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

DIVISION OF
CORPORATION FINANCE

March 14, 2024

Brandon N. Egren
Verizon Communications Inc.

Re: Verizon Communications Inc. (the "Company")
Incoming letter dated January 5, 2024

Dear Brandon N. Egren:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by the Association of BellTel Retirees Inc. for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company undertake a comprehensive independent study and publicly release an independent report that demonstrates the Company has assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(10). In our view, the Company has not substantially implemented the Proposal.

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2023-2024-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Cornish F. Hitchcock
Hitchcock Law Firm PLLC

One Verizon Way
Mail Code VC54S
Basking Ridge, NJ 07920
908.559.2726
brandon.egren@verizon.com

Brandon N. Egren
Managing Associate General Counsel &
Assistant Corporate Secretary

January 5, 2024

By electronic submission

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. 2024 Annual Meeting
Shareholder Proposal of the Association of BellTel Retirees Inc.

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 the Association of BellTel Retirees Inc. (the “Proponent”), from the proxy materials to be distributed by Verizon in connection with its 2024 annual meeting of shareholders (the “2024 proxy materials”). A copy of the Proponent’s submission, which includes the Proposal, is attached as Exhibit A hereto.

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 2024 proxy materials with the Commission and have concurrently sent a copy of this correspondence by email and overnight courier to the Proponent as notice of Verizon’s intent to omit the Proposal from Verizon’s 2024 proxy materials. Rule 14a-8(k) and Staff Legal Bulletin No. 14D (November 7, 2008) provide that a shareholder proponent is required to send the company a copy of any correspondence relating to the Proposal which the proponent submits to the Commission or the Staff. Accordingly, we hereby inform the Proponent that, if the Proponent elects to submit additional correspondence to the Commission or the Staff relating to the Proposal, the Proponent should concurrently furnish a copy of that correspondence to the undersigned.

The Proposal

The Proposal states:

> **Resolved**: The shareholders request that Verizon Communications undertake a comprehensive independent study and publicly release an independent report by December 2024 that demonstrates the Company has assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.

Bases for Exclusion

In accordance with Rule 14a-8, Verizon respectfully requests that the Staff confirm that no enforcement action will be recommended against Verizon if the Proposal is omitted from Verizon's 2024 proxy materials for the following, separately sufficient, reasons:

1. The Proposal may be excluded pursuant to Rule 14a-8(i)(10) because Verizon has already substantially implemented the Proposal; and

2. The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it deals with matters relating to Verizon's ordinary business operations.

Analysis

I. The Proposal may be excluded pursuant to Rule 14a-8(i)(10) because Verizon has already substantially implemented the Proposal.

Rule 14a-8(i)(10) permits a company to omit a proposal from its proxy materials if the company has already substantially implemented the proposal. This exclusion is "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by management." Exchange Act Release No. 34-12598 (July 7, 1976) (regarding the predecessor to Rule 14a-8(i)(10)). The Staff consistently concurs in excluding proposals when it determines the company's policies, practices, and procedures compare favorably with the proposal guidelines. *See, for example, Verizon Communications Inc.* (February 5, 2021); *Verizon Communications Inc.* (February 19, 2019); *The Goldman Sachs Group, Inc.* (March 12, 2018); *Wal-Mart Stores, Inc.* (March 16, 2017); *Apple Inc.* (December 12, 2017); and *Walgreen Co.* (September 26, 2013).

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company can demonstrate that it already has taken actions to address the underlying concerns and satisfied the essential objectives of the proposal. *See, for example, The Wendy's Co.* (April 10, 2019) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report assessing human rights risks of the company's operations, including the principles and methodology used to make the assessment, the frequency of assessment and how the company would use the assessment's results, where the company had a code of ethics and a code of conduct for

suppliers and disclosed on its website the frequency and methodology of its human rights risk assessments).

Applying these standards, the Staff has consistently concurred with the exclusion of shareholder proposals that, like the Proposal, request a report containing information that a company has already publicly disclosed, even if not issued in the form of a report in response to a proposal. *See, for example, Exxon Mobil Corporation* (March 20, 2020) (concurring with the exclusion of a proposal requesting that the company issue a report describing its plans to align its operations and investments with the goal of maintaining global temperature rise well below 2 degrees Celsius, where the company published an annual energy and carbon summary report addressing the topics raised in the proposal); *Mondelez International, Inc.* (March 7, 2014) (concurring with the exclusion of a proposal requesting that the board produce a report on the company's process for identifying and analyzing potential and actual human rights risks in the company's operations and supply chain, where the company already disclosed its risk management process and the framework it used to assess potential human rights risks); *Pfizer Inc.* (January 11, 2013, *recon. denied* March 1, 2013) (concurring with the exclusion of a proposal requesting that the board issue a report detailing measures implemented to reduce the use of animals and specific plans to promote alternatives to animal use, where the company cited its compliance with the Animal Welfare Act and published a two-page "Guidelines and Policy on Laboratory Animal Care" on its website; *Duke Energy Corporation* (February 21, 2012) (concurring with the exclusion of a proposal requesting that an independent board committee prepare a report on the company's action to reduce greenhouse gases and other emissions where the company had provided disclosures regarding its energy efficiency programs and regulatory targets for renewable generation sources in its filings and on its website).

Moreover, a report need not be a particular length or form or provide all of the information requested in order to compare favorably to the guidelines of the proposal for purposes of Rule 14a-8(i)(10). *See, for example, Amazon.com, Inc. (The Nathan Cummings Foundation)* (April 7, 2021) (concurring with the exclusion of a proposal requesting a report on the company's "efforts to address hate speech and the sale or promotion of offensive products throughout its businesses" where the company had published a blog post discussing the company's policies on the same topic); *The Dow Chemical Co.* (March 18, 2014) (concurring with the exclusion of a proposal requesting that the company prepare a report "assessing the short and long term financial, reputational and operational impacts" of an environmental incident in Bhopal, India where the company had provided "Q and A" on its website with respect to the Bhopal incident).

Verizon has already substantially implemented the Proposal by engaging third-party experts to perform testing on the sites identified in *The Wall Street Journal* report on which the Proposal is premised, and has publicly disclosed information on the results of the testing conducted in 2023, which do not indicate that there is an immediate public health risk requiring remediation associated with lead-sheathed cables.

When Verizon became aware of claims in *The Wall Street Journal* related to lead-sheathed cables, the company took action to determine if there is, in fact, a concern presented by these facilities. These efforts have included the engagement of third-party experts to develop

and conduct a protocol to test the levels of lead in the soil in the vicinity of the cables highlighted by *The Wall Street Journal*. Verizon has publicly disclosed on its website information about this third-party testing conducted in 2023 and the results thereof, which do not indicate that there is an immediate public health risk requiring remediation associated with lead-sheathed cables. *See "Verizon reports lead test results, continues to work with EPA"* (September 13, 2023), available at https://www.verizon.com/about/news/verizon-reports-lead-test-results-continues-work-epa, and attached as Exhibit B hereto. Verizon provided the testing results to the U.S. Environmental Protection Agency ("EPA") and state environmental agencies and remains in communication with those agencies about next steps.

Because the test results that have been already disclosed by Verizon do not indicate that there is an immediate public health risk requiring remediation associated with lead-sheathed cables, Verizon submits that the Proposal's request for consideration of and reporting on the potential cost and prioritization of remediation of sites that pose a risk to public health reflects a bias as to the outcome of the assessment, and therefore that the Proposal does not require reporting "on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health" under the current circumstances.

It is not necessary that the proposal has been implemented in full or precisely as presented for the Staff to determine that a matter presented by a proposal has been acted upon favorably by management. Exchange Act Release No. 20091 (August 16, 1983). Rather, the company's actions need to address the essential objectives of the proposal. *See, for example, McKesson Corp.* (April 8, 2011); *Texaco, Inc.* (March 3, 1991). Accordingly, Verizon believes that the objectives of the Proposal have been substantially implemented through actions that have already been taken relating to assessment and third-party testing and disclosure of testing results. To the extent that certain aspects of the Proposal have not been implemented, they would directly interfere with pending litigation as described in more detail below.

II. The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it deals with matters relating to Verizon's ordinary business operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business" operations. According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" refers to matters that are not necessarily "ordinary" in the common meaning of the word, but instead the term "is rooted in the corporate law concept of providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that the underlying policy of 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." As relevant here, one of the central considerations that the Commission identified as underlying this policy is that "[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." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

A. The Proposal relates to the ordinary business matter of Verizon's litigation strategy and the conduct of litigation to which Verizon is a party.

