

## Model Code Shareholder Proposal Template

**Resolved:** The shareholders of COMPANY (“SHORT NAME” or “Company”) ask the Company to adopt a policy requiring that any trade association, social welfare organization, or organization organized and operated primarily to engage in political activities that seeks financial support from COMPANY agree to report to COMPANY, at least annually, the organization’s expenditures for political activities, including the amount spent and the recipient, and that each such report be posted on COMPANY’s website.

For purposes of this proposal, “political activities” are (i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i). This proposal does not encompass lobbying spending.

### Supporting Statement

As long-term COMPANY shareholders we support transparency and accountability in corporate electoral spending, including the indirect political spending that is the subject of this proposal. Misaligned or non-transparent funding creates reputational risk that can harm shareholder value. It can also place a company in legal jeopardy. Unless a company knows which candidates and political causes its funds ultimately support, it cannot assure shareholders, employees, or other stakeholders that its spending aligns with core values, business objectives, and policy positions. Without the information requested by this resolution, none of the board, senior management, or shareowners can assess the risks associated with political spending.

The risks are especially serious when giving to trade associations, Super PACs, 527 committees, and “social welfare” organizations – groups that routinely pass money to or spend on behalf of candidates and political causes that a company might not otherwise wish to support. The Conference Board’s 2021 [“Under a Microscope” report](#) details these risks, discusses how to effectively manage them, and recommends the process suggested in this proposal.

Media coverage has amplified the risk a company’s blind spending can pose. Company spending has been tied to attacks on voting rights and efforts to deny climate change – associations many companies wish to avoid. Contributions to third-party groups can also embroil companies in scandal. For instance, FirstEnergy Corp was tainted when it contributed to a political advocacy organization that later pled guilty to the state’s largest bribery scheme. FirstEnergy’s stock price dropped and the scandal led to the resignation of several top officers.

Public records show COMPANY has contributed at least \$X,XXX,XXX in corporate funds to third-party groups dating to 2010. It is unclear whether COMPANY and its board received sufficient information from these groups to assess (a) the potential risks for the Company and

stockholders, and (b) whether the groups' expenditures aligned with COMPANY's core values, business objectives, and policy positions.

Mandating reports from third-party groups receiving COMPANY political money would demonstrate the Company's commitment to robust risk management and responsible civic engagement.

We urge a vote FOR the commonsense risk management measures contained in this proposal.