CWA

Verizon Proxy Voting Recommendations

Item 1. Election of Directors
Recommendation: Vote your conscience
Background: The Board of Directors consists of 11 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, one director has been added, Laxman Narasimhan, in July 2021.

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, 2022. 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 fifth year public companies must report the ratio of CEO pay to median compensation at the company. In 2021 Verizon's ratio was 166 to 1 – an increase from 2020 when the ratio was 112 to 1. CEO Hans Vestberg received total compensation of $20.4 million in 2021.

Item 4. Shareholder Proposal: Report on Charitable Contributions
Recommendation: Vote against
Background: This shareholder proposal introduced by the National Legal & Policy Center requests that the company disclose on its website all charitable donations that exceed $999 annually per recipient. While greater transparency is a good thing in general, this proposal appears to be duplicative with Verizon's current reporting practices, as described in the company's opposition statement.

Item 5. Shareholder Proposal: Amend Senior Executive Compensation Clawback Policy
Recommendation: Vote for
Background: This shareholder proposal introduced by Thomas M. Steed requests 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

[1] See, for example, Council of Institutional Investors, "Policies on Corporate Governance," last updated March 7, 2022. 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

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 has recommended support for this type of 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: This shareholder proposal introduced by the Association of BellTel Retirees Inc. asks 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 2021, CEO Vestberg was eligible for severance of $39.4 million, or seven times his base salary plus bonus in FY20, for termination without cause, regardless of a change in control. Independent advisory firm ISS supports the general principle of shareholder approval for severance agreements, also known as "golden parachutes," when they are considered to exceed best practice levels.

Item 7. Business operations in China
Recommendation: Vote against
Background: This shareholder proposal introduced by shareholder Steven Milloy asks that Verizon report to shareholders on the nature and extent of corporate operations that “involve or depend on” the Chinese state. The proposal points to China’s human rights abuses and its adversarial position in relation to the United States. While corporate reports on the human rights impacts of operations can be useful, this proposal singles out a single country in a manner that could be at cross purposes with frameworks like the Universal Declaration of Human Rights.