

April 27, 2021

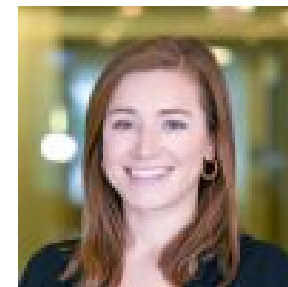


Public Affairs
Council

Developing an Evaluation Framework for Your PAC



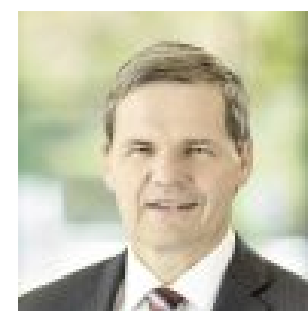
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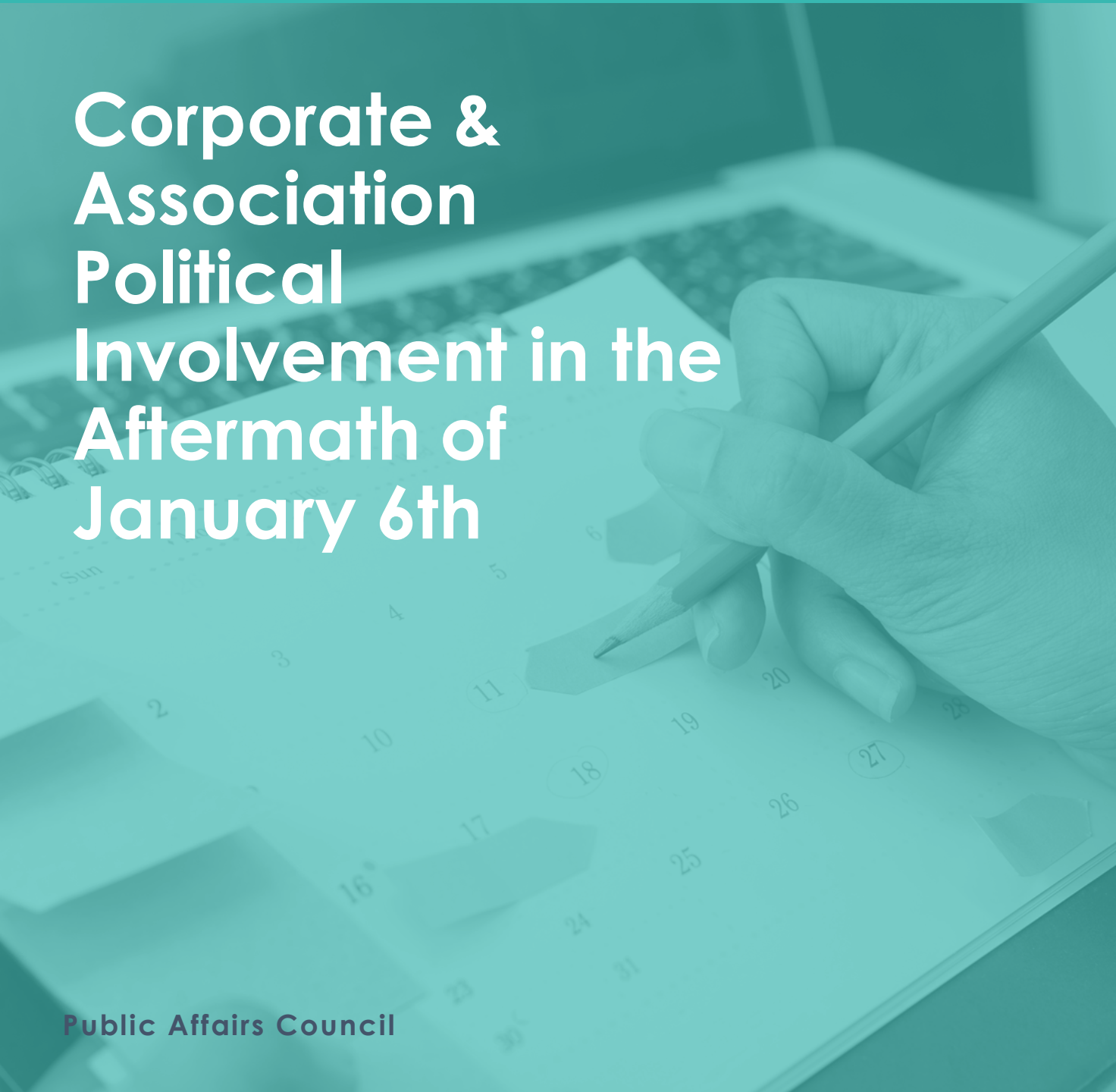


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A teal-tinted background image showing a hand holding a pencil, writing on a calendar. The calendar has dates like 11, 18, 20, 27, 25, 26, 24, 31, 23, 16, 10, 3, 2, and 1. The word 'Sun' is also visible. The overall image has a professional, business-like feel.

