


## VERIZON COMMUNICATIONS INC

<b>MEETING DATE</b>	Thu, 04 May 2017 8:30 am	<b>TYPE</b>	AGM	<b>ISSUE DATE</b>	Thu, 20 Apr 2017
<b>MEETING LOCATION</b>	Dallas Marriott Las Colinas, 223 West Las Colinas Boulevard, Irving, Texas 75039				
<b>CURRENT INDICES</b>	S&P500				
<b>SECTOR</b>	Telephone communications, except radiotelephone				

<b>PROPOSALS</b>		<b>ADVICE</b>
<b>1.01</b>	<b>Re-elect Shellye Archambeau</b> Independent Non-Executive Director.	<b>For</b>
<b>1.02</b>	<b>Re-elect Mark T. Bertolini</b> Independent Non-Executive Director.	<b>For</b>
<b>1.03</b>	<b>Re-elect Richard L. Carrion</b> Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	<b>For</b>
<b>1.04</b>	<b>Re-elect Melanie Healey</b> Independent Non-Executive Director.	<b>For</b>
<b>1.05</b>	<b>Re-elect M. Frances Keeth</b> Lead Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	<b>For</b>
<b>1.06</b>	<b>Re-elect Karl-Ludwig Kley</b> Independent Non-Executive Director.	<b>For</b>
<b>1.07</b>	<b>Re-elect Lowell C. McAdam</b> Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Triodos opposes this resolution.	<b>Oppose</b>
<b>1.08</b>	<b>Re-elect Clarence Otis Jr.</b> Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	<b>Oppose</b>
<b>1.09</b>	<b>Re-elect Rodney Slater</b> Independent Non-Executive Director.	<b>For</b>
<b>1.10</b>	<b>Re-elect Kathryn A. Tesija</b> Independent Non-Executive Director.	<b>For</b>
<b>1.11</b>	<b>Re-elect Gregory D. Wasson</b> Independent Non-Executive Director.	<b>For</b>
<b>1.12</b>	<b>Re-elect Gregory G. Weaver</b> Independent Non-Executive Director. He is chair of the Audit committee which is not fully independent which Triodos does not support.	<b>Oppose</b>

- 2 Appoint the Auditors** **Oppose**  
 EY proposed. Non-audit fees represented 12.94% of audit fees during the year under review and 13.21% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. However, the current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.
- 3 Advisory Vote on Executive Compensation** **Oppose**  
 The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CCC. The CEO's maximum opportunity exceeds 200% of his base salary which is not considered best practice. In addition, his 2016 long-term plan target award opportunity was set at 750% of base salary which is excessive. The Company granted RSUs with no performance conditions. Based on these concerns, Triodos opposes this resolution.
- 4 Approve the Frequency of Future Advisory Votes on Executive Compensation** **1**  
 The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.  
 The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually. Triodos recommends a one year frequency.
- 5 Approve the 2017 Long-Term Incentive Plan** **Oppose**  
 The Company has put forward a resolution requesting shareholders to approve the 2017 Verizon Communications Inc. Long-Term Incentive Plan (2017 LTIP). The 2017 LTIP permits the Company to grant performance stock units and performance shares, restricted stock units and restricted stock, stock options, other awards, qualified performance-based awards and dividends and dividend equivalents. The 2-17 LTIP is open to all employees and will be administered by the Human Resources Committee which has the power to to select participants, determine the types of awards and determine the terms and conditions of awards, including the price (if any) to be paid for the shares or the award. Pursuant to the 2017 Plan, the maximum aggregate number of shares of common stock with respect to which all awards may be granted under the 2017 LTIP in a single calendar year to an individual participant may not exceed 3,000,000 shares. The maximum grant date fair value for awards granted to a non-employee Director under the 2017 LTIP during any one calendar year is \$600,000. Triodos opposes this resolution. [

