

**PHILIP MORRIS INTERNATIONAL INC.****INTER-OFFICE CORRESPONDENCE**

800 WESTCHESTER AVENUE, RYE BROOK, N.Y. 10573-1301

DRAFT - 6/29/92

**TO:** Distribution\*

**FROM:** Lee Pollak

**SUBJECT:** Procedures for Retaining Lobbyists

DATE: July \_\_, 1992

Philip Morris and its operating companies retain many lobbyists in the United States, and to a lesser extent internationally. In order to standardize procedures, the Law Department developed for use in the United States a form professional services agreement and procedures for retaining lobbyists. These procedures were circulated for review to the attorneys and corporate affairs staffs in the Philip Morris International regions, who agreed that it would be desirable to have similar procedures in place internationally.

Accordingly, I have attached the form professional services agreement used in the United States, which should be modified to reflect the needs and laws of the retaining country or region, and used for all lobbyist retentions. Whenever possible, the following provisions should be included in the agreement: \_\_\_\_\_

- That portion of Paragraph 2 which expressly obligates the lobbyist to comply with all applicable laws and company policies, including the Philip Morris Business Conduct Policy.
- That portion of Paragraph 3 which underscores the obligation of the lobbyist to comply with applicable registration and reporting requirements and to provide the company with copies of all such registrations and reports.
- That portion of Paragraph 4 which sets forth specific requirements concerning the reimbursement of out-of-pocket expenses (translated, if appropriate, to local currency or to meet local or regional accounting requirements).
- That portion of Paragraph 5 which provides that acceptance of payments under the contract constitutes certification by the lobbyist that he or she has complied with all applicable laws and policies.

In addition, as part of an ongoing process for monitoring the activities of retained lobbyists, you should adhere to the following procedures, many of which are already in effect:

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- A complete and comprehensive file should be maintained for each retained lobbyist. The file should include the most recently executed professional services agreement, and copies of all lobbyist registrations, disclosure reports, and similar documents. If current copies of these documents have not been received from the lobbyist, the retaining entity should undertake to obtain them promptly.
- Any retained lobbyist who has not executed a professional services agreement should be asked to execute the attached agreement promptly.
- No professional services agreement should be for a term longer than one year. If a lobbyist's services are to be continued beyond the expiration date of the current agreement, then, a new agreement should be executed. This will serve to remind lobbyists of their obligations, and to secure certifications from them, at least once a year.
- The initial retention of a lobbyist should occur only after any necessary approval by the appropriate level of senior management has been obtained. This will ensure that no obligation is incurred by the company unless it has been approved by an executive with the required monetary approval level.

The determination as to whether an individual or a firm is a "lobbyist" will depend on local law and custom. In the absence of clear local law on this issue, it may be useful to rely on the definition in the U.S. Federal Regulation of Lobbying Act (the "Act"). The Act covers direct communications with a legislator (or a member of his or her staff), either orally or in writing, for the purpose of influencing his or her views towards legislation for which the person communicating receives some form of compensation. The U.S. Supreme Court's interpretation of the Act suggests that, in order to be subject to the provisions, an individual must either spend some significant portion -- anything over 5% as a rule of thumb -- of his or her working time engaged in lobbying activity, or receive some significant portion of his or her compensation because of lobbying activity. Providing testimony at a congressional hearing is not regarded as lobbying.

#### Attachment

- \* Distribution: Regional Counsel  
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cc: G. Bible  
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