The Staff has long concurred with the exclusion under Rule 14a-8(i)(7) of shareholder proposals when the subject matter of the proposal is the same as or similar to the subject matter of litigation in which a company is then involved, and, importantly, has consistently concurred with such exclusion when the implementation of the proposal could be construed as an admission by the company that would contradict or preempt its position in ongoing litigation. For example, in *Chevron Corp.* (March 30, 2021) ("*Chevron 2021*"), the Staff concurred in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report analyzing "how Chevron's policies, practices and the impacts of its business, perpetrate racial injustice and inflict harm on communities of color," where the company was involved in litigation seeking to hold the company liable for alleged harmful impacts of its business practices on climate change and in turn on communities of color, and the company's position in the litigation was to contest the existence of such impacts. *See also Deere & Company* (December 29, 2023) (concurring with the exclusion of a proposal requesting a report assessing the benefits, drawbacks, and risks of opposing "Right to Repair" regulation, while the company was defending itself in litigation alleging that it acted to restrict its customers' right to repair their own equipment, and that would have required the company to take a public position, outside the context of the ongoing litigation and the discovery process, with respect to the very business practices that were the subject of the litigation); *Johnson & Johnson* (February 14, 2012) (concurring with the exclusion of a proposal where implementation would have required the company to report on any new initiatives instituted by management to address the health and social welfare concerns of people harmed by LEVAQUIN®, thereby taking a position on the existence and nature of any such harms, a central issue in ongoing litigation, outside the context of the litigation); and *AT&T Inc.* (February 9, 2007) (concurring with the exclusion of proposal requesting that the company issue a report containing specified information regarding the alleged disclosure of customer records to governmental agencies, while the company was defending multiple pending lawsuits alleging unlawful acts related to such disclosures).

Consistent with the foregoing and other similar precedent, the Proposal may be excluded from the 2024 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal involves the same subject matter as, and would directly and negatively impact Verizon's litigation strategy in, a number of pending lawsuits related to lead-sheathed cables, including the following:

- *Gary Blum & Lucia Billiot v. AT&T Corp. et al.*, Civil Action No. 6:23-cv-01748 (W.D. La.)
- *Greg Bostard v. Verizon Communications Inc. et al.,* Civil Action No. 1:23-cv-08564 (D.N.J.)
- *General Retirement System of the City of Detroit v. Verizon Communications Inc., et al.*, No. 3:23-cv-5218 (D.N.J.)
- *Frederick Govoni v. Hans Vestberg, et al.*, Index No. 162126/2023 (N.Y. Sup. Ct.)
- *Andrew Jankowski v. Hans Vestberg, et al.,* No. 3:23-cv-21123 (D.N.J.)
- *Courtney Moore v. Hans Vestberg, et al.*, No. 3:23-cv-23071 (D.N.J.)

- *Mark Tiger v. Verizon Communications Inc., et al.*, No. 23 CV-01618 (W.D. Pa.)

These actions are putative class actions and shareholder derivative litigation filed against Verizon. One set of putative class actions alleges, *inter alia*, that the lead-sheathed cable in Verizon's network constitutes an environmental nuisance. The remaining putative class action and shareholder derivative litigation involve, *inter alia*, claims that Verizon's senior management made false and misleading statements in connection with risks associated with lead-sheathed cable.

The Proposal would directly interfere with Verizon's defense of all of these class actions by requiring Verizon to proceed in accordance with the unproven assumption that remediation is required, which is an assumption that will be litigated in the class actions. In fact, remediation is a remedy requested in the environmental nuisance cases. Likewise, the Proposal's request that Verizon identify "all potential sources of liability" – a worst-case scenario exercise – would necessarily require the disclosure of privileged legal judgment, predictions, and opinions about possible outcomes of litigation and regulatory proceedings that are now in their earliest stages. Such disclosure could prejudice Verizon's defense of these matters. Whether Verizon has any liability to any class of plaintiffs is a disputed issue that will be litigated in multiple jurisdictions, with no immediately foreseeable timing for adjudication, in the putative class action matters identified above.

In addition, the Proposal would impose a timeline on Verizon's investigation that is different from and likely to interfere with the timeline for discovery established in the class action matters, where, for instance, discovery is stayed in the shareholder class actions pursuant to the Private Securities Litigation Reform Act.

B. The Proposal's request for an assessment of "all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted" constitutes a fatal flaw that renders the Proposal excludable.

Assessing exposure to potential claims and the scope of potential liability in pending litigation from potentially unlawful or tortious acts, and evaluating "the most responsible and cost-effective way" to address such matters, are exactly the types of "core matters involving the company's business and operations" that are the basis for Rule 14a-8(i)(7). 1998 Release. For that reason, the Staff has long concurred that shareholder proposals that implicate a company's conduct of litigation or litigation strategy are properly excludable under the "ordinary course of business" exception contained in Rule 14a-8(i)(7). For example, in 1991, the Staff concurred in *Benihana National Corp.* (September 13, 1991) that the company could exclude under Rule 14a-8(c)(7) a proposal requesting the company to publish a report prepared by a board committee analyzing claims asserted in a pending lawsuit. Since then, the Staff repeatedly has concurred in the exclusion of proposals that, in a variety of ways, addressed pending litigation or litigation strategy that the companies faced. *See, for example, Chevron Corp.* (March 19, 2013) (concurring in the exclusion of a proposal as relating to the company's ordinary business operations (i.e., litigation strategy) where the proposal requested that the company review its "legal initiatives against investors" because "[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable under rule 14a-8(i)(7)"); *CMS Energy Corp.* (February 23, 2004) (concurring with the exclusion of a shareowner proposal

requiring the company to void any agreements with two former members of management and initiate action to recover all amounts paid to them, where the Staff noted that the proposal related to the "conduct of litigation"); *NetCurrents, Inc.* (May 8, 2001) (concurring in the exclusion of a proposal as relating to the company's ordinary business operations (i.e., litigation strategy) where the proposal required the company to file suit against certain of its officers for financial improprieties).

With its call for an assessment of "all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation," the Proposal is strikingly similar to the proposal at issue in *General Electric Company* (February 3, 2016) ("*General Electric 2016*"), which requested an assessment of "all potential sources of liability related to PCB discharges in the Hudson River, including all possible liability from NRD claims for PCB discharges, and offering conclusions on the most responsible and cost-effective way to address them." The Staff concurred in the exclusion of that proposal, noting that "the company is presently involved in litigation relating to the subject matter of the proposal. Proposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable under rule 14a-8(i)(7)."

In this way, the Proposal stands in contrast to those in several recent examples in which the Staff denied no-action relief because those proposals related to, but did not expressly focus on, the concept of liability where litigation was ongoing. For example, in *McDonald's Corporation* (April 5, 2022), the Staff was unable to concur in the exclusion of a proposal urging the board to oversee a third-party audit analyzing the adverse impact of the company's policies and practices on the civil rights of company stakeholders, "*above and beyond legal and regulatory matters*," and to provide recommendations for improving the company's civil rights impact, where the company argued that the proposal was excludable because its subject matter related to the company's litigation strategy and the conduct of ongoing litigation to which the company was a party. Verizon submits, as did the proponent in *McDonald's*, that that proposal's express focus on issues "above and beyond legal and regulatory matters" was an important qualification in saving it from exclusion, which also distinguished it from the proposal at issue in *Chevron 2021*. That focus of the proposal at issue in *McDonald's* stands in stark contrast to the Proposal's focus on and express call for an assessment of "all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted." The proponent in *McDonald's* further distinguished that proposal from the *Chevron 2021* proposal by suggesting that the subject matter of the audit requested in *McDonald's* would "cover matters having little or no connection to issues of liability or damages" in the litigation cited by the company in *McDonald's*. In contrast, the subject matter of the report requested by the Proposal is coextensive with the subject matter of the litigation described above. *See also, for example, The Walt Disney Company* (January 19, 2022) (unable to concur in the exclusion of a proposal requesting that the company report on the size of its gender and racial pay gap and policies, where the company also argued that the proposal related to the company's litigation strategy and the conduct of ongoing litigation to which the company was a party); *Johnson & Johnson* (March 3, 2022) (unable to concur in the exclusion of a proposal recommending that the company discontinue global sales of its talc-based Baby Powder); *Mondelez International, Inc.* (March 30, 2023) (unable to concur in the exclusion of a proposal requesting that the board adopt targets and publicly report quantitative metrics appropriate to assessing whether the

company was on course to eradicate child labor in all forms from the company's supply chain by 2025). In *none* of these examples did the proposal contain an express call for an assessment of exposure to potential claims and the scope of potential liability that would have affected pending litigation, as is the case with the Proposal and the proposal in *General Electric 2016*.

