



Verizon Proxy Voting Recommendations

Item 1. Election of Directors

Recommendation: Vote your conscience

Background: The [Board of Directors](#) consists of 9 individuals, all of whom are independent, except for Hans Vestberg, Verizon's CEO. The entire Board is annually nominated for reelection. Since last year's meeting, two directors have left the board and one was added, Roxanne Austin, in October 2020.

Item 2. Ratification of the Appointment of Ernst & Young as Independent Auditor

Recommendation: Vote against

Background: Ernst & Young has been the auditor for Verizon since 2000. The Board's Audit Committee has re-appointed the firm for another fiscal year, through December 31, 2021. With this vote, shareholders are asked to affirm the Committee's decision. Corporate governance experts believe that such lengthy relationships can compromise the independent perspective necessary for a trustworthy review of financial results.¹

Item 3. Advisory approval of executive compensation

Recommendation: Vote against

Background: The proposal asks shareholders to approve a [compensation program](#) already in place. The vote is only advisory and would not be binding on the company. The proxy statement includes principles for setting pay and a detailed discussion of all aspects of executive pay. This is the fourth year public companies must report the ratio of CEO pay to median compensation at the company. In 2020 Verizon's ratio was 112 to 1. CEO Vestberg received total compensation of \$19.1 million.

Item 4. Shareholder Proposal: Shareholder Ability to Act by Written Consent

Recommendation: Vote for

Background: This shareholder proposal introduced by Kenneth Steiner asks the Board to take action to enable shareholders who own at least 15% of aggregate shares to initiate action by written consent in place of a meeting, which is a means shareholders can use to raise important matters outside the normal annual meeting cycle like the election of a new director. Currently, unanimous support from shareholders is required to take this action, a practical impossibility in a company with dispersed ownership like Verizon. The proponent asserts the need for a lower voting threshold to exercise the written consent right, arguing that existing special meeting rights at the company are weakened by the increased frequency of online, rather than in-person, meetings. Independent advisory firm ISS recommends support for this proposal because the right to act by written consent is generally in shareholders' best interests because it allows shareholders to take action between annual meetings.

¹ See, for example, Council of Institutional Investors, "Policies on Corporate Governance," last updated March 10, 2020. CII recommends "a fact specific explanation for not changing the company's auditor if the committee chooses to renew the engagement of an auditor with more than 10 consecutive years of service."
https://www.cii.org/corp_gov_policies



Item 5. Shareholder Proposal: Amend Senior Executive Compensation Clawback Policy

Recommendation: Vote for

Background: Shareholder Thomas M. Steed has submitted this shareholder proposal requesting that the company amend its senior executive compensation clawback policy to broaden the types of conduct that can trigger clawback of compensation and require the Board or its Human Resources Committee to report to shareholders the results of any deliberations about whether to cancel or seek recoupment of compensation paid, granted or awarded to a senior executive. The proponent states that compensation policies should be structured to encourage senior executives to avoid taking undue risks to boost short-term profitability, arguing that the current clawback policy is too limited because it sets a very high bar of “willful misconduct” and conduct that “materially” contributed to a financial restatement, and it does not require disclosure to shareholders. Independent advisory firm ISS recommends support for this proposal as the company’s current clawback policy does not provide for the disclosure of the amounts and circumstances surrounding any recoupments. Such disclosure would benefit shareholders.

Item 6. Shareholder Proposal: Shareholder Ratification of Executive Severance Packages

Recommendation: Vote for

Background: Shareholders Jack and Ilene Cohen have submitted a proposal asking the Board to seek shareholder approval of any senior executive’s severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive’s base salary plus target short-term bonus. In 2020, CEO Vestberg was eligible for severance of \$39 million, or nearly seven times his base salary plus bonus in FY19, for termination without cause, regardless of a change in control, and former CEO McAdam received \$27 million in separation payments upon his retirement in 2018, which was nearly five times his 2018 base salary plus bonus, and were in addition to executive life insurance, pension and nonqualified deferred compensation plans. Independent advisory firm ISS supports this proposal and supports the general principle of shareholder approval for severance agreements, also known as “golden parachutes,” when they are considered to exceed best practice levels.