



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

March 7, 2018

Mary Louise Weber  
Verizon Communications Inc.  
mary.l.weber@verizon.com

Re: Verizon Communications Inc.  
Incoming letter dated December 20, 2017

Dear Ms. Weber:

This letter is in response to your correspondence dated December 20, 2017 and January 11, 2018 concerning the shareholder proposal (the "Proposal") submitted to Verizon Communications Inc. (the "Company") by the Park Foundation and the New York State Common Retirement Fund for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on behalf of the Park Foundation dated January 5, 2018 and January 12, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair  
Senior Special Counsel

Enclosure

cc: Jonas Kron  
Trillium Asset Management, LLC  
jkron@trilliuminvest.com

March 7, 2018

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: Verizon Communications Inc.  
Incoming letter dated December 20, 2017

The Proposal requests that a board committee publish a report assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). We note that the no-action request does not include a discussion of the board's analysis and, as a result, we do not have the benefit of the board's views on these matters. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Lisa Krestynick  
Attorney-Adviser

**DIVISION OF CORPORATION FINANCE**  
**INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.



January 12, 2018

VIA e-mail: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Verizon Communications Inc. 2018 Annual Meeting Shareholder Proposal of The Park Foundation

Dear Sir/Madam:

This letter is submitted on behalf of The Park Foundation by Trillium Asset Management, LLC, as its designated representative in this matter, who is the beneficial owners of shares of common stock of Verizon Communications Inc., to respond to the letter dated January 11, 2018 sent to the Office of Chief Counsel by the Company, in which Verizon reiterates its contention that the Proposal may be excluded from the Company's 2018 proxy statement under Rule 14a-8(i)(7).

Being cognizant of the Staff's request<sup>1</sup> that the parties limit correspondence to critical arguments so the Staff is not reviewing information that has already been stated previously, the Proponents believe that upon a review of the Company's letter of January 11, 2018 that it does not add any critical arguments or information to the Company's position.

The Proponents maintain that despite Verizon's protestations, the Proposal does in fact focus on a significant social policy issue confronting Verizon; does not seek to micro-manage the Company; is otherwise permissible under Rule 14a-8(i)(7); and that it is unnecessary to provide any further argument.

We therefore, respectfully request the Staff to inform the Company that Rule 14a-8 requires a denial of the Company's no-action request. Please contact me at (503) 592-0864 or [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com) with any questions in connection with this matter, or if the Staff wishes any further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonas Kron', with a long horizontal flourish extending to the right.

Jonas Kron  
Senior Vice President

cc: Mary Louise Webber at [mary.l.weber@verizon.com](mailto:mary.l.weber@verizon.com)  
Assistant General Counsel  
Verizon Communications Inc.

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<sup>1</sup> [https://www.thecorporatecounsel.net/Webcast/2017/11\\_14/transcript.htm](https://www.thecorporatecounsel.net/Webcast/2017/11_14/transcript.htm)



Mary Louise Weber  
Associate General Counsel

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Fax: 908-696-2068  
mary.l.weber@verizon.com

January 11, 2018

**By email to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)**

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Verizon Communications Inc. 2018 Annual Meeting  
Shareholder Proposal of the Park Foundation and  
the New York State Common Retirement Fund

Ladies and Gentlemen:

I refer to my letter dated December 20, 2017, on behalf of Verizon Communications Inc. ("Verizon"), pursuant to which Verizon requested that the Staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") concur with Verizon's view that the shareholder proposal and supporting statement (the "Proposal") submitted by Trillium Asset Management, on behalf of the Park Foundation, and the Comptroller of the State of New York, as trustee for the New York State Common Retirement Fund (collectively, the "Proponents"), may be properly omitted from the proxy materials to be distributed by Verizon in connection with its 2018 annual meeting of shareholders (the "2018 proxy materials") pursuant to Rule 14a-8(i)(7) (the "No Action Request"). Verizon received a copy of the letter to the Staff dated January 5, 2018, submitted by Trillium Asset Management ("Trillium"), in response to the No Action Request (the "Trillium Letter").

This letter is in response to the Trillium Letter and supplements the No Action Request. In accordance with Rule 14a-8(j), a copy of this letter is being sent simultaneously to the Proponents' representatives.

**I. The Trillium Letter fails to establish that cybersecurity and data privacy are "significant social policy issues" for purposes of Rule 14a-8(i)(7).**

As discussed in the No Action Request, the issues addressed by the Proposal -- cybersecurity and data privacy -- implicate two separate but related ordinary business matters. Cybersecurity involves the implementation of technologies, policies and

practices to protect the company's networks and information systems from unauthorized access that can result in a disruption in the operation of the networks or in a compromise of confidential data or sensitive personal information. Data privacy involves the implementation of policies and procedures to protect customer information.

Last year in *Verizon Communications Inc.* (February 16, 2017) ("*Verizon 2017*"), the Staff adhered to its longstanding position that a proposal relating to the implementation of procedures for protecting customer information, which is a key aspect of both cybersecurity and data privacy, may be excluded under Rule 14a-8(i)(7) as relating to Verizon's ordinary business operations, notwithstanding the news coverage, legislative and regulatory activity and public commentary surrounding cybersecurity and data privacy. When comparing the recent news coverage, legislative and regulatory activity and public commentary relating to cybersecurity and data privacy cited in the Trillium Letter to that cited in last year's letter submitted by Trillium, there is no evidence that the public discourse relating to these issues significantly increased in volume, or changed in any way that would justify a change in the Staff's well-established position that proposals relating to the protection of customer information can be excluded under Rule 14a-8(i)(7). For example,

- The September 2017 congressional testimony of Chairman Clayton that the Proponents' Letter cites as the "best evidence" that cybersecurity has matured into a significant social policy issue focuses on improving issuer disclosures of material cybersecurity risks and the occurrence of material cyber incidents. Chairman Clayton's remarks are reflective of the Commission's previously articulated stance on cybersecurity-related disclosures.
- Privacy and cybersecurity have been the subject of federal and state legislation and regulation for many years. The fact that there were 191 bills relating to cybersecurity introduced into Congress in 2017-2018 is not necessarily indicative of a change or increase in the social significance of the issue in the past year. The same search that Trillium conducted on Congress.gov reveals that there were 186 bills introduced in 2015-2016. In fact, there were 107 bills introduced over ten years ago in 2005-2006. Change the search term to "privacy" and the search reveals that there were fewer bills on privacy introduced in 2017-2018 (411) than in any year since 2001-2002, when there were 395. To the extent that the number of bills relating to a particular issue is a useful indicator of a significant social policy issue, which is far from clear, there has been no meaningful change since the Staff last addressed this issue last year.
- Likewise, the number of references to Verizon in a news article that comes up with a Google News search of "Verizon data breach, 2017" is

meaningless. Any mention of Verizon in a Google News search will produce thousands of articles. For example, a search of “Verizon marketing campaign, 2017” produced 43,900 results. The fact that Verizon’s marketing campaigns receive wide press coverage does not make marketing campaigns a significant social policy issue.