C. The Proposal is narrowly focused on a very specific source of potential liability to Verizon and, as such, does not raise issues with a broad societal impact nor transcend Verizon's ordinary business operations.

The Commission noted in the 1998 Release that shareholder proposals related to ordinary business operations but focusing on sufficiently significant social policy issues generally would not be excludable, because the proposals would "transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." However, the mere fact that a proposal touches upon a significant social policy issue is not alone sufficient to avoid the application of Rule 14a-8(i)(7) when a proposal implicates ordinary business matters, and there is no-action precedent to support the exclusion of a shareholder proposal in its entirety where only a portion of the proposal relates to ordinary business operations. In *CA, Inc.* (May 3, 2012), the Staff concurred in the 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). *See also General Electric Company* (February 10, 2000) (concurring in exclusion where "a portion of the proposal relates to ordinary business operations") and *Kmart Corporation* (March 12, 1999) (concurring in the 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"). Just as in *General Electric 2016*, even if the Proposal is viewed as touching on the significant social policy issue of the environmental impact of Verizon's operations, the subject matter of the Proposal (*i.e.,* the "potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation") squarely encompasses the subject matter of litigation in which Verizon is currently involved, and thus warrants exclusion.

In addition, in Staff Legal Bulletin No. 14L (November 3, 2021), the Staff stated that it would "focus on the social policy significance of the issue that is the subject of the shareholder proposal" and that "[i]n making this determination, the staff will consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company." Verizon submits that the Proposal does not raise an issue with broad societal impact, but rather, focuses on assessing a source of potential liability to Verizon that is highly specific to the company and its industry, namely, liability related to lead-sheathed cables and, as such, does not transcend the company's ordinary business operations.

As part of its ordinary business operations, Verizon continues to work with the EPA and state environmental agencies and third-party experts that Verizon has already engaged to

determine through a careful, science-based approach what, if any, environmental, health, and safety risks exist in connection with lead-sheathed telecommunications cables. The Proposal would interfere with this pre-existing work by seeking to impose a different inquiry based on a worst-case-scenario analysis involving “all potential sources of liability” on a different timeline than the one being discussed by Verizon and regulators and based on unproven assumptions – namely, that remediation is required.

Conclusion

For the foregoing reasons, Verizon believes that the Proposal may be properly excluded from its 2024 proxy materials in reliance on Rules 14a-8(i)(10) and 14a-8(i)(7). Verizon respectfully requests that the Staff confirm that it will not recommend enforcement action to the Commission if Verizon omits the Proposal from its 2024 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter by email to the undersigned at brandon.egren@verizon.com and to the Proponent.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,

Brandon N. Egren
Managing Associate General Counsel &
Assistant Corporate Secretary

Enclosures

Cc: Frank Bruzek, Association of BellTel Retirees Inc.

Exhibit A

The Submission

Association of BellTel Retirees Inc.

Phone:
Fax:
Hotline:

Web Site: www.belltelretirees.org
E-mail:

Senior Exec Asst. & Staff Manager
Stef Baker

BOARD OF DIRECTORS

Officers
Thomas M Steed
Chairman of the Board

Frank J Bruzek
Chief Financial Officer

Una Kelly
Treasurer

Timothy McManus
Asst Treasurer

Pamela M Harrison
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Directors
Thomas P Butler

Donald R. Kaufmann

Laura Whitlock

Board Member Emeritus
Louis Miano

Board Member Emeritus
Robert A Rehm

Board Member Emeritus
C William Jones

Board Member Emeritus
Eileen T Lawrence

November 20, 2023

Mr. William L. Horton, Jr.
SVP, Deputy General Counsel and Corporate Secretary
Verizon Communications Inc.
1095 Avenue of the Americas, 8th Floor
New York, NY 10036

Dear Mr. Horton:

The Association of BellTel Retirees hereby submits the attached stockholder proposal for inclusion in the Company's 2024 proxy statement as allowed under Securities and Exchange Commission Rule 14a-8.

Our resolution, attached to this letter, requests that the Board of Directors "undertake a comprehensive independent study and publicly release an independent report by December 2024 that demonstrates the Company has assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health."

The Association is a stockholder of record and has continuously held the requisite number of shares of Verizon common stock (currently 214 shares) for more than three years. The Association intends to maintain its ownership position through the date of the 2024 Annual Meeting. An officer of the Association will introduce and speak for our resolution at the Company's 2024 Annual Meeting.

Should you wish to discuss our proposal, I will be available to meet with you or a Verizon representative via teleconference on either December 11, 2023, at 9 AM EST, or on December 12, 2023, at 9 AM EST. I can be contacted at and by email at , with a cc to .

Please contact me with any questions. As suggested in a SEC Staff Legal Bulletin, we would be grateful if you send an e-mail confirming receipt.

Sincerely yours,

F. Bruzek

Frank Bruzek
Chief Financial Officer

ATTACHMENT

Study and Report to Shareholders on Lead-Sheathed Cables

The Association of BellTel Retirees Inc., 181 Main Street/PO Box 33, Cold Spring Harbor, NY 11724, which owns 214 shares of the Company's common stock, hereby notifies the Company that it intends to introduce the following resolution at the 2024 Annual Meeting for action by the stockholders.

Resolved: The shareholders request that Verizon Communications undertake a comprehensive independent study and publicly release an independent report by December 2024 that demonstrates the Company has assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.

SUPPORTING STATEMENT

In July 2023 *The Wall Street Journal* published a major report stating that telecommunications companies "have left behind a sprawling network of cables covered in toxic lead that stretches across the U.S., under the water, in the soil and on poles overhead." The story continued: "As the lead degrades, it is ending up in places where Americans live, work and play."

The *Journal* noted that the former AT&T laid lead-sheathed cables up until the 1960s, when the industry began using plastic sheathing and then fiber optic cables. However, the lead-sheathed cables remained in place.

These disclosures sparked public health and environmental concerns as to employees who worked regularly with lead-sheathed cables and as to communities where lead, a toxic metal, can contaminate soil and water.

A former EPA official said the *Journal* findings suggest that buried cables could pose a significant problem "everywhere," and "you're not going to know where it is in a lot of places." An environmental public health professor stated that this "new uncontrolled source of lead" may help explain "why children continue to have lead in their blood," adding: "We never knew about it so we never acted on it, unlike lead in paint and pipes."

The revelations prompted action by federal and state regulators and demands for action from elected officials. Verizon's responded that "[w]e take the matter seriously," that lead-sheathed cables are "a small percentage" of our copper network, and that the likelihood of lead exposure was "low." Verizon added that records on the extent of lead sheathing are "incomplete," but the Company was

investigating sites identified by the *Journal* and when the results are in, Verizon will "work with our industry and others to address concerns and issues."

Apart from the public health and environmental concerns, this issue raises significant cost concerns for investors. An analyst for New Street Research estimated remediation costs between $10-$26 billion, although government programs may play a role.

In the first months after the story broke, Verizon has said little publicly on this issue. We acknowledge Verizon's rather vague claims it is "investigating," but believe that the potential scale, public health risks and cost of this matter warrant the sort of comprehensive and independent examination recommended here.

This issue is too important to be allowed to slip from public sight. Lead remediation efforts in other industries have dragged on for years, and we believe it is important for Verizon to be ahead of the curve.

##

Exhibit B

Public Disclosure of Third-Party Testing Results

available on Verizon’s website at:
https://www.verizon.com/about/news/verizon-reports-lead-test-results-continues-work-epa

1300 I Street, NW
Suite 500 East
Washington, DC 20005

Robert S. Fisher
Senior Vice President Federal Government Relations
Public Policy, Law & Security

September 11, 2023

Dear Representative Ryan,

We write to update you on the work that we have undertaken to test the Verizon sites mentioned in the Wall Street Journal articles on the use of lead-sheathed cables in the telecommunications industry. We are pleased to report that our test results at the Wappingers Falls location in your district are consistent with those found by New York State: soil lead levels near Verizon's cable there are similar to lead levels in the surrounding area (i.e., background levels) and do not pose a public health risk to your constituents.[1] Similarly, our test results in West Orange, New Jersey are also consistent with the Environmental Protection Agency's findings in that location.[2] The results are explained in more detail below, as are similar results from a third Verizon location mentioned in the articles.

