

## MODEL LANGUAGE TO AMEND RFPs OR CONTRACTS FOR DISCLOSURE AND OVERSIGHT OF POLITICAL SPENDING

The following document provides model language for institutional investors, such as pension funds, to include in RFPs or contracts with third-party service providers or contractors. It requires contractors to submit a report disclosing the contractor's policies and procedures for political spending and certify that the contractor's board of directors conducts oversight of political spending, and the contractor publicly discloses its spending guidelines and political spending reports.

### MODEL LANGUAGE FOR RFPs or CONTRACTS

Not less than once each year, service providers will submit a report to the *Institutional Investor* that discloses the provider's policies and procedures for reviewing and making contributions and expenditures in excess of \$5,000 from the company's treasury for lobbying and election-related activities as, defined in paragraphs (1) - (3) below. In addition to all direct contributions and expenditures, the report shall include payments to trade associations and other non-profit organizations that would not be tax-deductible if made by the company itself. This requirement shall apply to the provider company and to any of its subsidiaries, but shall not apply to company-affiliated Political Action Committees (PACs).

Each provider must certify to the *Institutional Investor* that:

1. Its board of directors has developed and publicly discloses a policy for approving contributions and expenditures (both direct and indirect) for the company's political and lobbying activities.
2. The board of directors monitors and reviews political and lobbying contributions or expenditures and ensures that they are consistent and aligned with the interests of the company and its shareowners. The terms and conditions of such contributions or expenditures should be clearly defined and approved by the board.
3. The board of directors discloses on not less than an annual basis, the amounts and recipients of contributions or expenditures (both direct and indirect) that may not be deducted as an "ordinary and necessary" business expense under section 162(e) of the Internal Revenue Code. This category would include, but not be limited to, contributions to or expenditures on behalf of political candidates, political parties, political committees and other entities organized and operating under sections 501(c)(4) or 527 of the Internal Revenue Code. This category would also include that portion of dues, contributions, expenditures or special payments that are made to a trade association or other entity organized under section 501(c)(6) of the Internal Revenue Code with the intention or reasonable expectation that such dues, contributions, expenditures or special payments will be used for lobbying, electioneering or other communications that, if made directly by the provider, would not be deductible under section 162(e) of the Internal Revenue Code.