

Boston Common Asset Management

Verizon Communications AGM Statement May 1, 2018

Fellow shareholders and members of the board, my name is Doug Kilgore. On behalf of Boston Common Asset Management, I hereby move Item 5, the shareholder proposal asking our company to provide a report on its federal and state lobbying, including indirect funding of lobbying through trade associations and support for the American Legislative Exchange Council.

Lobbying transparency is in the best interests of Verizon and its shareholders.

Since 2010, Verizon spent more than \$108 million on federal lobbying. And there is incomplete disclosure about spending at the state level, where Verizon spends millions lobbying extensively in all 50 states.ⁱ For example, a report looking at corporate state lobbying found Verizon spent more than \$13 million lobbying in California, Florida, New Jersey and New York from 2012 – 2015 and was the second largest spender among telecoms.ⁱⁱ

- Verizon states that it files all lobbying reports required by state law. But obtaining lobbying information in all 50 states has been described by an expert as “nearly impossible.”ⁱⁱⁱ
- Verizon is required to report all of its federal and state lobbying and has this information, so putting this into a report could be done at little to no expense.

Corporations contribute millions to trade associations that lobby indirectly on their behalf without specific disclosure or accountability.

- Verizon fails to disclose its trade association memberships, and does not disclose its trade association payments, nor the amounts used for lobbying.

Verizon is reportedly a member of the Chamber of Commerce, which has spent more than \$1.4 billion on lobbying since 1998, and serves on the board of CTIA, which is the wireless trade association and has spent over \$86 million on lobbying since 2010. Yet shareholders currently have no way to know how much of Verizon's trade association payments are being used to lobby on its behalf.

And Verizon belongs to the American Legislative Exchange Council, known as ALEC. ALEC is controversial for promoting bills that undermine regulations to address issues like climate change, workplace safety and workers' rights.

- Highlighting the reputational risks of third party involvement, more than 100 companies, including Sprint and T-Mobile, have all publicly announced leaving ALEC.

Corporate reputation is tied to shareholder value, as studies show companies with a high reputational ranking perform better financially than lower ranked companies.^{iv} Verizon already faces reputational risk, as the telecommunications industry has one of the worst reputations among the public according to the Reputation Institute.^v

Without transparency and accountability, corporate assets can be used to lobby for public policy objectives which can pose reputational risks.

- For example, Verizon states that it fully supports the open Internet, yet CTIA lobbied to repeal net neutrality laws and is lobbying the FCC to preempt state net neutrality laws.
- There is a clear values incongruity here, Verizon says it is taking one position, yet is making undisclosed payments to its trade associations that are being used to advocate for the opposite position.

Proxy advisor ISS supports this proposal, noting that Verizon “does not ... disclose comprehensive information around its lobbying policies nor its trade association activities, including its memberships in, payments to, these associations or the amounts related to lobbying.”^{vi}

Our request for disclosure is a call for transparency and accountability in the spending of shareholder resources, and we urge shareholders to vote FOR this proposal.

ⁱ Liz Essley Whyte and Ben Wieder, “Amid federal gridlock, lobbying rises in the states,” The Center for Public Integrity, February 11, 2016.

ⁱⁱ Heidi Welsh and Robin Young, “How Leading U.S. Corporations Govern and Spend on State Lobbying,” Sustainable Investments Institute and The Investor Responsibility Research Institute, February 2017, p. 29.

ⁱⁱⁱ Nathan Layne, “Wal-Mart improves lobbying disclosure after shareholder push,” Reuters, May 13, 2015.

^{iv} “Reputation Risk,” The Conference Board, 2007, p. 6.

^v “The Reputation Challenge of Telecom: Shielding the Intangible,” Reputation Institute, April 27, 2017.

^{vi} ISS 2018 Verizon Proxy Analysis, p. 23.