We have not deployed lead-sheathed cables for decades, but their existence, both in the telecommunications industry and in the transportation and power industries, has long been known. We were skeptical of the claims in the Wall Street Journal, but took them seriously because we prioritize the health and safety of our communities and our workforce.

Recognizing the importance of a careful, scientific approach to this issue, we engaged third-party experts to develop and conduct a protocol to test the levels of lead in the soil in the vicinity of the cables highlighted by the Wall Street Journal. The protocol included collecting and testing discrete soil samples, within a set of soil sampling units. The third-party experts also used a technique to estimate average soil lead levels in the area; that technique, referred to as an incremental sampling methodology, collects multiple samples across the individual sampling units and then combines, processes, and tests the consolidated soil sample to yield estimates of the average soil lead level. Taking this extra step helps understand the soil lead level of an area in a practical sense, as the nature and weight of lead means it is not evenly distributed across a given area. This methodology provides information about lead levels across a larger area than discrete soil samples, so it provides a more reliable measure of potential human exposure.

The results of these tests for each of the three Verizon locations mentioned in the Wall Street Journal articles are summarized below:

Wappingers Falls, New York
The findings of Verizon's investigation conducted at Wappingers Falls, New York are consistent with the New York State Department of Health's conclusion that soil lead levels near Verizon's cable in Temple Park are generally similar to lead levels in background samples and do not pose a public health risk. At each location tested at Wappingers Falls, the average soil lead

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1 *https://www.governor.ny.gov/news/governor-hochul-announces-temple-park-will-reopen-after-comprehensive-soil-testing-reveals*

2 *https://response.epa.gov/site/site_profile.aspx?site_id=16176*

level is lower than the residential soil lead threshold levels of 400 mg/kg set by the New York State Department of Environmental Conservation. And at three of the four sampling units nearest to the lead sheathed cable, the average lead concentration in soil is less than or equal to background lead levels at that location.

Coal Center, Pennsylvania
Testing of the Coal Center location found that the average soil lead level is lower than the soil-to-groundwater remediation standard of 450 mg/kg and soil remediation standard of 500 mg/kg set by the Pennsylvania Department of Environmental Protection. And at all five sampling units located within ten feet of lead sheathed cables, the average lead concentration in soil was within the range of background levels at this location.

West Orange, New Jersey
Testing of the West Orange, New Jersey location found that the average soil lead level is lower than the soil remediation standard of 400 mg/kg set by the New Jersey Department of Environmental Protection. The testing results also demonstrated that soil lead concentrations from 8 out of 9 incremental sampling methodology samples collected at the site are below the New Jersey soil lead remediation standard. And at all four sampling units located within 10 feet of lead sheathed cables, the average lead concentration is within the range of background levels. These results are consistent with sampling conducted at the location by the EPA, which concluded that its review of data "indicate that there are no immediate threats to the health of people nearby."

We provided these testing results to the EPA and state environmental agencies and will continue to work closely with them to determine if further testing is required. We will continue to be guided by science and our commitment to the health and safety of our communities and workforce. We appreciate your interest in this important issue, and would be happy to discuss our efforts on it with you at your convenience.

Sincerely,

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31 January 2024

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

By electronic mail

Re: Shareholder proposal to Verizon Communications Inc.
from Association of BellTel Retirees

Dear Counsel:

I write on behalf of the Association of BellTel Retirees (the "Association") in response to the letter from counsel for Verizon Communications Inc. ("Verizon" or the "Company") dated 5 January 2024 ("Verizon Letter") in which Verizon advises of its intent to omit the Association's proposal (the "Proposal") from Verizon's 2024 proxy materials. For the reasons below we respectfully ask the Division to advise the Company that the Division does not concur with the Company's arguments.

The Proposal states:

> **Resolved**: The shareholders request that Verizon Communications undertake a comprehensive independent study and publicly release an independent report by December 2024 that demonstrates the Company has assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.

The Supporting Statement cites a 2023 *Wall Street Journal* report that telecommunications companies "have left behind a sprawling network of cables covered in toxic lead that stretches across the U.S., under the water, in the soil and

on poles overhead." These disclosures sparked public health and environmental concerns as to employees who worked regularly with lead-sheathed cables and as to communities where lead, as a toxic metal, can contaminate soil and water.

The revelations prompted action by federal and state regulators and demands for action from elected officials. Verizon responded that "[w]e take the matter seriously," that lead cables make up "a small percentage" of our copper network, and that the likelihood of lead exposure was "low."

The supporting statement notes that apart from the public health and environmental concerns, this issue raises significant cost concerns for investors, citing an analyst estimate that remediation costs could run between $10-$26 billion, although government programs may play a role.

The supporting statement acknowledges that Verizon is "investigating" the matter, but notes that the Company has said little publicly on this issue. The proposal thus recommends a comprehensive and independent examination, adding that the issue is too important to be allowed to slip from public sight, particularly as lead remediation efforts in other industries have dragged on for years, and we believe it is important for Verizon to be ahead of the of the curve.

In response, Verizon argues that the Proposal may be excluded under:

• Rule 14a-8(i)(10), arguing that the Proposal has been "substantially implemented," and

• Rule 14a-8(i)(7), arguing that the matter relates to the "ordinary business operations" of the Company.

As we now demonstrate, the Company has not sustained its burden of demonstrating that either exemption is applicable here.

<u>Discussion.</u>

I. <u>THE PROPOSAL HAS NOT BEEN "SUBSTANTIALLY IMPLEMENTED."</u>

Verizon correctly notes that the standard for determining if a proposal has been "substantially implemented" focuses on whether the company has acted upon the recommended course of action and whether the company's actions "compare favorably" with what is being sought. In addition, the analysis looks to whether the underlying concerns have been addressed.

Verizon has not come close to satisfying this standard. The Company's letter suggests that the issue is extremely narrow and has already been fully addressed –

indeed, had been addressed at the time the Proposal was filed. The reality is far different, as we now explain.

Several days after Verizon submitted its no-action letter, *The Wall Street Journal* reported that the Environmental Protection Agency had written to Verizon and AT&T after finding more than 100 soil and sediment samples with leadlevels "above the regulator's safety guideline for children at some phone lead-cable sites" in what was termed a "high priority" probe. Ramachandran et al., "EPA Calls on Telecom Executives to Meet About Lead-Sheathed Phone Cables*,"* *The Wall Street Journal* (11 January 2024), reproduced in an appendix to this letter ("App.") at 1-5. The *Journal* further reported: "The EPA launched an investigation into the cables and has put together a national working group that has been meeting regularly to assess agency and company sampling data and documents." *Id*. at 1.

This development is just the latest in a controversy that began in July 2023 with a series of investigative reports in *The Wall Street Journal*, which reported how, from the late 19th century until the late 1950s or so, telecommunications companies (primarily the former American Telephone and Telegraph Co.) had sheathed underground, overhead and underwater wires in lead. The lead article, entitled "America is Wrapped in Miles of Toxic Lead Cables" (9 July 2023) (App. 6, 7) reported that:

> . . . telecom giants have left behind a sprawling network of cables covered in toxic lead that stretches across the U.S., under the water, and in the soil and on poles overhead, a Wall Street Journal investigation found. As the lead degrades, it is ending up in places where Americans live, work and play.
> . . .
>
> [The investigation revealed] a hidden source of contamination—more than 2,000 lead-covered cables—that hasn't been addressed by the companies or environmental regulators. These relics of the old Bell System's regional telephone network, and their impact on the environment, haven't been previously reported.

The former director of the National Institute of Environmental Health Sciences stated that the *Journal's* findings "suggest there is a significant problem from these buried lead cables everywhere, and *it's going to be everywhere and you're not even going to know where it is in a lot of places*" (App. 7) (emphasis added). The *Journal* analyzed the five most densely populated states, and more than a dozen of the most densely populated counties in the nation, and identified about 250 aerial cables alongside streets and fields next to schools and bus stops, some drooping under the weight, adding: *"There are likely far more throughout the country"* (App. 10) (emphasis added).

With respect to underwater cables, *Journal* reporters obtained permits and similar documents from the Army Corps of Engineers and state agencies and visited about 300 cable sites around the U.S. and collected roughly 200 environmental samples at nearly 130 of those sites. The report added: *"The Journal tally of abandoned lead cables is sure to be an undercount"* (App. 12) (emphasis added).