Moreover, the Trillium Letter incorrectly equates public discussion of, or interest in, a topic that is the subject of news coverage, legislative and regulatory activity and public commentary with the existence of a significant social policy issue that transcends ordinary business. That is simply not the case. The Staff has made clear that a significant social policy issue must be not only a topic of interest, but also a “consistent topic of widespread public *debate*” (emphasis added). Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”); *see also AT&T Inc.* (February 2, 2011) (permitting exclusion of a network neutrality proposal and noting that “although net neutrality appear[ed] to be an important business matter for AT&T and the topic of net neutrality [had] recently attracted increasing levels of public attention,” the Staff did not at that time “believe that net neutrality [had] emerged as a consistent topic of widespread public debate such that it would be a significant policy issue for purposes of rule 14a-8(i)(7)”). The Trillium Letter itself cites the Staff’s reversal of its position on net neutrality in *Verizon Communications Inc.* (February 13, 2012), but even in that instance, the Staff emphasized “the sustained public *debate* over the last several years concerning net neutrality and the Internet” (emphasis added). Unlike net neutrality and other significant social policy issues such as climate change, animal welfare, and executive compensation, cybersecurity and data privacy are not “consistent topic[s] of widespread public debate.” The Trillium Letter makes a few cursory references to this concept but does not, and cannot, provide any evidence that there is widespread controversy surrounding these issues, notwithstanding the high level of attention paid to them in the public domain. No one is in favor of infiltration of networks by malicious actors, or compromise of confidential data or sensitive personal information. Reasonable people may disagree as to the most effective methods for combating these evils, but that is precisely the type of task that is “so fundamental to management’s ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” 1998 Release.

## **II. The Trillium Letter fails to refute Verizon’s argument that the Proposal deals with matters relating to Verizon’s ordinary business operations.**

The Trillium Letter fails to refute the numerous precedents cited by Verizon in the No Action Request that support exclusion of the Proposal under Rule 14a-8(i)(7). In addition to implicating the ordinary business matter of procedures for protecting customer information, both cybersecurity and data privacy also implicate the ordinary business matter of compliance with laws and regulations (as the Trillium Letter makes abundantly clear with its list of congressional bills); however, the Trillium Letter simply ignores the precedent cited by Verizon that supports exclusion under Rule 14a-8(i)(7) of

proposals that involve compliance with laws and regulations. See, for example, *Navient Corporation* (March 26, 2015), *FedEx Corporation* (July 14, 2009), *Verizon Communications Inc.* (January 7, 2008), *The AES Corporation* (January 9, 2007) and *H&R Block, Inc.* (August 1, 2006).

For the reasons described above and in the No Action Request, Verizon believes that cybersecurity and data privacy are each ordinary business matters. Even if the Staff were to conclude that, as a result of recent data breaches, the protection of customer information has evolved into a social policy issue that is sufficiently significant to warrant a shareholder vote, the Trillium Letter has failed to demonstrate that cybersecurity is anything other than a matter of Verizon's ordinary business operations. For Verizon, protecting its networks from cyberattacks and other infiltrations that could disrupt or shut down the operation of the networks is part and parcel of Verizon's day-to-day business operations and therefore clearly constitutes a matter of ordinary business. Even if only a portion of a proposal relates to ordinary business operations, the Staff has permitted exclusion of the entire proposal under Rule 14a-8(i)(7). For example, in *Verizon 2017*, the Staff permitted exclusion of a proposal relating to privacy, free expression and data security notwithstanding the fact that, in addition to ordinary business matters, it arguably implicated the significant social policy issue of free expression. See also *CA, Inc.* (May 3, 2012) (permitting exclusion of a proposal that addressed the issue of auditor independence, but also requested information about the company's policies and practices around the selection of the audit firm and management of the engagement, noting that these additional matters are "generally excludable under rule 14a-8(i)(7)"); *CVS Corporation* (February 1, 2000) (permitting exclusion of a proposal requesting a strategic report where some of the requested topics were ordinary business matters); *General Electric Company* (February 10, 2000) (permitting exclusion where "a portion of the proposal relates to ordinary business operations") and *Kmart Corporation* (March 12, 1999) (permitting exclusion of a proposal requesting a report on the company's actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, child labor or who fail to comply with laws protecting employees' rights and describing other matters to be included in the report, and specifically noting that "although the proposal appears to address matters outside the scope of ordinary business, paragraph 3 of the description of matters to be included in the report relates to ordinary business operations").

### **III. The Trillium Letter fails to refute Verizon's argument that the Proposal is not saved from exclusion by its reference to executive compensation.**

In its final section, the Trillium Letter unsuccessfully attempts to refute Verizon's argument that the Proposal is not saved from exclusion as relating to an ordinary business matter by its reference to executive compensation. The Trillium Letter attempts to distinguish the Proposal from the precedents cited in the No Action Request, stating that "[a]ll of those cases concerned situations where the proposal,

while facially focused on executive compensation, were by the nature of the proposals' 'thrust and focus' actually focused on 'general employee benefits.'" Trillium Letter at p. 9. This characterization of the precedents cited in the No Action Request is simply false. While it is true that some of the precedents had employee benefits as their thrust and focus, there is an entire paragraph, which the Trillium Letter ignores, devoted to the principle that "a compensation-related proposal is excludable under Rule 14a-8(i)(7) where its thrust and focus is on *any* matter of ordinary business, not just employee benefits." To support this principle, the No Action Request cited *Apple Inc.* (December 30, 2014) (permitting exclusion of a proposal relating to executive compensation, where the thrust and focus of the proposal was on the ordinary business matter of the company's legal compliance program) and *General Electric Co.* (January 10, 2005) (permitting exclusion of a proposal that mentioned executive compensation, where the thrust and focus of the proposal was on the ordinary business matter of the nature, presentation and content of programming and film production). No Action Request at p. 4. Like the proposal in *Apple*, the Proposal at issue here also implicates the ordinary business matter of legal compliance, as discussed above.

Instead, the Trillium Letter cites *ConocoPhillips* (February 13, 2015), in which the Staff denied exclusion of a proposal specifying the method for calculating an executive compensation metric relating to oil reserves. Even though Trillium characterizes the proposal as "focused on the significant policy issue of climate change and the potential impact of regulatory developments to reduce demand," the Staff had a different view of the thrust and focus of the proposal, noting that it focused "on the significant policy issue of senior executive compensation." Verizon believes, and Trillium does not dispute, that the thrust and focus of the Proposal at issue here is Verizon's implementation of policies and procedures to thwart cyber breaches and protect customer information, so it is unclear why Trillium believes *ConocoPhillips* is relevant here.