Corporate & Association Political Involvement in the Aftermath of January 6th

- **Reassess**
- **Revise**
- **Reengage**
- **Communicate**

Reassess Your Process

A well-developed, strategic and thoughtful candidate evaluation process is critical to:

- Increase buy-in
- Improve transparency
- Build trust
- Demonstrate responsiveness when controversy strikes

Review this process before each election cycle or on an as-needed basis.

Step 1

Review your company's core values, beliefs and commitments.

- Review your sustainability, corporate responsibility pledges, guiding principles on DEI, business values and other statements on your corporate purpose
- Determine which statements and pledges are sacred and non-negotiable
- Review and/or revise contribution criteria to include values-based language such as character, integrity and respect to avoid contributions to candidates with a history of defamatory statements, discrimination or acting unethically
- Publish your PAC criteria along with an explanation of your assessment process
- Invite feedback on your process and decisions

Step 2

Increase diversity and ensure representation on your PAC board

- Board members should include individuals from different age groups, races, genders, different political views, representing management and non-management employees, and covering other parameters to ensure the PAC board is reflective of your company, membership or community.
- Consider creating an expanded advisory committee providing greater representation and providing information on how employees can give feedback to the PAC board and government affairs team

Step 3

Solicit feedback from employees, executives and ERGs

- Conduct a listening tour to hear from employees and communicate the PAC's purpose through and decision-making process through live conversations
- Conduct interviews with executive team members and survey employees
 - Start by stating why government affairs is essential to the business and the principles that guide your political involvement efforts
 - Ask for their views on American politics, awareness of the company's political activities, willingness to personally engage in public policy issues and more
- Use the results to fine-tune your criteria and develop communications
- Regularly engage with ERGs and other stakeholder groups

Step 4

Assess a candidate's potential to be controversial

- Often, but not always, it's possible to anticipate that a given candidate may be a lightning rod for controversy
- Do everything you can to assess this ahead of time so that if the PAC does support that individual, it is doing so with its eyes wide open
- If the PAC proceeds with supporting a controversial candidate, decide in advance how you will respond if employees or the public reacts negatively

PAC Evaluation Framework

Establish Key Criteria

Random Corp. Example:

- Views on issues of importance to Random Corp.
- Position on a committee of jurisdiction over policy issues of importance to Random Corp.
- Elected leadership position
- Members who represent system facilities and large employee bases
- Candidate exhibits a commitment to Random Corp. core values and principles

PAC Evaluation Framework		
Criteria		Points
Views on issues of importance to Random Corp.		
Metrics	Banking and commerce <ul style="list-style-type: none"> H.R. 123 	1.5
	Consumer protections	1.5
	Environmental sustainability	1.5
	Privacy <ul style="list-style-type: none"> S.B.1200 	1.5
	Tax	1.5
	Knowledge of the industry; relevant background / experience	1.5
	Previous support of industry / policy priorities; existing relationship	1.5
	Deferred Action for Childhood Arrivals (DACA)	1
	Support for increased minimum wage	1
Total Points Earned / Total Points Possible:		7 / 12.5
Position on a committee of jurisdiction over policy issues of importance to Random Corp.		
Metrics	House Ways and Means	1
	House Energy and Commerce	
	House Appropriations	
	House Education and Workforce	
	Senate Finance	
	Senate Health Education Labor and Pension	
	Senate Appropriations	
	Committee Chair	
	Ranking Member	
Total Points Earned / Total Points Possible:		1 / 2

Elected Leadership Position		
Metrics	Speaker of the House	1
	House Majority Leader	
	House Majority Whip	
	Assistant Speaker	
	House Democratic Caucus Chairman	
	House Minority Leader	
	House Minority Whip	
	House Republican Conference Chairman	
	House Republican Policy Committee Chair	
	Senate Majority Leader	
	Senate Majority Whip	
	Assistant Democratic Leader	
	Senate Minority Leader	
	Senate Minority Whip	
	Senate Republican Conference Chairman	
Total Points Earned / Total Points Possible:		0 / 1

Members who represent system facilities and large employee bases		
Metrics	California	1.5
	Illinois	
	Texas	
	Site visit / facility tour	
Total Points Earned / Total Points Possible:		0 / 3
Candidate exhibits a commitment to Random Corp. core values and principles		
Metrics	Behavior that earns employee and public trust prior to seeking elective office, during a campaign, or while holding office	1.5
	Commitment to upholding democratic values and civility, including support for democratic institutions	1.5
	Commitment to policies that support diverse and inclusive communities	1
	Support for election integrity and voting rights	1
	Commitment to equality and inclusion, including but not limited to: <ul style="list-style-type: none"> • Social justice • Racial and gender equality • Human rights • LGBTQ rights and community • Immigration • Women's economic empowerment • Military/veterans issues 	1.5
	Total Points Earned / Total Points Possible:	
		6.5 / 6.5
Total Score:		14.5 / 34