The point was echoed by an environmental public health professor at New York University who advised the *Journal* and stated: "A new, uncontrolled source of lead like old telephone cables may partly explain" why children continue to have lead in their blood. "We never knew about it so we never acted on it, unlike lead in paint and pipes" (App. 14).

A separate report, "I Was Really Sick and Wasn't Sure from What," described the adverse health effect of exposure to lead on telecoms employees who were responsible for dealing with these lead-sheathed cables on a regular basis, but who were not informed of the risks (App. 24-30). Another story, "What AT&T and Verizon Knew About Toxic Lead Cables," stated that these companies "haven't meaningfully acted on potential health risks to the surrounding communities or made efforts to monitor the cables (App. 31-46), while a fourth article explained the Journal's methodology ("How the Journal Investigated Hidden Lead Cables Circling the U.S.") (App. 47-53).

Unsurprisingly, the public health and environmental aspects of these reports garnered attention in the news media and prompted concern about the potential cost to investors in *MarketWatch*[1] and *Barron's*.[2]

An analyst report from July 2023 provides a good summary of the situation. New Street Research, "USTelco: Updating lead remediation estimates for FYBR and others" (App. 59-82). That report estimated that lead-sheathed cables

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[1] "Verizon's lead 'overhang' may limit dividend increases, analyst says in downgrade" (18 July 2023) (App. 54-56) (analyst quoted as saying: "We are uncertain if remediation measures could be required by environmental regulators and whether health concerns could cause sizable litigation liabilities," and "Similar to other companies that have faced environmental health issues, we think that uncertainty around these issues could limit share appreciation for Verizon").

[2] "AT&T and Verizon Dividends Have Raised Concern. Why Citi Thinks They're Safe" (29 August 2023) (App. 57-58) ("Investors have been down on AT&T and Verizon Communications stock this year amid fears over lead-cable contamination, wireless competition, and slowing industry growth—and how these issues will affect their dividends").

accounted for approximately 15 percent of Verizon's 540,000 copper "route miles" and outlined the steps likely to be required for remediation:

- An inventory of all locations where lead-sheathed cables exist;
- Testing for existing and possible future contamination;
- Remediation and possible ongoing monitoring;
- Possible tort claims, which the report deemed unlikely to result in material damages.

(App. 59-60). The report estimated the cost to the industry between $10 billion and $26 billion adding that government programs may play a role (App. 69).

On Verizon's earnings call a few weeks after the *Journal* report appeared (App. 83-100), there were a number of questions on the topic. Hans Vestberg, the Chairman and Chief Executive Officer, prefaced the discussion by saying:

> We take this matter seriously, and to be very clear, lead infrastructure makes up a small percentage of our copper network, and we began phasing away from installing new lead cable by the 1950s. At Verizon, the communities we serve and our employees are at the heart of everything we do, and we're using a fact and science-based approach in our assessment.

(App. 86). More details were provided by Anthony Skiadas, the Executive Vice President and Chief Financial Officer, who minimized the number of lead-sheathed cables in Verizon's network, but emphasized that information was incomplete:

> As a result of the age of this infrastructure and the history of the industry, *records are incomplete as to exactly how much of the cable on our network has lead sheathing.*
>
> However, to give you a sense of the scale of the infrastructure we are talking about, our copper network is comprised of less than 540,000 miles of cable, roughly half of which is aerial and lead-sheathed cable makes up a small percentage of our copper network. *This number excludes the network elements previously owned by MCI and XO Communications because we are still reviewing the historical records of those companies.*

(App. 88) (emphasis added) (Verizon acquired MCI in 2006 and XO Communications' fiber business in 2017.) Mr. Skiadas later added:

> We are working with a third-party expert to conduct our own testing at our sites that were identified by the media. We will not have the results of our testing for several weeks. . ..

> Now I think it's important to address the question we've received from a lot of investors, which is about the process for and potential cost of removal of the lead-sheathed cable in our network. Given where we are in this process, it is far too soon to make any projection on what the potential financial impact might be to the company.
>
> *There are a number of unknowns in this area,* including whether there is a health risk presented by undisturbed lead sheathed cable and if there is a risk, how that risk should be addressed. As a result, we do not believe there's a meaningful way to estimate any potential cost to the company or that any such estimate would even be useful.

(App. 89) (emphasis added). He then added:

> [W]e're still reviewing the historical records, both former MCI network and the former XO copper network. So we still have work to do there. We're going to take a very methodical approach, very fact-based, very scientific-based approach. And as we know everyone wants more information. And as we learn more, we'll keep you updated.

(App. 97).

That was in July 2023. Two months later, the Company released a letter to Rep. Pat Ryan, a Member of Congress whose district includes one of the sites highlighted in *The Wall Street Journal* story (App. 101-103) This is the document that Verizon points to in claiming that the Proposal has been substantially implemented. In that letter, Verizon stated:

> Recognizing the importance of a careful, scientific approach to this issue, we engaged third-party experts to develop and conduct a protocol to test the levels of lead in the soil in the vicinity of the cables highlighted by the Wall Street Journal.

(App. 102). Such good intentions notwithstanding, Verizon limited its examination to the site in the Member's district and two others cited in the *Journal* reports and concluded that there were no immediate threats to public safety for neighbors of those sites. Later that month, the U.S. Environmental Protection Agency announced the results of soil sampling at two Pennsylvania town near telecommunications cables, but found "no threats to the health of people nearby that would warrant" an immediate government response, despite finding some pollutants above EPA levels. *US EPA says no immediate lead health threats from telecom cables*, Reuters (22 September 2023), available at **https://www.reuters.com/world/us/us-epa-says-no-immediate-lead-health-threats-telecom-cables-2023-09-21/**.

Such indications prompted analysts to update initial assessments as to the potential public health and financial liability. One analyst trying to identify trends in 2024 had this to say of this issue:

> Our view as the facts emerged was that while the process would take a year or more, the ultimate financial liability, if any, would be limited. Since then, the news flow has confirmed that view, but the situation bears continued watching.

New Street Research, *NSR Policy: 2024 in Preview* (8 January 2024) (App. 104-106). As evidence that the issue remains salient, the analyst noted EPA's ongoing interest (as noted in the Reuters story) as well as what was termed the "initial investigation" by New York State regulators into several sites in that state. *Id.* at 106. Rather than sound an "all clear" signal, however, the analyst report indicated that the issue was still in early days, as it is "still unclear if there is a 'there there.'" *Id.* at 105.

Several days later, however, *The Wall Street Journal* reported that the EPA requested a meeting with Verizon and AT&T, having found "more than 100 soil and sediment readings with lead above the regulator's safety guideline for children at some phone lead-cable sites" (App. 1-5). An EPA official was quoted as saying that this was a "high priority" issue (App. 2).

Contrary to Verizon's upbeat assessment that risks were minimal, EPA testing in several sites in the 2023 *Journal* report found that 101 results, or 41% of the samples taken near lead cables, exceeded the EPA's lead-safety guideline for children. The elevated results were found at 95 of the 235 distinct sites tested by the agency and included 99 sediment and soil samples" (App. 3).

If EPA is not satisfied with Verizon's disclosures, there is no reason for Verizon shareholders to be satisfied either. It bears noting that this revelation by the EPA came just a week after the Verizon Letter to which we respond here, which claimed that "the test results that have been already disclosed by Verizon do not indicate that there is an immediate public health risk requiring remediation associated with lead-sheathed cables." (Verizon Letter, p. 4).

Facts such as these make it impossible to conclude, as Verizon argues, that the Company investigated thoroughly and disclosed what shareholders need to know – and, in fact, did so four months ago in a letter to a Member of Congress. Verizon's public statements since last July are light years away from the sort of disclosure that the Proposal is requesting. An industry analyst noted that a

company's response to such disclosures typically leads to several steps.[3] Verizon has not disclosed the extent to which any of these steps have (or have not) been taken.

Indeed, apart from that letter to Rep. Ryan, Verizon has disclosed very little that would lead the typical investor to conclude that it has thoroughly investigated and found very low probability of extensive contamination. Clearly the *Journal* report this month on the EPA's initial testing – finding a 41% contamination rate above levels safe for children – suggests exactly the opposite.

The Proposal seeks an independent report showing that Verizon has "assessed all potential sources of liability related to lead-sheathed cables, including a comprehensive mapping of the locations impacted and conclusions on the potential cost of remediation, along with the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health."