For the reasons stated above and in the No Action Request, Verizon respectfully requests the concurrence of the Staff that it will not recommend enforcement action against Verizon if Verizon omits the Proposal in its entirety from its 2018 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter by email to the Proponents' representatives at [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com) and [gmccarthy@osc.state.ny.us](mailto:gmccarthy@osc.state.ny.us) and to the undersigned at [mary.l.weber@verizon.com](mailto:mary.l.weber@verizon.com).

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
January 11, 2018  
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If you have any questions with respect to this matter, please telephone me at  
(908) 559-5636.

Very truly yours,

A handwritten signature in cursive script that reads "Mary Louise Weber".

Mary Louise Weber  
Associate General Counsel

Enclosures

Cc: Jonas Kron, Trillium Asset Management LLC  
Gianna McCarthy, New York State Office of the Comptroller



January 5, 2018

VIA e-mail: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Verizon Communications Inc. 2018 Annual Meeting Shareholder Proposal of The Park Foundation

Dear Sir/Madam:

This letter is submitted on behalf of The Park Foundation by Trillium Asset Management, LLC, as its designated representative in this matter (hereinafter referred to as “Proponent”), who is the beneficial owners of shares of common stock of Verizon Communications Inc. (hereinafter referred to as “Verizon” or the “Company”), and who has submitted a shareholder proposal (hereinafter referred to as “the Proposal”) to Verizon, to respond to the letter dated December 20, 2017 sent to the Office of Chief Counsel by the Company, in which Verizon contends that the Proposal may be excluded from the Company's 2017 proxy statement under rule 14a-8(i)(7).

I have reviewed the Company's letter, and based upon the foregoing, as well as upon a review of Rule 14a-8, it is my opinion that the Proposal must be included in Verizon's 2018 proxy statement because the Proposal focuses on a significant policy issue confronting Verizon. Therefore, we respectfully request that the Staff not issue the no-action letter sought by the Company.

Pursuant to Staff Legal Bulletin 14D (November 7, 2008) we are filing our response via e-mail in lieu of paper copies and are providing a copy to Verizon's counsel Mary Louise Weber, Assistant General Counsel via e-mail at [mary.l.weber@verizon.com](mailto:mary.l.weber@verizon.com).

### **The Proposal**

The Proposal, the full text of which is attached as Attachment A, states:

**Resolved:** Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or

propriety information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

**Supporting Statement:** Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

We recognize that for many years the Staff has concluded shareholder proposals which relate to the procedures for protecting customer information are excludable. However, like many other issues that were once excludable but ripened to the point of being permissible such as executive compensation and network neutrality, we strongly believe that the public discourse, investor interest, and public policy concern about the significance of protecting customer information has only grown and deepened over time. As that interest has grown, so has the appropriateness and practicality of investors providing input at an annual shareholder meeting in the form of a shareholder proposal. Cyber security and data privacy is something that is regularly in newspaper headlines such that main street 401k investors can undoubtedly have a reasonably informed opinion about its importance and the need for solutions. Similarly, institutional investors such as public and private pension funds, mutual fund families, and foundations are well aware of the specifics and headline risks associated with the protection of customer information, not only as investors but also as entities that need to protect customer information themselves. For these reasons and the reasons provided below, we respectfully request the Staff reject Verizon's request for no-action relief.

### **Significant Social Policy Issue**

A review of 2017 demonstrates that there continues to be widespread public interest in the protection of customer information, cyber security, and data privacy. Not only does a Google search for "data breach" reveal over one million news stories in 2017; "protection of customer information" results in almost half-million news stories in 2017; and "cyber security" results in 14 million news stories, but by some accounts, "The year 2017 saw more personally identifiable information (PII) exposed through malicious intent than ever before."<sup>1</sup>

Perhaps the best evidence that (1) the issue is significant and (2) that protection of customer information is an appropriate subject of investor interest comes from SEC Chairman Jay

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<sup>1</sup> <https://martechtoday.com/equifax-beyond-data-breaches-shaped-2017-208388>

Clayton. On September 26, 2017, Chairman Clayton testified before Congress<sup>2</sup> and made the following statement:

Cybersecurity is an area that is vitally important to the SEC, our markets and me personally. The prominence of this issue and the heightened focus the agency has on it is the result of various factors, including (1) the increased use of and dependence on data and electronic communications, (2) the greater complexity of technologies present in the financial marketplace and (3) the continually evolving threats from a variety of sources. **Cybersecurity touches the daily lives of virtually all Americans, whether it is our accounts with financial services firms, the companies we invest in or the markets through which we trade. ...**

Despite the attention given to widely-publicized cyber-related incidents experienced by the Commission and others, **I still am not confident that the Main Street investor has received a sufficient package of information from issuers, intermediaries and other market participants to understand the substantial risks resulting from cybersecurity and related issues. As a general matter, it is critical that investors be informed about the threats that issuers and other market participants face.**

To be sure, we are continuing to examine whether public companies are taking appropriate action to inform investors, including after a breach has occurred, and we will investigate issuers that mislead investors about material cybersecurity risks or data breaches. As is noted in my July speech and on various other occasions, I would like to see more and better disclosure in this area.

(emphasis added)

In Congress, there have been at least 191 cyber security related bills<sup>3</sup> introduced during 2017-2018, including:

- S.770 - MAIN STREET Cybersecurity Act of 2017 (require NIST to "disseminate clear and concise resources to help small business concerns identify, assess, manage, and reduce their cybersecurity risks.")

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<sup>2</sup> <https://www.sec.gov/news/testimony/testimony-clayton-2017-09-26>

<sup>3</sup>

<https://www.congress.gov/search?searchResultViewType=expanded&pageSort=dateOfIntroduction%3Adesc&q=%7B%22source%22%3A%22legislation%22%2C%22search%22%3A%22cybersecurity%22%2C%22congress%22%3A%22115%22%7D>

- S.1691 - Internet of Things Cybersecurity Improvement Act of 2017 (require manufacturers to include some basic security features into internet-of-things devices)
- S.2179 – Data Security and Breach Notification Act
- H.R.4544 – Consumer Data Protection Act (strengthen protections for consumers impacted by data breaches of consumer reporting agencies)
- S.2124 – Consumer Privacy Protection Act (place requirements on companies with sensitive consumer information, such as Equifax, to maintain safeguards to ensure the privacy and security of such data, and to notify consumers when that sensitive data is breached)

The most public and dramatic breach of 2017 would appear to be the incident affecting Equifax. In September, Equifax, one of the four major credit reporting agencies, disclosed that its network had been infiltrated. The breach exposed the data of 143 million Americans, including names, birthdates, addresses, some driver’s license numbers, and social security numbers. The breach resulted in multiple Congressional hearings and dozens of government investigations. It is reported that as of November, Equifax incurred almost \$90 million of expenses stemming from the enormous data. The company stated that it is not able to estimate the future expenses of addressing the breach, but nevertheless reported that they are expected to be “significant.”<sup>4</sup>