A low score for
values-based
criteria negates
high scores on
other criteria

- If a total score of 20 is possible in the values-based criteria section, perhaps scoring below 10 will be disqualifying
- Values or principles related to human rights or election integrity could require a mandatory score for a candidate to receive consideration at all – a “gateway” criteria

Some categories
of criteria are
weighted
differently than
others

- A company could award 2 points for alignment on issues of importance to the company, 2 points for values-based criteria and 1 point for other criteria such as a relevant committee assignment
- This approach accounts for criteria which are “easier” to meet, such as a committee assignment or representing a major employee base.

Create a point system based on a maximum total score and evaluate each candidate accordingly

- A range of scores will emerge that will likely capture most PAC beneficiaries
- The organization can then determine how far outside of this range it is willing to support on a case-by-case basis
- A “baseline” will emerge that can be applied to candidates and may trigger further discussion, etc.

Criteria related to values and integrity may be two separate categories

- For example, one category could focus on DEI (racial equality, LGBTQ rights) and the second category could focus on respect for democratic institutions (voting rights, peaceful transition of power)
- In the aftermath of Jan. 6, some may feel it is appropriate to make election integrity a stand-alone category for this (or future) election cycles and evaluate other values-based criteria separately

Framework Adaptation

Summary / Background



Pre-January 6

- 2020 - year of transformation
- Expanded and diversified PAC Board members
 - Senior most executives as PAC chairs
 - Senior leaders from each business & corporate center represented on Board
- Updated PAC Giving Criteria to add update “values” metric

Background

- As a response to the January 6 insurrection at the U.S. Capitol, our Firm paused all PAC contributions.
- PAC Board of Directors met in early February to On February 5, to discuss options to resume PAC giving.
- Board charged my team with the task of developing a framework to align PAC giving with firm’s values.

Objective

- Develop a more detailed and robust framework for PAC giving criteria that ensures all PAC contributions are aligned firm’s values and business goals.
- Framework must demonstrate an equitable evaluation to determine eligibility for PAC support using common contribution criteria.
- Every candidate is scored against the same criteria and in the same manner.

Process

- Solicited feedback from a subset of the PAC Directors
- Utilized the feedback to create a new evaluation framework, including giving criteria with descriptive metrics
 - Assigned points to each metric, according to importance to Firm to create a scoring system
- Pre-tested algorithm to ensure the scoring system is correctly calibrated



Proposed Evaluation Framework



Solution (See Attachment):

To successfully develop a process that provides fairness and transparency, which will help maintain trust and buy-in for contribution decisions, especially in controversial cases.

- Creates a process that will help to determine and prioritize which candidates the PAC will contribute to
- Framework allows for contributions to Member-sponsored PACs and other industry and State PACs
- Allows for PAC giving to be aligned to Firm values and business interests
- Provides a new cadence to evaluate PAC budget and provides a necessary filter
- Identifies parameters that may exclude or expand a candidate's opportunity to be considered for a contribution
- Allows for evolution of Firm's business interests and values
- Provides a consistent methodology that allows for every candidate to be scored against the same criteria in the same way

Proposed Giving Criteria



- If the candidate meets the first criteria, points are awarded based on that criteria and four additional, as follows:
 1. Alignment to Firm's core values and principles
 2. Views on business issues of importance to Firm
 3. Position on a committee with jurisdiction over policy issues of importance to Firm
 4. Leadership position
 5. Members who represent home offices and/or large employee bases

Sample Framework



PAC Evaluation Framework				
	Criteria	Score (up to 2 points)	Range	
Member demonstrates a strong commitment to Firm's core values and principles				
Metrics	Commitment to working on a bipartisan basis with Members on both sides of the political aisle		Up to 4 points	Value of specific importance and weighted higher
	Commitment to policies that support equity and policies that support diverse and inclusive communities*		2 points	
	Commitment to upholding democratic values and civility, including support for democratic institutions*		Up to 4 points	Value of specific importance and weighted higher
	Executes with integrity and character		2 points	
	Commitment to financial resiliency and solving the financial challenges of our customers, stakeholders & community		Up to 4 points	Value of specific importance and weighted higher
	Commitment to taking a proactive and productive role to leadership (Respect for Congress as institution)		2 points	
Views on business issues of importance to Firm				
Metrics	Retirement		2 points each	Issues important to Firm are weighted higher
	Climate Risks			
	Data Privacy			
	Tax			
	Infrastructure			
	Racial Equity - (Closing the Racial Wealth Gap, voting rights, etc.)			
	Financial Stability Oversight Council/Systemic Risk			
	Legislative Co-Sponsor of Bills of Importance (Specific)			
	Other issues of importance to Firm		1 point each <i>issue</i>	
	Knowledge of the industry, including relevant background or experience		1 point each	
	Previous support of industry and/or existing relationship			
	Other important factors to consider			