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[3] New Street Research outlined the steps in a typical response as follows:

Step 1: inventory. ILECs [Incumbent Local Exchange Companies, including Verizon] will be required to produce a detailed inventory of all locations where lead-cased cables exist, whether currently in use or dormant. We suspect states will demand this of ILECs imminently if they haven't already.

Step 2: testing. Locations with lead-cased cables will all be tested rigorously to determine whether there has been contamination and what the risk is of future contamination. We suspect sites will be categorized along the lines of

- Current hazard
- Possible near-term hazard
- Possible long-term hazard

Step 3: remediation. We suspect category #1 will require swift remediation, while category #2 will likely happen over a longer time frame. We don't have a clear view of what will happen in categories #3 and #4.

Perhaps both will require monitoring in the near-term and remediation if they migrate towards category #1 or #2.

Step 4: tort claims. There may be lawsuits from individuals or classes of individuals suffering health effects from the lead exposure. The WSJ identified some instances of health issues among telecom employees that worked with lead[iii]. We don't anticipate these cases resulting in material damages for companies, at this stage.

(App. 59-60).

Verizon's actions fall far short of that request. Recall the Company's statements during the analyst call in July 2023 (see pp. 5-6, *supra*):

• The number of sites "excludes the network elements previously owned by MCI and XO Communications because we are still reviewing the historical records of those companies."

• "We said we're still reviewing the historical records, both former MCI network and the former XO copper network. So we still have work to do there."

• "There are a number of unknowns in this area."

Despite these statements indicating that there is work remaining to resolve the "unknowns" in this area, Verizon asks the Division to conclude that the Company has said everything that can be said in a three-page letter written seven weeks later to a Member of Congress, *even though the letter focused only on three sites and did not address the other issues the Company had identified to analysts only seven weeks earlier.* Verizon's response comes up short compared to the Proposal's request for:

- an assessment of "all potential sources of liability,"
- a comprehensive mapping of the locations impacted, and
- "conclusions on the potential cost of remediation," including the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.

Verizon's response compares *un*favorably to what the Proposal requests. There is nothing "comprehensive" about a three-page letter and certainly no evidence of mapping affected locations, What we have, at most, are preliminary indications that there is not a public health hazard at a handful of sites such that an immediately remedial response would be required. On the other hand, the EPA's far more recent and extensive testing suggests that Verizon's early and very cursory testing and disclosure may be wildly off the mark. The only way to find out is through the sort of independent study the Proposal requests.

In addition, and as we discuss in more detail in the next section, the recent actions by the Environmental Protection Agency suggest that the public health issue is far from resolved. Although the EPA's test results became public after the Verizon Letter was submitted, the agency's findings certainly contradict the company's claim that it has already "substantially implemented" the more thorough investigation and report sought by proponent.

Verizon criticizes the Proposal of having a bias by assuming that there will, in fact, be remediation costs. This misreads the Proposal, which explicitly speaks

only of the "potential" costs of remediation. Moreover, an analyst note published earlier this month opined that the "primary financial risk" for companies such as Verizon "is related to the costs of remediation" (App. 108).

Verizon may well hope that the issue will disappear based on the limited investigations performed to date, but that is not the issue presented by this no-action request. On the current factual record, there is no plausible way that Verizon can argue that the Proposal here has been "substantially implemented."

II. THE PROPOSAL TRANSCENDS "ORDINARY BUSINESS."

In Exchange Act Release No. 40018 (21 May 1998), the Commission emphasized that the "ordinary business" exception rests on two considerations: (1) the fact that tasks are so fundamental to management's ability to run a company that they don't lend themselves to shareholder oversight, and (2) some proposals may be viewed as an effort to micromanage the company by probing too deeply into matter that shareholders, as a group, are not in a position to make an informed judgment. Even so, the Commission has long held the view that some topics may transcend ordinary business concerns if they have "significant policy, economic or other implications inherent in them." Exchange Act Release No. 12999, 41 Fed. Reg. 52994, 52998 (3 December 1976).

The environmental and public health issues of concern here transcend "ordinary business" limitations given the magnitude, the potential severity, and the length of time these conditions have existed, as well as the uncertainty – which the Company has acknowledged – as to the full extent of the issue.

Verizon invokes the "ordinary business" exception for three reasons: The proposal is said to relate to the Company's litigation strategy, the reference to "potential sources of liability" is a fatal reference, and the issue is narrow and lacks a broad societal impact. We take the last point first (see Verizon Letter, pp. 8-9), as that discussion will provide the context for considering Verizon's two other issues.

A. The Proposal Addresses a Significant Policy Issue.

The issues presented by this Proposal plainly relate to a significant policy issue. In recent decades significant attention has been paid to the health and environmental hazards caused by exposure to lead in a variety of forms.

- Lead has been banned as an additive in gasoline.[4]

[4] Library of Congress, *The History of the Elimination of Leaded Gasoline* (14 April 2022), available at **https://blogs.loc.gov/law/2022/04/the-history-of-the-elimination-of-leaded-gasoline/**; National Public Radio, *The World Has Finally*

• There have been significant efforts over multiple decades to remove lead paint in homes, offices, schools and other buildings, particularly in light of the health hazards to young children.[5]

• Lead pipes have caused public health concerns, perhaps most notably when the City of Flint, Michigan changed its water supply source, an action that caused water pipes to corrode and release lead and other pollutants into drinking water. Public health issues related to lead remain salient in places other than Flint,[6] with new research showing that exposure has adverse health impacts previously unknown, particularly to Black Americans.[7]

As the *Journal* articles indicate – and as Verizon acknowledges – the extent of the lead-sheathed cables problem for telecommunications companies is unknown, given the length of time, the inadequate recordkeeping, the fact that cables were

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Stopped Using Leaded Gasoline. Algeria Used The Last Stockpile (30 August 2021), available at **https://www.npr.org/2021/08/30/1031429212/the-world-has-finally-stopped-using-leaded-gasoline-algeria-used-the-last-stockp**; NBC News, *Lead from leaded gasoline blunted the IQ of about half the U.S. population, study shows* (7 March 2022) available at **https://www.nbcnews.com/health/health-news/lead-gasoline-blunted-iq-half-us-population-study-rcna19028**.

[5] See generally Baek *et al.*, *Neighborhood-Level Lead Paint Hazard for Children Under 6: A Tool for Proactive and Equitable Intervention*, 18 Int'l J. Environmental Research and Public Health (March 2021), available at **https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7967606/#**.

[6] See generally Centers for Disease Control and Prevention, *Flint Water Crisis* (28 May 2020), available at **https://www.cdc.gov/nceh/casper/pdf-html/flint_water_crisis_pdf.html**. Lead in pipes providing drinking water in schools remains an issue more generally. *E.g.,* Government Accountability Office, *Lead Safety at Home and in School* (22 October 2019), available at **https://www.gao.gov/blog/2019/10/22/lead-safety-at-home-and-in-school**; PBS, *Schools struggle with lead-contaminated water while awaiting federal relief* (5 March 2023), available at **https://www.pbs.org/newshour/health/schools-struggle-with-lead-contaminated-water-while-awaiting-federal-relief**.

[7] Cueto, *New research supports potential link between low-level lead exposure and liver injury*, *Stat* (27 November 2023) ("African American participants' liver scarring was associated with their blood level of lead"), available at **https://www.statnews.com/2023/11/27/lead-exposure-liver-injury-cancer-environmental-pollutants-black-americans/**

installed by predecessor companies that have been absorbed into the systems of current carriers and the like.

Verizon may prefer to believe that there is no significant public health issue and that the limited tests conducted in response to the *Journal* articles warrant a conclusion that the problem (if any) is under control, and there is nothing to see here, so everyone should just move along.

The recent EPA findings certainly calls into doubt any such assumptions. If anything, this development underscores the need for the Proposal. The experience with various lead hazards demonstrates that there is a broad public policy concern when such a hazard is identified, and even when remedial action is taken on a going-forward basis, it can take years before the hazards are fully addressed.

The history of prior lead hazards was acknowledged in the initial *Journal* report, where an environmental public health professor said that a "new, uncontrolled source of lead like old telephone cables may partly explain" why children continue to have lead in their blood, adding: "We never knew about it so we never acted on it, unlike lead in paint and pipes" (App. 14).

This experience over many years suggests that unless a company makes a decisive commitment to take hold of a public health hazard early on, that issue can drag on for decades. And that is the core of the concern behind this Proposal. The Proposal does not try to dictate or micromanage how the Company responds to this situation or how it chooses to respond to pending (or future) litigation.