- 6 Shareholder Resolution: Human Rights Committee** **For**  
**Proposed by:** Mr. Jing Zhao.  
The Proponent requests that the Company establish a Human Rights Committee to review, assess, disclose, and make recommendations to enhance the Company's corporate policy and practice on human rights.  
**Proponent's Supporting Argument:** The Proponent argues that the Company has to seriously deal with international human rights issues since Yahoo has become part of the Company. Also, the Proponent argues that US-Japan-China Comparative Policy Research Institute's Corporate Social Responsibility Review rated Yahoo the lowest "F" with detailed documents since 2007, including some recently published coverage regarding the Yahoo Human Rights Fund (YHRF) and Yahoo's agent Harry Wu.  
**Board's Opposing Argument:** The Board recommends shareholders oppose and argues that the Company's Human Rights Policy is consistent with the spirit and intent of widely recognised international human rights principles and the Company's Supplier Code of Conduct mandates that its partners and suppliers, both locally and globally, conduct their operations not only in compliance with applicable laws but in an ethically responsible manner. The Board argues that the Company's existing governance framework already includes a designated committee of its Board, the Corporate Governance and Public Policy Committee, that has responsibility for overseeing the Company's policies relating to corporate social responsibility. Also, the Board argues that on July 25, 2016, the Company announced that it had entered into a definitive agreement under which it will acquire Yahoo's operating business but the transaction has not yet closed.
- 7 Shareholder Resolution: Report on Greenhouse Gas Reduction Targets** **For**  
**Proposed by:** The Portfolio 21 Global Equity Fund.  
The Proponent requests that the Company's senior management, with oversight from the Board, issue a report assessing the feasibility of adopting science-based greenhouse gas (GHG) reduction targets consistent with the 2-degree scenario.  
**Proponent's Supporting Argument:** The Proponent argues that a growing number of companies are aligning their emissions reduction targets with climate science and BT Group, a leading telecommunications company and Verizon peer, is one the 196 companies who have made this commitment. Also, the Proponent argues that the Company does not currently have carbon reduction or clean energy goals that are based on climate science and by setting science-based commitments, the Company can strengthen its climate change strategy, reduce costs, manage operational and reputational risk, and create new products and services.  
**Board's Opposing Argument:** The Board recommends shareholders oppose and argues that the Company is one of the few companies in its peer group that includes a sustainability target relating to improving the carbon intensity of its operations as one of the performance measures for management employees' short-term incentive compensation awards. Also, the Board does not believe that the prescriptive approach outlined in the proposal is the best way to develop its sustainability goals and given the rapid pace of innovation and change in the telecommunications industry, the Company should continue to maintain the flexibility to develop actionable sustainability goals that are right for the Company's business strategy and planning horizon.

## 8 Shareholder Resolution: Special Shareowner Meetings

For

**Proposed by:** Kenneth Steiner.

The Proponent requests that the Board amend the Company's bylaws and each appropriate governing document to give holders in the aggregate of 15% of the Company's outstanding common stock the power to call a special shareowner meeting.

**Proponent's Supporting Argument:** The Proponent argues that special meetings allow shareowners to vote on important matters, such as electing new directors that can arise between annual meetings. The Proponent argues that this proposal is particularly important because shareholders do not have the opportunity to act by written consent and that now is a good time to adopt this proposal topic since the Company's stock price has been dead money for the 2-years leading up to the submission of this proposal.

**Board's Opposing Argument:** The Board recommends shareholders oppose and argues that under the Company's bylaws, any individual shareholder who owns at least 10%, or multiple shareholders who together own at least 25%, of the Company's stock may call a special meeting of shareholders. The Board believes that special meetings should be extraordinary events that occur only when an individual shareholder, or group of shareholders, with a substantial percentage of shares agrees there are extremely pressing matters that must be addressed before the next annual meeting.

## 9 Shareholder Resolution: Executive Compensation Clawback Policy

For

**Proposed by:** Jack K. & Ilene Cohen.

The Proponents request that the Board amend the Company's compensation clawback policy, as applied to senior executive officers, to provide that the Human Resources Committee will review and determine whether to seek recoupment of incentive compensation paid, granted or awarded to a senior executive officer if, in the Committee's judgment, there has been conduct resulting in a violation of law, regulation or Company policy that causes significant financial or reputational harm to the Company, and a senior executive either engaged in the conduct or failed in his or her responsibility to manage or monitor conduct or risks, with the Company to disclose to shareholders the circumstances of any recoupment and of any decision not to pursue recoupment.

**Proponent's Supporting Argument:** The Proponents argue that a clawback policy limited to "financial misconduct" is too narrow and believe that recoupment is an important remedy for other conduct that does not cause a restatement of financial results, but may harm the Company's reputation and prospects in addition to any financial penalties or loss. Also, the Proponents argue that recent high-profile regulatory fines paid by the Company underscore the need for a stronger policy.