The point of course is not to determine what is the biggest breach or who suffered it, but rather to observe that the issue of cyber security, data privacy, and protecting customer information is a significant social policy issue and a significant issue for any company in possession of customer information. As Senator Mark R. Warner (D-Va.), co-founder of the Senate Cybersecurity Caucus and member of the Senate Banking Committee, put it, “It is no exaggeration to suggest that a breach such as this — exposing highly sensitive personal and financial information central for identity management and access to credit — represents a real threat to the economic security of Americans.”<sup>5</sup>

As we know, Verizon is not immune to these risks. Over the summer, the *Washington Post* reported that a “communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million

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<sup>4</sup> <https://www.nytimes.com/2017/11/09/business/equifax-data-breach.html>

<sup>5</sup> [https://www.washingtonpost.com/business/technology/equifax-hack-hits-credit-histories-of-up-to-143-million-americans/2017/09/07/a4ae6f82-941a-11e7-b9bc-b2f7903bab0d\\_story.html?utm\\_term=.2505ef878035](https://www.washingtonpost.com/business/technology/equifax-hack-hits-credit-histories-of-up-to-143-million-americans/2017/09/07/a4ae6f82-941a-11e7-b9bc-b2f7903bab0d_story.html?utm_term=.2505ef878035)

Verizon customers.”<sup>6</sup> And in October, Verizon revealed a “bombshell” when it disclosed that its subsidiary, Yahoo, was the subject of the largest infiltration of data privacy in history, a cyber security breach that hit all 3 billion customer accounts.<sup>7</sup>

Verizon’s cybersecurity problems have raised widespread public debate, been widely reported by major media, and caused serious concerns in Congress. A Google News search of “Verizon, data breach, 2017” produces about 26,500 results. In *Forbes*’s reporting on the June Verizon breach it pointed out that “There’s something about this breach that’s more alarming ..., some of the Verizon customer data included plain text PINs [which] can give an attacker access to sensitive online accounts that have been protected by two-factor authentication. If that second factor is a text message, the SIM card swap will redirect those messages to the criminal.”<sup>8</sup>

The revelations regarding the Yahoo breach resulted in a Congressional hearing entitled *Protecting Consumers in the Era of Major Data Breaches* which included testimony from Verizon’s Deputy General Counsel and Chief Privacy Officer.<sup>9</sup> Lawmakers reportedly “grilled executives” regarding about what they are doing “to protect consumers from future incursions.”<sup>10</sup>

In the *Wall Street Journal*, Craig Moffett, an analyst at MoffettNathanson LLC pointed out “This just highlights how thorny privacy issues can be for telecom operators ... if they are going to be held to a higher standard than Google and Facebook, either by statute or simply by convention, then it will be very hard for them to effectively compete.”<sup>11</sup> It is therefore not surprising that investors and analysts continue to be very focused on this issue. For example PWC,<sup>12</sup> Deloitte,<sup>13</sup>

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<sup>6</sup> <https://www.washingtonpost.com/news/the-switch/wp/2017/07/17/why-it-took-more-than-a-week-to-resolve-the-verizon-data-leak/>

<sup>7</sup> <http://money.cnn.com/2017/12/18/technology/biggest-cyberattacks-of-the-year/index.html>

<sup>8</sup> <https://www.forbes.com/sites/leemathews/2017/07/13/millions-of-verizon-customers-exposed-by-third-party-leak/#5542f81d2836>

<sup>9</sup> <https://www.commerce.senate.gov/public/index.cfm/hearings?ID=A29EB61A-4372-41B5-897A-ED169BC331E5>

<sup>10</sup> <https://www.law.com/corpcounsel/sites/corpcounsel/2017/11/08/senators-call-for-attitude-change-around-cybersecurity-as-verizon-attorney-other-execs-testify/>

<sup>11</sup> <https://www.wsj.com/articles/verizon-wants-to-build-an-advertising-juggernaut-it-needs-your-data-first-1504603801>

<sup>12</sup> <https://www.pwc.com/us/en/cybersecurity/assets/pwc-2018-gsiss-strengthening-digital-society-against-cyber-shocks.pdf>

<sup>13</sup> <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/risk/us-risk-beneath-the-surface-of-a-cyber-attack.pdf>

IBM<sup>14</sup>, and the National Association of Corporate Directors<sup>15</sup> to name just a few, publish extensive reports on the threats to business presented by cyber security.

These issues will undoubtedly continue to get public attention as Verizon will now have to respond to any lawsuits filed by victims of the Yahoo breach. In September, a U.S. District Court judge in California ruled people affected by the attacks can pursue breach of contract and unfair competition claims because the plaintiffs "have alleged a risk of future identity theft."<sup>16</sup> This is a conclusion consistent with a CFRA Research equity analyst note which concluded that since the Yahoo data breach is three times as big as previously reported, it believes it could "lead to additional legal and regulatory costs."<sup>17</sup>

Lastly, the evidence provided above is in addition to the evidence we provided in 2017 which demonstrated extensive interest in the issue by the public, investors, and policy makers.<sup>18</sup> This combined substantial body of evidence demonstrates long-term widespread public interest in the issue which is sustained and continuous.

For all of these reasons, it is clear that the proposal focuses on a significant social policy issue confronting Verizon. We note that Verizon's no-action request letter does not argue that the issue is not a significant social policy issue subject to widespread public debate. Nor does it argue that there is not any nexus between the subject matter of the proposal and the company. We respectfully request, therefore, that the Staff conclude that the Proposal does in fact focus on a significant social policy issue confronting the company.

### **The Proposal Does Not Seek to Micro Manage Verizon**

The Proposal asks the appropriate board committee(s) to publish a report assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans. As demonstrated below, it is evident that this request of the board does not seek to micro-manage because (1) the subject matter is not too complex nor (2) does the form of the request involve intricate details or specificity.

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<sup>14</sup> <https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=SEL03130WWEN&>

<sup>15</sup> <https://www.nacdonline.org/cybercenter>

<sup>16</sup> <https://www.reuters.com/article/us-verizon-yahoo-breach/yahoo-must-face-litigation-by-data-breach-victims-u-s-judge-idUSKCN1BB25Q>

<sup>17</sup> <http://variety.com/2017/digital/news/yahoo-3-billion-hacked-accounts-verizon-oath-taint-1202580427/>

<sup>18</sup> <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2017/trilliumpark021617-14a8.pdf>

With respect to the subject matter, it is evident that the shareholders of telecom companies like Verizon have successfully engaged with issues similar to or more complex than cyber security, data privacy, and the protection of customer information. For example, in *Verizon Communications* (February 13, 2012) the Staff permitted a proposal that focused on network neutrality, a subject that Verizon described at the time as being extraordinarily complex:

In attempting to prescribe how Verizon operates and manages traffic on its wireless broadband networks, the Proponents are seeking to subject to shareholder oversight an aspect of Verizon's business that, due to its complex nature, is most appropriately handled by management. The network management associated with the provision of wireless Internet access services involves complex technical, operational, financial and regulatory issues. The Proposal would prevent Verizon from engaging in reasonable network management practices designed to address potential congestion, security and other wireless network problems, thus hindering its ability to provide safe, reliable wireless broadband services that meet the needs of its customers.