A vote would simply allow shareholders to have their say on a more fundamental question: To the extent there is a problem, what is its magnitude? How committed is Verizon to fixing it? Do shareholders want Verizon to embrace this issue and do its best to put issue behind us? If so, they can vote "yes."

Or do shareholders prefer to let the Company continue on what to date has been a fairly passive and opaque approach, *i.e.,* "we take the issue and did some testing, but we found nothing wrong, and if a regulator has any questions, we'll work with them"? If that is their view, they can vote "no." Either way, the issue is framed in a manner that is straightforward for shareholders to address, and their views would be helpful to management and the board.

B. The Proposal Does Not Ask the Company to Contradict or Preempt Its Litigation Positions or Seek an Assessment of Claims in Litigation.

Verizon presents these arguments as two separate points, but they are variations on the same theme.

Turning first to the "litigation strategy" point (Verizon Letter, pp. 5-6), the classic instance of a proposal that may be excluded may be *NetCurrents, Inc.* (8 May 2001), where the proposal asked the company to sue certain former executives. This argument has tended to succeed when a proposal asks the company to make admissions that could establish liability in a case or that would contradict the company's position in pending litigation.[8]

The Proposal here operates at a level of generality that allows Verizon to satisfy the Proposal's essential elements without making admissions. There is nothing in the public record to indicate that Verizon has or will undertake the first step in this process, namely, an inventory of where these lead-sheathed cables exist in the 540,000 miles of the company's copper network, although the cited analyst report estimates from FCC records that these cables make up 15% of that network.

It is this sort of inventory that the Proposal contemplates when referring to "potential sources of liability." How big is the problem? What are the options? Will the issue be dogging Verizon for years or decades? Once the inventory has been taken and the level of risk (if any) established, the options are fairly straight-forward and include removing the cable, wrapping it, or leaving it in place, and enough is known about industry costs that an analyst note was able to project a range of $10 billion to $26 billion in total costs to the industry, some of which may be paid by government programs. See pp. 4-5 and n.3, *infra*.

The fact that lawsuits have been filed is not a trump card that automatically forecloses shareholder proposals. For example, in *Cabot Oil & Gas Corp.* (28 January 2010), relief was denied as to a proposal seeking a report on the environmental impact of Cabot's fracturing operations, potential policies for reducing environmental damage from fracturing, and material risks to the company due to environmental concerns over fracturing. The Division was "unable to conclude that Cabot has met its burden of demonstrating that implementation of the proposal would affect the conduct of ongoing litigation to which the company is a party."

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[8] *Chevron Corp.* (30 March 2021) (Sisters of St. Francis of Philadelphia), (seeking report on how Chevron's practices did, in fact, "perpetrate racial injustice" and "inflict harm"); *Deere & Company* (29 December 2023) (seeking report on benefits and risks of opposing a practice at issue in an antitrust suit); *Mondelēz International, Inc.* (Mar. 30, 2023) (requesting report on metrics to assess company progress in ending child labor in company supply chain, where the disclosure would require company to take a position on contested allegations); *Johnson & Johnson* (14 February 2012) (asking company to take a position on harms caused by its products to customers); *AT&T Inc.* (report requesting expenditures on a challenged practice that AT&T had not confirmed or denied). See also *Sprint Corp.* (18 February 2003) (seeking factual matter to be produced in discovery).

Similarly in *Citigroup Inc.* (10 February 2013), the Division denied relief as to a proposal seeking a review of the company's policy regarding indemnifying directors. The proposal was explicit in asking the company to "take full account of the relationship between insurance coverage and indemnification, *corporate litigation strategy,* retaining appropriate board discretion and the ability of the company to attract new board members" (emphasis added).

Also, in *JPMorgan Chase & Co.* (14 March 2011), relief was denied as to a proposal asking the board to "oversee development and enforcement of policies to ensure that the same loan modification methods for similar loan types are applied uniformly to both loans owned by the corporation and those serviced for others and "report policies and results to shareholders. The company made a "litigation strategy" argument, citing "numerous putative class action lawsuits filed against the Company and its mortgage loan subsidiaries" involving these practices, but the Division did not concur, citing the "widespread public debate" on these practices and "the increasing recognition that these practices raise significant policy issues."

That is closer to the situation here. *The Wall Street Journal* reported on what could be serious, widespread public health and environmental concerns. And the EPA has now confirmed its sampling indicates potentially widespread lead contamination at levels that are unsafe for children. Yes, there may be litigation in the wake of such reports, as often happens, but the Proposal is crafted in a way that (1) allows shareholders to advise management and the board about the level of concern and (2) allows Verizon to respond to those concerns in any public report.

Verizon's second argument claims that a company may exclude proposals that are "related to, but did not expressly focus on the concept of liability where litigation was ongoing." Verizon Letter, p. 7. "Related to" is an extremely broad concept, as many things can, at least some level, be "related to" many other things. However, this "related to" concept stretches the "litigation strategy" argument too far. Virtually any development that potentially imposes costs on the shareholders at a large cap company like Verizon will result in litigation (some of it legitimate, some not). If every shareholder proposal could be excluded merely because it relates to the subject matter of actual or potential litigation, shareholders could never succeed in expressing their view on policy reforms or, as is true here, a request for a further investigation and information.

Verizon highlights *General Electric Co.* (3 February 2016), which reiterated that a company may omit proposals that "would affect the conduct of ongoing litigation to which the company is a party." The proposal there sought an independent assessment and report about "all potential sources of liability related to PCB discharges in the Hudson River, including all possible liability from [damaged natural resources] claims for PCB discharges, and offering conclusions on the most responsible and cost-effective way to address them." Verizon seizes upon

the superficially similar language relating to "sources of liability," but the argument misses some key differences between the two proposals.

In that case GE had previously entered into a settlement agreement with EPA that committed the company to take certain remediation actions. The proposal there cited "new analysis" suggesting that the agreed-upon remedies were not working; the proposal thus requested an independent report hoping that "GE may be able to reduce its cumulative NRD [damaged natural resources] and other liability and expenditure of resources by addressing these disparate risks through a single cooperative NRD settlement that provides for additional dredging."

This language – seeking a report to produce a revised settlement agreement – represents a far more direct effort to steer the course of litigation than what is proposed in the resolution here, which seeks a study on the scope of the issue.

Verizon also relies on *Chevron Corp*. (30 March 2021) (Sisters of St. Francis of Philadelphia), which sought a report on how Chevron's policies and practices did, in fact, "perpetrate racial injustice" and "inflict harm," arguing that the disclosures could help avoid "additional harm" and "further" injustice at a time when the company was in litigation on various civil rights matters."

One can understand how this Chevron proposal could be read as asking Chevron to make an admission of violating various civil rights laws, thus leaving only damages to be determined. The current Proposal is of an entirely different order. At a time when there is no complete inventory of Verizon's copper-sheathed cables, and when the extent of those holdings is not known, the Proposal is focused on a report "that demonstrates the Company has assessed all potential sources of liability" and has a plan to "to prioritize the remediation of sites that pose a risk to public health." Clearly this report would not need to itemize particular locations or sources of potential liability.

Verizon also highlights *McDonald's Corp*. (5 April 2022), where the proposal sought a "racial equity audit" to examine "the adverse impact of McDonald's policies and practices on the civil rights of company stakeholders, above and beyond legal and regulatory matters, and to provide recommendations for improving the company's civil rights impact." Verizon seizes on the "above and beyond legal and regulatory matters" language, but gives it the wrong emphasis.

Read in context, that clarifying language sought to clarify that the goal of a racial equity audit was to look beyond simply questions of legal compliance, for example, by focusing on practices that may not be illegal, but, because of implicit or unconscious bias, could skew results in ways that are discriminatory or not aligned with a company's professed commitment to racial equity, *e.g.,* algorithmic bias that may yield results favoring one group over another.

Ironically, certain letters cited by Verizon (at p. 7) indicate that the "ordinary business" exclusion is unavailable when, as here, the proposal does not seek an admission of liability on a basic, contested factual issue in pending litigation.

• In *The Walt Disney Co.* (19 January 2022) (Butterfield), the Division denied relief as to a proposal seeking a report on median and adjusted pay gaps across race and gender, which data would not be determinative in individual lawsuits.

• In *Johnson & Johnson* (3 March 2022), the proposal asked the company to discontinue a product that was the subject of multiple lawsuits.

