups. The "restricted class" does not include employees who are also members of labor organizations. Employees outside the "restricted class"



may be solicited only subject to the FEC's special requirements for such solicitations.

5. Donations to the TransCanada USA PAC may only be accepted from persons who are U.S. citizens or permanent U.S. residents.
6. Decisions by individuals to donate their personal funds to the TransCanada USA PAC must be voluntary. Persons solicited have a right to decline to make donations without reprisal. All solicitations for donations must be conducted pursuant to the regulations of the FEC relating to such solicitations.
7. All TransCanada USA PAC funds must be handled and accounted for in accordance with FEC requirements. Records must be kept as required by the FEC's regulations.
8. Political contributions made with TransCanada USA PAC funds must be in amounts permitted by applicable federal or state law.
9. The TransCanada USA PAC may make political contributions in connection with state or local elections only in those states which allow such contributions.
10. The TransCanada USA PAC must timely file any and all registrations and disclosure reports which may be required by the FEC and by any states in which state or local contributions are made.



## APPENDIX B: TRANSCANADA USA PAC GOVERNANCE

The Board of Directors of TransCanada USA Services Inc. shall delegate to a special committee of its members, with the committee comprised exclusively of U.S. citizens or permanent U.S. residents, the ability to:

- select persons to serve as members of a TransCanada USA PAC Board; and
- designate the officers of the TransCanada USA PAC.

All members of the TransCanada USA PAC Board and all officers of the TransCanada USA PAC will serve at the will of the TransCanada USA Board's special committee and may be removed at any time by the special committee. Those persons selected for the TransCanada USA PAC Board and the TransCanada USA PAC officer positions shall be either U.S. citizens or permanent U.S. residents.

The TransCanada USA PAC Board shall manage the affairs of the TransCanada USA PAC. The TransCanada USA PAC Board's authority shall include, but not be limited to, the making of decisions on solicitations of donations from employees and on the amounts and recipients of Political Contributions to be made using these donated funds.

The TransCanada USA PAC officers shall include the following officers:

- a Chairman;
- a Vice Chairman;
- a Secretary;
- a Treasurer;
- and Assistant Treasurer; and
- such other officers or assistant officers as may be appointed by the TransCanada USA Board's special committee.

The Chairman shall be a member of the TransCanada USA PAC Board and will preside at its meetings. The Treasurer shall be responsible for the handling of funds and the making of disclosure filings required by federal or state law. In the event of a vacancy in the office of Chairman, the Vice Chairman will automatically and immediately succeed to the Chairman's position. In the event of a vacancy in the office of



treasurer, the Assistant Treasurer will automatically and immediately succeed to the Treasurer's position.