...

Verizon operates a highly complex wireless network, consisting of cell sites, switches, routers and servers that are connected by thousands of miles of fiber optic cable to Verizon's global Internet Protocol backbone. ... Verizon employs sophisticated security measures to detect, filter and, when necessary, block or degrade harmful traffic on its wireless network, including directed denial of service attacks, botnets, malware, viruses and SPAM. When a security threat is detected, it may be necessary for Verizon to temporarily block packets coming from a particular source (e.g., an infected device) by blocking access to certain ports on the network or to re-route those packets for closer examination or remediation.

...

For example, through the Wireless Priority Service (WPS) program of the National Communication Systems (NCS) branch of the Department of Homeland Security, Verizon currently provides authorized national security and emergency preparedness users on the federal, state and local level with the ability to receive transmissions that have priority over public calls, greatly increasing the probability for call completion during an emergency in which the public telecommunications networks are degraded by congestion or damage to the telecommunications infrastructure. Verizon is also an active participant in the NCS's Next Generation Network (NGN) Priority Services program, a

new program which, when deployed, will enable priority voice communications in the next generation packet-switched network environment.

The Staff, however, concluded that a shareholder proposal which “requested the company publicly commit ... to operate voluntarily its wireless broadband network consistent with network neutrality principles – i.e. operate a neutral network with neutral routing along the company’s wireless infrastructure such that the company does not privilege, degrade or prioritize any packet transmitted over its wireless infrastructure based on its source, ownership or destination” was appropriate for shareholders to consider.

The Proposal is, if anything, focused on an issue which is far less complex than the network neutrality proposal the Staff permitted in 2012. Verizon, in fact, does not assert any real concerns about complexity beyond the supposed complexity of its technical, administrative and physical safeguards in place to help protect against unauthorized access to, use or disclosure of customer information and data. Compared to the parade of complexity that network neutrality supposedly presented to investors, the Proposal is much more simple.

Furthermore, many of the concerns identified by Verizon in 2012 regarding network neutrality, overlap with the issues of cyber security and data privacy. This should lead one to conclude that if network neutrality is an appropriate subject for a shareholder proposal so is a proposal focused on cyber security, data privacy, and the protection of customer information.

The analysis and conclusion regarding the *form* of the proposal also leads to the conclusion that the proposal does not seek to micro-manage the company. In the case of network neutrality, the proposal asked “the company publicly commit ... to operate voluntarily its wireless broadband network consistent with network neutrality principles – i.e. operate a neutral network with neutral routing along the company’s wireless infrastructure such that the company does not privilege, degrade or prioritize any packet transmitted over its wireless infrastructure based on its source, ownership or destination.”

In contrast, the Proposal only addresses an assessment of “integrating cyber security and data privacy metrics into the performance measures of senior executives under the company’s compensation incentive plans.” **The proposal does not seek to impose a specific technical approach or method to cyber security and data privacy – in fact, in contrast to the network neutrality proposal, it does not seek any particular approach or method at all.** It does not seek to impose specific time-frames, or any time-frame for that matter either.

Finally, we would observe that Verizon shareholders have been voting on executive pay packages that include diversity and/or carbon intensity metrics since 2009.<sup>19</sup> Clearly, Verizon shareholders are capable of assessing the merits of including a focused non-financial metric in executive pay packages and have done so for at least eight years.

For the reasons provided above, we respectfully request that the Staff conclude that the Proposal does not seek to micro-manage Verizon.

**Proposals Focused on Executive Compensation Linkages to Significant Policy Issues are Permissible Under Rule 14a-8.**

In *ConocoPhillips* (February 13, 2015) the proponents requested the company:

to adopt a policy that it will not use "reserve additions," "reserve replacement ratio" ("RRR") or any other metric based on reserves to determine the amount of any senior executive's incentive compensation without adjusting reserves to exclude barrels of oil equivalent that are not economically producible under a Demand Reduction Scenario in which the price of a barrel of Brent crude oil decreases to \$65 (the price used by Standard & Poor's) by 2020 and remains flat thereafter.

The company argued that the proposal, which focused on the significant policy issue of climate change and the potential impact of regulatory developments to reduce demand, sought to micro-manage the company. The Staff concluded "we note that the proposal focuses on the significant policy issue of senior executive compensation and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate." As the *ConocoPhillips* example illustrates, it is permissible to focus a shareholder proposal on executive compensation metrics and how the company can link those metrics to a significant social policy issue.

Finally, the Proposal is different than all of the examples provided by Verizon on page 4 of its letter. All of those cases concerned situations where the proposal, while facially focused on executive compensation, were by the nature of the proposals' "thrust and focus" actually focused on "general employee benefits." Verizon does not (and cannot) assert that the Proposal focuses on employee benefits and therefore, those examples are inapposite.

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<sup>19</sup> <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000732712&type=DEF+14A&dateb=&owner=exclude&count=40>

For these reasons, we request the Staff conclude that the proposal is permissible under Rule 14a-8(i)(7).

**Conclusion**

In conclusion, we respectfully request the Staff to inform the Company that Rule 14a-8 requires a denial of the Company's no-action request. Please contact me at (503) 592-0864 or [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com) with any questions in connection with this matter, or if the Staff wishes any further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonas Kron', with a long horizontal flourish extending to the right.

Jonas Kron  
Senior Vice President

cc: Mary Louise Webber at [mary.l.weber@verizon.com](mailto:mary.l.weber@verizon.com)  
Assistant General Counsel  
Verizon Communications Inc.

## Appendix A

### Cyber Security and Data Privacy

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry." Prior to becoming the Chairman of the SEC, Jay Clayton wrote that "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments and/or faces significant challenges to doing so.

In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

With its acquisition of AOL and Yahoo and the combination of these firms into a new digital media and advertising company called Oath, Verizon now reportedly aims in coming years to double its advertising reach to 2 billion people in Latin America, Asia and Europe. CNBC reported that Oath is "working with third parties to provide more transparency in telling marketers where their ads are running." This will require sharing information and will depend on the security and policies of vendors and other third-party partners. When asked about recent data breaches, Oath's chief revenue officer, John DeVine, "called it an 'industry problem' and pointed to the latest hack involving Equifax," according to CNBC.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy metrics into executive compensation.