• In *Mondelēz International, Inc.* (30 March 2022) the requested report sought "quantitative metrics appropriate to assessing whether Mondelēz is on course to eradicate child labor in all forms from the Company's cocoa supply chain." The company argued that it was in litigation over child labor and human trafficking, but as the proponent noted (at p. 20), Mondelēz had already published documents acknowledging child labor in its West African cocoa supply chain, as well as its commitment to eradicating such human rights violations.

So too, Verizon had made admissions that it has lead-sheathed cables still in place in a portion of its copper wire system. The sort of report being requested here is thus far removed from a report that could be used as an admission of liability for violating a specific statute or for harming any particular persons.

Moreover, the public health experience cited above indicates that hazards involving lead can drag on for years, if not decades, and the Proposal simply asks Verizon to advise about how potentially large the issue may be in this case. If shareholders are concerned, they can vote "yes." If shareholders are content that Verizon is handling the matter capably as it is, they can vote "no." Either way, a vote on the Proposal would provide a useful barometer of shareholder opinion.

Conclusion.

For these reasons the Association respectfully asks the Division to advise Verizon that the Division does not concur in Verizon's assessment.

Thank you for your consideration of these points. Please do not hesitate to contact me if we can provide any additional information.

Respectfully submitted,

Cornish F. Hitchcock

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Brandon N. Egren
Managing Associate General Counsel &
Assistant Corporate Secretary

February 28, 2024

By electronic submission

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. 2024 Annual Meeting
Shareholder Proposal of the Association of BellTel Retirees Inc.

Ladies and Gentlemen:

I refer to my letter dated January 5, 2024 (the "No-Action Request"), 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 the Association of BellTel Retirees Inc. (the "Proponent") may be excluded from the proxy materials to be distributed by Verizon in connection with its 2024 annual meeting of shareholders (the "2024 proxy materials").

Verizon is responding to the letter submitted in response to the No-Action Request on behalf of the Proponent by the Proponent's counsel, dated January 31, 2024 (the "Proponent's Letter"), and this letter supplements the No-Action Request. In accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, a copy of this letter is also being sent to the Proponent and the Proponent's counsel. Capitalized terms used but not defined in this letter have the meanings given to them in the No-Action Request.

In the Proponent's Letter, the Proponent argues that the Proposal may not be excluded under Rule 14a-8(i)(10) and Rule 14a-8(i)(7). Verizon believes that each of the bases for exclusion set forth in the No-Action Request, and the reasoning therein, continue to stand. In an effort to limit repetitive correspondence, Verizon will not reiterate those arguments. Nonetheless, this response is warranted in order to focus attention on a few points made in the Proponent's Letter relating to Rule 14a-8(i)(7) that incorrectly characterize the Proposal, applicable Staff no-action letter precedent and/or the No-Action Request.

The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it deals with matters relating to Verizon's ordinary business operations.

As described in the No-Action Request, and consistent with the precedent and Staff guidance described herein and in the No-Action Request, the Proposal may be excluded

pursuant to Rule 14a-8(i)(7) because the Proposal relates to the ordinary business matter of Verizon's litigation strategy and the conduct of litigation to which Verizon is a party.

First, in the Proponent's Letter, the Proponent characterizes the similarity between the Proposal and the proposal at issue in *General Electric Company* (February 3, 2016) (the "GE Proposal") as "superficial," when the GE Proposal was in fact almost identical in scope to the Proposal. Below is a side-by-side comparison of the two proposals' resolutions (with the portions of the GE Proposal and the Proposal that overlap highlighted in bold italics):

GE Proposal	**Proposal**
Resolved, shareholders request that [company] at reasonable expense ***undertake*** an ***independent evaluation*** and prepare an ***independent report by [date], demonstrating the company has assessed all potential sources of liability related to*** PCB discharges in the Hudson River, ***including*** all possible liability from NRD claims for PCB discharges, and offering ***conclusions on the most responsible and cost-effective way to address them.***	***Resolved, the shareholders request that [company] undertake*** a comprehensive ***independent study*** and publicly release an ***independent report by [date] that demonstrates the Company has assessed all potential sources of liability related to*** lead-sheathed cables, ***including*** a comprehensive mapping of the locations impacted and ***conclusions on*** the potential cost of remediation, along with ***the most responsible and cost-effective way to prioritize the remediation of sites that pose a risk to public health.***

As discussed in the No-Action Request, Verizon is, as GE was when it received the GE Proposal, presently involved in litigation relating to the subject matter of the Proposal. Like the GE Proposal, the Proposal requests that Verizon provide plaintiffs in ongoing litigation with an admission from Verizon regarding the extent of its alleged liability and a roadmap to potential theories of liability, which would "affect the conduct of ongoing litigation to which the company is a party." *See General Electric Company* (February 3, 2016).

While the similarities between the GE Proposal and the Proposal, as well as the GE Proposal's relation to ongoing GE litigation and the Proposal's relation to ongoing Verizon litigation, are striking rather than "superficial," the Proponent's attempt to distinguish the GE Proposal on the basis that it related to the terms of an existing consent decree with the EPA is, in fact, "superficial." In the case of the GE proposal, no-action relief was granted because the company was at the time it received the proposal involved in litigation relating to the subject matter of the proposal. No reference is made in the letter granting relief to the fact that the GE Proposal involved an existing consent decree.

Second, the Proponent incorrectly asserts that the report requested by the Proposal would not need to itemize particular locations or sources of liability, notwithstanding the explicit request that Verizon demonstrate in the report that it has assessed *all potential sources of liability . . . including a comprehensive mapping of the locations impacted* and *conclusions on . . . the most responsible and cost-effective way to prioritize the remediation of sites that pose a*

risk to public health. The Proponent then goes on to cite in support of its position various no-action letters that do not expressly focus on the concept of liability (as Verizon had already distinguished in its No-Action Request), in stark contrast to the Proposal.

Finally, in an attempt to create the illusion of a significant public policy issue where there is none, the Proponent cites to and reproduces many articles on health and environmental hazards caused by exposure to lead and news coverage of lead-sheathed cables. Notwithstanding the news coverage of lead-sheathed cables and the fact that the Proposal is at pains to incorporate the words “public health,” the Proposal does not focus on a significant public policy issue. The Proposal does not ask Verizon not to use lead-sheathed cables in the future, or ask shareholders to consider whether, in the event remediation is required by law or otherwise, Verizon should perform such remediation. It asks Verizon to produce a report demonstrating all potential sources of liability, comprehensively mapping locations impacted, estimating the cost to Verizon of remediation, and establishing a remediation plan. While the subject matter of the Proponent’s requested report would undoubtedly be interesting to plaintiffs in the multiple ongoing lawsuits against Verizon related to lead-sheathed cables and described in the No-Action Request, it does not represent a significant public policy issue.

Moreover, the coverage evoked and cited by the Proponent in the Proponent’s Letter has not been in the nature of public debate – there is no question of Verizon laying additional lead-based cable in the future, or of Verizon not following the law with respect to any potential remediation, if required. The mere fact that lead-sheathed cables have been in the news does not turn the subject matter of any proposal relating to lead-sheathed cables into a significant public policy issue.

Accordingly, like the precedent described herein and in the No-Action Request, Verizon may exclude the Proposal under Rule 14a-8(i)(7).

The Proposal may be excluded pursuant to Rule 14a-8(i)(10) because Verizon has already substantially implemented the Proposal.

In the event the Staff is unable to concur with Verizon’s view that the Proposal may be excluded from the 2024 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to Verizon’s ordinary business operations, Verizon respectfully submits that, as described in the No-Action Request, the Proposal may be excluded from the 2024 proxy materials pursuant to Rule 14a-8(i)(10) because Verizon has already substantially implemented the Proposal.

Conclusion

For the reasons set forth above and in the No-Action Request, Verizon believes that the Proposal may be properly excluded from its 2024 proxy materials in reliance on Rules 14a-8(i)(7) and 14a-8(i)(10). Verizon respectfully requests that the Staff confirm that it will not recommend enforcement action to the Commission if Verizon excludes the Proposal from its 2024 proxy materials.

If the Staff disagrees with Verizon's conclusions regarding the omission of the Proposal, or should the Staff require any additional information in support of Verizon's position, I would appreciate an opportunity to speak with the Staff concerning these matters prior to the issuance of the Staff's response.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,

Brandon N. Egren
Managing Associate General Counsel &
Assistant Corporate Secretary

Cc: Association of BellTel Retirees Inc.
Cornish F. Hitchcock, Hitchcock Law Firm PLLC