**Board's Opposing Argument:** The Board recommends shareholders oppose and argues that the Company's existing clawback policies sufficiently address the objectives of the proposal because they empower the Company to hold executives accountable for actions or omissions that result in significant reputational or financial harm to the Company. The Board argues that all of the Company's employees who receive equity grants under the Company's Long-Term Plan are subject to an additional clawback policy that requires the cancellation and/or repayment of incentive compensation (both short-term and long-term) if the Committee determines that the Company was required to materially restate its financial results because of the employee's willful misconduct or gross negligence.

**10 Shareholder Resolution: Stock Retention Policy**

**Oppose**

**Proposed by:** International Brotherhood of Electrical Workers Pension Benefit Fund.

The Proponent requests that the Compensation Committee adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until reaching normal retirement age or terminating employment with the Company. The shareholders recommend that the Committee adopt a share retention percentage requirement of at least 50% of net after-tax shares.

**Proponent's Supporting Argument:** The Proponent argues that the Company's current share ownership guidelines for its senior executives do not go far enough to ensure that the Company's equity compensation plans continue to build stock ownership by senior executives over the long-term. The Proponent believes that requiring senior executives to only hold shares equal to a set target loses effectiveness over time and after satisfying these target holding requirements, senior executives are free to sell all the additional shares they receive in equity compensation.

**Board's Opposing Argument:** The Board recommends shareholders oppose and believes that executives should not be restricted from responsibly managing their personal financial affairs and diversifying their investment portfolios over the course of their careers. The Board argues that the proposed policy could cause executives' decision making to become unnecessarily conservative, especially as they near retirement and could also put the Company at a competitive disadvantage in attracting and retaining highly qualified executives.

**11 Shareholder Resolution: Limit Matching Contributions for Executives**

**For**

**Proposed by:** The Association of BellTel Retirees Inc.

The Proponent requests that the Board adopt a policy that prospectively limits the matching contributions made on behalf of senior executive officers to the Company's tax-qualified and nonqualified defined contribution savings plans (the Verizon Management Savings Plan and the Verizon Executive Deferral Plan, respectively) such that compensation eligible for the 6% Company matching contribution is limited to 100% of eligible base salary and does not include short-term or long-term incentive compensation.

**Proponent's Supporting Argument:** The Proponent states that the Company offers management, including senior executives, a tax-qualified Management Savings Plan, which is funded by an executive's voluntary contributions and a "company match" equal to as much as 100% of the first 6% of eligible salary that the participant contributes. In addition, the Proponent argues that there is a supplemental savings plan – the Verizon Executive Deferral Plan – to which executives can contribute salary above applicable IRS limits, as well as short-term and long-term incentive compensation without limit. The Proponent believes that this structure generates a disproportionately large "company match" for senior executives who make voluntary contributions.

**Board's Opposing Argument:** The Board recommends shareholders oppose and argues that the Company provides the same matching opportunity to all of its over 100,000 management employees as it does to its senior executives. The Board argues that because the Internal Revenue Code imposes compensation limits on the amount of money that can be deferred into the Company's tax-qualified 401(k) savings plan, the Company offers a non-qualified savings plan designed to "restore" benefits that are cut back or limited under the tax-qualified 401(k) savings plan. Also, the Board argues that in 2006 the Company froze all future pension accruals under its management retirement plans, so the opportunity to receive a matching contribution on eligible pay contributed by the individual into the Company's tax-qualified savings plan and non-qualified deferral plan is the only retirement benefit that the Company offers to its executives.

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**SUPPORTING INFORMATION FOR RESOLUTIONS**

**Proposal 3 - Advisory Vote on Executive Compensation**

The Company has achieved: an average level of disclosure; a below average balance for rewards; and an average approach to contracts with executives.

**Disclosure: C-** Annual cash incentives are based on adjusted earnings per share (EPS), total revenue and free cash flow and a diversity and sustainability metric. The Company granted long-term incentives in the form of Performance Stock Units (PSUs) and Restricted Stock Units (RSUs). PSUs are based on relative total shareholder return (TSR) and on cumulative free cash flow. Specific targets are disclosed. However, the use of "adjusted" targets is not clearly understandable in our view.

**Balance: C-** For fiscal 2016, annual cash awards were not excessive. In addition, awarded pay for the CEO is aligned with companies of a similar market capitalization. However, rewarded executive compensation is above peer group averages. The CEO's maximum opportunity exceeds 200% of his base salary which is not considered best practice. In addition, his 2016 long-term plan target award opportunity was set at 750% of base salary which is excessive. The Company granted RSUs with no performance conditions.

**Contract: C-** The Company's Long-Term Incentive Plan requires both a change in control and an involuntary termination for accelerated vesting of awards.

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