**Resolved:** Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

**Supporting Statement:** Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.



Mary Louise Weber  
Associate General Counsel

One Verizon Way  
Room 54S440  
Basking Ridge, NJ 07920  
Office: 908-559-5636  
Fax: 908-696-2068  
mary.l.weber@verizon.com

December 20, 2017

**By email to shareholderproposals@sec.gov**

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Verizon Communications Inc. 2018 Annual Meeting  
Shareholder Proposal of the Park Foundation and  
the New York State Common Retirement Fund

Ladies and Gentlemen:

I am writing on behalf of Verizon Communications Inc., a Delaware corporation (“Verizon”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, to request that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) concur with our view that, for the reasons stated below, Verizon may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by Trillium Asset Management, on behalf of the Park Foundation, and the Comptroller of the State of New York, as trustee for the New York State Common Retirement Fund (collectively, the “Proponents”), from the proxy materials to be distributed by Verizon in connection with its 2018 annual meeting of shareholders (the “2018 proxy materials”). The Proposal and all related correspondence with Trillium Asset Management is included in Exhibit A. The Proposal and all related correspondence with the New York State Comptroller is included in Exhibit B.

In accordance with Rule 14a-8(j), I am submitting this letter not less than 80 calendar days before Verizon intends to file its definitive 2018 proxy materials with the Commission and have concurrently sent a copy of this correspondence to the designated representatives of each of the Proponents.

## **I. Proposal**

The Proposal states:

Resolved: Verizon Shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cybersecurity and data privacy metrics into

the performance measures of senior executives under the company's compensation incentive plans.

**II. The Proposal may be omitted under Rule 14-8(i)(7) because it deals with matters relating to Verizon's ordinary business operations (the implementation of a cybersecurity program and the protection of customer information)**

Rule 14a-8(i)(7) permits a company to omit a shareholder proposal from its proxy materials if it deals with a matter relating to the company's ordinary business operations. When adopting amendments to Rule 14a-8 in 1998, the Commission explained that the general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). As explained in the 1998 Release, this general policy reflects two central considerations: (i) "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight;" and (ii) the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The Commission indicates that this second consideration "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seek to impose specific time-frames or methods for implementing complex policies."

Where a shareholder proposal requests the preparation of a special report, the Staff has stated that it looks to the underlying subject matter of the report to determine whether the proposal relates to an ordinary business matter. Where it does, the proposal is excludable under Rule 14a-8(i)(7). *Staff Legal Bulletin No. 14E* (October 27, 2009). Here, the Proposal requests a report on the feasibility of integrating cybersecurity and data privacy metrics into the performance measures of Verizon's senior executives. The underlying subject matter of the requested report involves two separate but related ordinary business matters; namely, the implementation of technology, processes and practices to protect the company's networks, programs and data from unauthorized access and the implementation of policies and procedures to protect customer information.

The Staff has repeatedly recognized that protecting customer information is a basic management function that should not be subject to shareholder oversight. Recently, in *Verizon Communications Inc.* (February 16, 2017), the Staff permitted exclusion of a proposal requesting a report on the company's progress in implementing its various commitments pertaining to privacy, free expression and data security, noting that the proposal relates to procedures for protecting customer information. Similarly, in *AT&T Inc.* (February 5, 2016), the Staff permitted exclusion of a proposal requesting a report clarifying the company's policies regarding providing customer information to law enforcement and assessing the risks arising from these policies, noting that "the proposal relates to procedures for protecting customer information and does not focus on a significant public policy issue." See, also, *Comcast Corporation* (March 4, 2009) (permitting exclusion of a proposal requesting a report on the effects of the company's internet management practices on expectations of privacy and free expression as relating to "procedures for protecting user information"); *AT&T Inc.*

(January 26, 2009) (same); *Verizon Communications Inc.* (February 22, 2007) (permitting exclusion of a proposal that sought a report on the technical, legal and ethical policy issues pertaining to the disclosure of customer records and communications content to government agencies without a warrant and the effect of such disclosures on customer privacy rights as relating to "protecting customer information"); and *AT&T Inc.* (February 7, 2008) (same).

Verizon is one of the nation's largest communications companies, delivering wireline, wireless and broadband services to individual customers, businesses and government and wholesale customers. Implementing policies, procedures and systems to protect the company's network from unauthorized access or damage and our customer's private information are core management functions and an integral part of Verizon's day-to day business operations. The level of privacy and data security provided by Verizon to its customers are fundamental to its service offerings and its ability to attract and retain customers. Verizon has technical, administrative and physical safeguards in place to help protect against unauthorized access to, use or disclosure of customer information and data and maintains security and incident response plans to handle incidents involving unauthorized access to private information. All employees are trained annually on Verizon's policies relating to privacy and information security and are subject to a code of conduct consistent with the company's policies. Moreover, ensuring data security requires specialized knowledge of network architectures, business practices and available network technology, and Verizon has highly trained teams of professionals dedicated to network security. The Audit Committee of Verizon's Board of Directors (the "Board") oversees the company's risk management program relating to privacy and network security and the company's compliance in the areas of data and privacy protection. The Board receives regular updates on the company's cybersecurity program. Given the centrality of network security and data privacy to Verizon's ordinary business operations and the specialized nature of these functions, they should not, as a practical matter, be subject to direct shareholder oversight.

The Proposal also implicates Verizon's compliance with legal and regulatory requirements relating to privacy and data security. The development and implementation of policies and procedures to comply with legal and regulatory requirements applicable to privacy and data security are an integral part of Verizon's day-to-day business operations. Verizon is subject to federal, state and international laws and regulations relating to privacy and data security that impact all parts of its business. The Staff has long identified a company's compliance with laws and regulation as a matter of ordinary business. In *Navient Corporation* (March 26, 2015), the Staff permitted exclusion of a proposal requesting a report on its internal controls over its student loan servicing operations, including a discussion of the actions taken to ensure compliance with applicable law, noting that "proposals that concern a legal compliance program are generally excludable under Rule 14a-8(i)(7)." See, also, *FedEx Corporation* (July 14, 2009), *Verizon Communications Inc.* (January 7, 2008), *The AES Corporation* (January 9, 2007) and *H&R Block, Inc.* (August 1, 2006).

Verizon believes that the no action precedent discussed above clearly establishes that the core issue the Proposal seeks to address – data security and privacy – is an ordinary business matter.