Sample Framework



PAC Evaluation Framework

	Criteria	Score (up to 2 points)	Range	
Position on a committee with jurisdiction over policy issues of importance to Firm				
Metrics	House Ways and Means		2 points	weighted higher
	House Financial Services		2 points	
	House Education and Labor		2 points	
	House Appropriations (FSSG Sub-Committee)		1 point each	
	House Agricultural (Commodities Sub-Committee)			
	House Energy and Commerce			
	House Transportation & Infrastructure			
	House Veterans Affairs			
	House Judiciary			
	Senate Finance		2 points	
	Senate Health Education Labor and Pension		2 points	
	Senate Banking		2 points	
	Senate Commerce, Science and Transportation		1 point each	
	Senate Veterans Affairs			
	Senate Agricultural (Commodities Sub-Committee)			
	Senate Judiciary			
	Senate Appropriations (FSSG Sub-Committee)			
	Sub-Committee Chair		3 points	
	Committee Chair		4 points	
	Sub-Committee Ranking Member		3 points	
Ranking Member		4 points		

Sample Framework



Leadership position				
Metrics	Speaker of the House		2 points	weighted higher
	House Majority Leader		2 points	
	House Majority Whip		2 points	
	House Democratic Caucus Chairman		2 points	
	House Minority Leader		2 points	
	House Minority Whip		2 points	
	Senate Majority Leader		2 points	
	Senate Majority Whip		2 points	
	Assistant Democratic Leader		1 point	
	Senate Minority Leader		2 points	
	Senate Minority Whip		2 points	
	Senate Republican Conference Chairman		1 point	
Member who represent home offices and/or large employee bases				
Metrics	Arizona		1 point each	*4 points for Members who represent districts with 500+ employees *3 points for Members who represent districts between 200 - 500 employees
	California			
	Connecticut*		Varies	
	Florida		1 point each	
	Illinois			
	Iowa			
	Maine			
	Minnesota			
	New Jersey*		Varies	
	New York		1 point	
	Pennsylvania		Varies	
	Texas		1 point each	
	Visited home office/facilities			
TOTAL SCORE				

Sample Algorithm Test



Candidate Name	Criteria 1 (Firm Values)	Criteria 2 (Business Issues)	Criteria 3 (Committee Roles)	Criteria 4 (Leadership)	Criteria 5 (Jurisdiction)	Total Score
Rep. XX (X-NY)	5	4	1	0	1	11
Rep. XX (X-TX)	1	6	1	0	1	9
Rep. XX (X-CT)	12	6	3	0	2	23
Rep. XX (X-MA)	20	11	5	0	0	36
Rep. XX (X-OH)	0	4	4	0	0	8
Rep. XX (X-OH)	8	9	5	0	0	22
Rep. XX (X-NC)	6	16	5	0	0	27
Sen. XX (X-KY)	7	8	1	4	1	21
Sen. XX (X-SD)	8	8	1	3	1	21
Sen. XX (x-NY)	8	8	11	0	3	30

Scoring Key

Pass	>??
Fail	<??

Summary



- Lobbyists required to rate all Members according to framework
- Only those Members with “Passing” score are eligible for contribution
- Eligibility does guarantee contribution
- PAC Board approval required to overcome “Failing” score
- New circumstances (Members’ actions) may change “Passing” score
- Member assessment to be done annually
- Framework metrics are intended to be flexible (i.e., change in issue priorities)

Evaluating the 147

Considerations When Evaluating the 147

- Review and identify previous support for the 147
- Which of those would you consider supporting again?
- Thoroughly discuss and fully review just those you would seriously consider supporting again
- Conduct these discussions with
- PAC Board
 - Government Affairs Team
 - Other Key Stakeholders

Considerations When Evaluating the 147

The discussion/ review process may include but should not be limited to:

- Rigorous research, such as reviewing public statements,
- Social media posts, individual actions taken prior to, on and after January 6.
- Any subsequent conversations your team has had with member/ staff
- Attempt to understand their reasoning for objecting vote and subsequent views.
- A walk-through exercise of your criteria and/or evaluation framework for each individual member to obtain their total score.
- Weighing potential risk and impact of continued support



Considerations When Evaluating the 147

- Expect that future political support to any of the 147 will be heavily scrutinized externally and internally
- Discuss and prepare to defend each decision to support one of the objecting members

These decisions demonstrate the importance of having a clear, methodical and transparent framework for evaluating candidates.

Questions