### **III. The Proposal is not saved from exclusion as relating to an ordinary business matter by its reference to executive compensation**

While the Proposal may be framed as an executive compensation proposal, the supporting statement makes clear that the thrust and focus of the Proposal is Verizon's implementation of policies and procedures to thwart cyber breaches and protect customer information. In numerous instances, the Staff has held that a proponent may not avoid exclusion of a proposal that clearly relates to a matter of ordinary business by proposing that the amount of compensation paid to executive officers be determined based on how the company addresses that matter. In *Delta Air Lines* (March 27, 2012), the Staff allowed exclusion of a proposal requesting that the board of directors prohibit payment of incentive compensation to executive officers unless the company first adopted a process to fund the retirement accounts of the company's pilots, noting that while the proposal mentions executive compensation, the focus and thrust of the proposal is on the ordinary business matter of employee benefits. Similarly, in *Exelon Corp.* (February 21, 2007), the Staff permitted exclusion of a proposal seeking to prohibit payment of bonuses to the company's executives to the extent that performance goals were achieved through a reduction in retiree benefits, noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits." See, also, *Wal-Mart Stores Inc.* (March 17, 2003) (permitting exclusion of a proposal requesting that the compensation committee include in the performance goals for executive's compensation an increase in the percentage of individuals and their families covered by the company's health plans as compared to the prior year).

While the precedent proposals described above involved employee benefits, a compensation-related proposal is excludable under Rule 14a-8(i)(7) where its thrust and focus is on *any* matter of ordinary business, not just employee benefits. In *Apple Inc.* (December 30, 2014), the Staff permitted exclusion of a proposal urging the compensation committee to include in the metric used to determine incentive compensation for the company's five most highly compensated executives a metric related to the effectiveness of the company's policies and procedures designed to promote adherence to laws and regulations. In allowing the exclusion, the Staff specifically noted, "although the proposal relates to executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the company's legal compliance program." Similarly, in *General Electric Co.* (January 10, 2005), the Staff allowed exclusion of a proposal requesting that the compensation committee include social responsibility and environmental criteria among the performance goals executives must meet to earn their compensation. At the time General Electric owned NBC Universal, and the proponent's supporting statement was devoted primarily to a recitation of statistics purporting to show a link between teen smoking and the presentation of smoking in the movies. In allowing exclusion of the proposal, the Staff noted that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production."

The Proposal seeks to condition payment of incentive compensation on the effectiveness of Verizon's cybersecurity and privacy programs. The thrust and focus of the Proposal is on Verizon's implementation of policies and procedures to protect its networks and customer information, which are well-established matters of ordinary business for Verizon. Accordingly, Verizon believes that the Proposal may be properly excluded from its 2018 proxy materials under Rule 14a-8(i)(7) and

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
December 20, 2017  
Page 5

respectfully requests the concurrence of the Staff that it will not recommend enforcement action against Verizon if Verizon omits the Proposal in its entirety from its 2018 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter to Trillium by email to [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com), to the New York State Comptroller by fax to (212) 681-4468 and to the undersigned by email to [mary.l.weber@verizon.com](mailto:mary.l.weber@verizon.com).

If you have any questions with respect to this matter, please telephone me at (908) 559-5636.

Very truly yours,



Mary Louise Weber  
Associate General Counsel

Enclosures

cc: Jonas Kron, Trillium Asset Management LLC  
Gianna McCarthy, New York State, Office of the Comptroller

Exhibit A

Proposal and Related Correspondence with Trillium Asset Management



November 13, 2017

Assistant Corporate Secretary  
Verizon Communications, Inc.  
1095 Avenue of the Americas  
New York, New York 10036

Dear Secretary:

Trillium Asset Management LLC ("Trillium") is an investment firm based in Boston specializing in socially responsible asset management. We currently manage approximately \$2.5 billion for institutional and individual clients.

As requested and authorized by The Park Foundation, Inc., Trillium Asset Management, as our client's investment advisor, hereby submits the enclosed shareholder proposal with Verizon Communications for inclusion in the 2018 proxy statement and in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8). Per Rule 14a-8, The Park Foundation, Inc. holds more than \$2,000 of the company's common stock, acquired more than one year prior to today's date and held continuously for that time. As evidenced in the attached letter, The Park Foundation, Inc. will remain invested in this position continuously through the date of the 2018 annual meeting. We will forward verification on The Park Foundation, Inc.'s behalf of the position separately. The Park Foundation, Inc. will send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

We expect there to be co-filers for this proposal.

We would welcome discussion with Verizon about the contents of the proposal.

Please direct any communications to me at (503) 894-7551, or via email at [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com).

We would appreciate receiving a confirmation of receipt of this letter via email.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonas Kron", with a long horizontal flourish extending to the right.

Jonas Kron  
Senior Vice President, Director of Shareholder Advocacy  
Trillium Asset Management, LLC

Cc: Chairman and Chief Executive Officer

Enclosures

## Cyber Security and Data Privacy

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry." Prior to becoming the Chairman of the SEC, Jay Clayton wrote that "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments and/or faces significant challenges to doing so.

In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

With its acquisition of AOL and Yahoo and the combination of these firms into a new digital media and advertising company called Oath, Verizon now reportedly aims in coming years to double its advertising reach to 2 billion people in Latin America, Asia and Europe. CNBC reported that Oath is "working with third parties to provide more transparency in telling marketers where their ads are running." This will require sharing information and will depend on the security and policies of vendors and other third-party partners. When asked about recent data breaches, Oath's chief revenue officer, John DeVine, "called it an 'industry problem' and pointed to the latest hack involving Equifax," according to CNBC.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy metrics into executive compensation.

**Resolved:** Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or propriety information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

**Supporting Statement:** Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

# PARK FOUNDATION

November 2, 2017

Jonas Kron  
Senior Vice President, Director of Shareholder Advocacy  
Trillium Asset Management, LLC  
Two Financial Center  
60 South Street, Suite 1100  
Boston, MA 02111

Fax: 617-482-6179

Dear Mr. Kron:

I hereby authorize Trillium Asset Management LLC to file a shareholder proposal on behalf of the Park Foundation at Verizon Communication, Inc. (VZ) on the subject of a report assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

The Park Foundation is the beneficial owner of more than \$2,000 of Verizon Communications, Inc. common stock that The Park Foundation has continuously held for more than one year. The Park Foundation intends to hold the aforementioned shares of stock continuously through the date of the company's annual meeting in 2018.

The Park Foundation specifically gives Trillium Asset Management LLC authority to deal, on our behalf, with any and all aspects of the aforementioned shareholder proposal. This authorization will terminate upon the conclusion of the company's 2018 annual meeting. The Park Foundation intends all communications from the company and its representatives to be directed to Trillium Asset Management LLC. The Park Foundation understands that its name may appear on the corporation's proxy statement as the filer of the aforementioned shareholder proposal.

Sincerely,



Jon Jensen  
Executive Director

*Park Foundation Inc. P.O. Box 550 Ithaca, NY 14851  
Tel: 607/272-9124 Fax: 607/272-6057*



One Verizon Way  
Basking Ridge, NJ 07920  
Tel 908-559-5561  
dana.kahney@verizon.com

**Dana C. Kahney**  
**Managing Associate General Counsel &**  
**Assistant Corporate Secretary**

November 14, 2017

By Email

Mr. Jonas Kron  
Senior Vice President, Director of Shareholder Advocacy  
Trillium Asset Management, LLC  
Two Financial Center  
60 South Street, Suite 1100  
Boston, MA 02111

Dear Mr. Kron:

I am writing to acknowledge receipt of your letter (the "Trillium Letter") submitting a shareholder proposal on behalf of The Park Foundation, Inc. (the "Foundation") on November 13, 2017, relating to cyber security and data privacy (the "Proposal") for inclusion in Verizon Communications Inc.'s proxy statement for the 2018 annual meeting of shareholders. In addition to the Trillium Letter, we also received the November 2, 2017 letter (the "Authorization Letter") authorizing Trillium Asset Management, LLC ("Trillium") to file a shareholder proposal on the Foundation's behalf. Under the Securities and Exchange Commission's (SEC) proxy rules, in order to be eligible to submit a proposal for the 2018 annual meeting, a proponent must have continuously held at least \$2,000, or 1%, in market value of Verizon's common stock for at least one year prior to the date that the proposal is submitted. In addition, the proponent must continue to hold at least this amount of the stock through the date of the annual meeting. For your reference, I have attached a copy of the SEC's proxy rules relating to shareholder proposals.

Our records indicate that the Foundation is not a registered holder of Verizon common stock. Please provide a written statement from the record holder of the Foundation's shares (usually a bank or broker) verifying that, as of the date the Foundation submitted the proposal (November 13, 2017), it held, and has continuously held for at least one year, at least \$2,000 in market value of Verizon common stock. Please note that some banks or brokers are not considered to be "record holders" under the SEC proxy rules because they do not hold custody of client funds and securities. Only DTC participants are viewed as "record holders" of securities for purposes of providing the written statement. You can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/client-center/dtc-directories>.

November 14, 2017

Page 2

If the Foundation's bank or broker is not a DTC Participant, the bank or broker should be able to provide you with a contact at the DTC Participant that has custody of its securities.

The SEC rules require that this documentation be postmarked or transmitted electronically to us no later than 14 days from the day you receive this letter. Once we receive this documentation, we will be in a position to determine whether the proposal is eligible for inclusion in the proxy statement for the Verizon 2018 annual meeting.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Dana C. Kahney".

Dana C. Kahney  
Managing Associate General Counsel and  
Assistant Corporate Secretary

Attachment

Cc: William L. Horton, Jr.

**The Northern Trust Company**

50 South LaSalle Street  
Chicago, IL 60603  
(312) 630-6000



November 16, 2017

Re: Park Foundation/ \*\*\*

This letter is to confirm that The Northern trust holds as custodian for the above client 260 shares of common stock in Verizon Communications, Inc.(VZ) These 260 shares have been held in this account continuously for at least one year prior to November 13, 2017.

These shares are held at Depository Trust Company under the nominee name of The Northern Trust Company.

This letter serves as confirmation that the shares are held by The Northern Trust Company.

Yours sincerely,

Frank Fauser  
Vice President

Exhibit B

Proposal and Related Correspondence with the New York State Comptroller

**THOMAS P. DINAPOLI**  
**STATE COMPTROLLER**



**STATE OF NEW YORK**  
**OFFICE OF THE STATE COMPTROLLER**

**DIVISION OF CORPORATE GOVERNANCE**  
59 Maiden Lane-30th Floor  
New York, NY 10038  
Tel: (212) 383-3931  
Fax: (212) 681-4468

November 13, 2017

Mr. William L. Horton, Jr.  
Senior Vice President, Deputy General Counsel  
and Corporate Secretary  
Verizon Communications Inc.  
1095 Avenue of the Americas  
New York, New York 10036

Dear Mr. Horton:

The Comptroller of the State of New York, Thomas P. DiNapoli, is the trustee of the New York State Common Retirement Fund (the "Fund") and the administrative head of the New York State and Local Retirement System. The Comptroller has authorized me to inform of his intention to sponsor the enclosed shareholder proposal, with co-filer Trillium Asset Management, for consideration of stockholders at the next annual meeting.

I submit the enclosed proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

A letter from J.P. Morgan Chase, the Fund's custodial bank verifying the Fund's ownership of Verizon Communications Inc. shares, continually for over one year, is enclosed. The Fund intends to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the board of Verizon Communications decide to endorse its provisions as company policy, the Comptroller will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact me at 212-383-1343 should you have any further questions on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gianna McCarthy".

Gianna McCarthy  
Director of Corporate Governance

Enclosures

## Cyber Security and Data Privacy

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry." Prior to becoming the Chairman of the SEC, Jay Clayton wrote that "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments and/or faces significant challenges to doing so.

In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

With its acquisition of AOL and Yahoo and the combination of these firms into a new digital media and advertising company called Oath, Verizon now reportedly aims in coming years to double its advertising reach to 2 billion people in Latin America, Asia and Europe. CNBC reported that Oath is "working with third parties to provide more transparency in telling marketers where their ads are running." This will require sharing information and will depend on the security and policies of vendors and other third-party partners. When asked about recent data breaches, Oath's chief revenue officer, John DeVine, "called it an 'industry problem' and pointed to the latest hack involving Equifax," according to CNBC.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy metrics into executive compensation.

**Resolved:** Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or propriety information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

**Supporting Statement:** Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

# J.P.Morgan

Daniel F. Murphy  
Vice President  
CIB Client Service Americas

November 13, 2017

Mr. William L. Horton, Jr.  
Senior Vice President, Deputy General Counsel and Corporate Secretary  
Verizon Communications Inc.  
1095 Avenue of the Americas  
New York, New York 10036

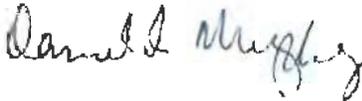
Dear Mr. William L. Horton, Jr.,

This letter is in response to a request by The Honorable Thomas P. DiNapoli, New York State Comptroller, regarding confirmation from JP Morgan Chase that the New York State Common Retirement Fund has been a beneficial owner of Verizon Communications Inc. continuously for at least one year as of and including November 13, 2017.

Please note that J.P. Morgan Chase, as custodian for the New York State Common Retirement Fund, held a total of 11,343,207 shares of common stock as of November 13, 2017 and continues to hold shares in the company. The value of the ownership stake continuously held by the New York State Common Retirement Fund had a market value of at least \$2,000.00 for at least twelve months prior to, and including, said date.

If there are any questions, please contact me or Miriam Awad at (212) 623-8481.

Regards,



Daniel F. Murphy

cc: Gianna McCarthy- NYSCRF  
Tana Goldsmith - NYSCRF  
Kyle Seeley - NYSCRF