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 4, 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 National Legal and Policy Center for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal request that the board of directors create a board committee to examine the consequences of the Company's positions and advocacy on immaterial social policy issues.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal relates to ordinary business matters. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

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: Luke Perlot
National Legal and Policy Center

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 4, 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 National Legal and Policy Center

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 National Legal and Policy Center (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.[1]

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.

[1] Exhibit A omits correspondence between Verizon and the Proponent that is irrelevant to this request. *See* the Staff's "Announcement Regarding Personally Identifiable and Other Sensitive Information in Rule 14a-8 Submissions and Related Materials" (December 17, 2021), available at https://www.sec.gov/corpfin/announcement/announcement-14a-8-submissions-pii-20211217.

The Proposal

The Proposal states:

> **RESOLVED:** Shareholders request the Board of Directors to create a board committee to examine the consequences of the company's positions and advocacy on immaterial social policy issues as they affect the company's growth or decline, and ultimately its sustainability. The company shall issue a public report on the committee's findings by the end of 2024.

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

Analysis

The Proposal may be excluded pursuant to Rule 14a-8(i)(10) because Verizon has already substantially implemented the Proposal through its Corporate Governance and Policy Committee.

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)). It is not necessary that the proposal have 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. *McKesson Corp.* (April 8, 2011); *Texaco, Inc.* (March 3, 1991). Accordingly, Verizon believes that the Proposal's essential objective of providing Board oversight of the company's positions and advocacy on "immaterial social policy issues" has already been substantially implemented through Verizon's Corporate Governance and Policy Committee, as well as its policies, practices and procedures, and public disclosures.

A. The Proposal has already been substantially implemented because the Proposal requests the establishment of a Board committee that would have duties and responsibilities that are within the scope of an already existing Board committee.

The Staff consistently concurs in excluding proposals that request the formation of a board committee the subject of which is within the scope of an already existing board committee. *See, for example, Verizon Communications Inc.* (February 19, 2019) (concurring that a proposal requesting the formation of a public policy and social responsibility committee was substantially implemented by the company's then-existing Corporate Governance and

Policy Committee and Audit Committee); *Apple Inc.* (November 19, 2018) (concurring that a proposal requesting the formation of an international policy committee was substantially implemented by the company's then-existing audit and finance committee, which oversaw risk management across the company); *The Goldman Sachs Group, Inc.* (February 12, 2014) (concurring that a proposal requesting the formation of a public policy committee was substantially implemented by the company's then-existing corporate governance, nominating and public responsibility committee and its public responsibility subcommittee); *Apple Inc.* (December 11, 2014) (concurring that a proposal requesting the formation of a public policy committee was substantially implemented by the company's then-existing systems and controls, including its audit and finance committee); *Fin. Indus. Corp.* (March 28, 2003) (concurring that a proposal seeking the formation of a strategic investment committee to explore possible mergers was substantially implemented by the company's then-existing special committee of the board).

The Proposal requests the establishment of "a board committee to examine the consequences of the company's positions and advocacy on immaterial social policy issues as they affect the company's growth or decline, and ultimately its sustainability." However, the Board has already established the Corporate Governance and Policy Committee, which is charged with oversight of the matters described in the Proposal. The Corporate Governance and Policy Committee Charter charges that committee with the periodic review of Verizon's "position and engagement on important public policy issues that may affect its business and reputation and environmental, social and governance (ESG) matters, including political activity and human rights." That is essentially the same function that the proposed new committee would serve.

The Corporate Governance and Policy Committee's oversight of these issues is not *pro forma.* The Corporate Governance and Policy Committee thoroughly and effectively considers pertinent public policy issues that impact Verizon. To do so, the Corporate Governance and Policy Committee met five times in each of 2022 and 2023 and regularly discusses policy issues. Each year, Verizon's Chief Legal Officer updates the Corporate Governance and Policy Committee on the current policy issues facing the company that may generate publicity and impact corporate reputation. Through this annual briefing, the Corporate Governance and Policy Committee reviews and discusses with management the most pressing known reputational issues and Verizon's position on each issue, as well as the processes in place to anticipate potential developments in each of the identified areas and to quickly respond to any such developments in a timely manner. In addition, the Corporate Governance and Policy Committee periodically reviews discrete social and public policy issues throughout the year when such review is determined to be necessary or desirable. Notably, the Corporate Governance and Policy Committee also reviews shareholder proposals, and many shareholder proposals pertain to social policy matters; this is another way in which social policy matters inform the activities of the Corporate Governance and Policy Committee. The establishment of a committee on corporate "sustainability" as contemplated by, and as that term is used in, the Proposal, would be duplicative of the Corporate Governance and Policy Committee and create uncertainty over which matters fall under the purview of each committee.

B. The Proposal has already been substantially implemented because Verizon's current policies, practices and procedures, and public disclosures relating to oversight of policy issues and corporate reputation compare favorably with the guidelines of the Proposal.

The Staff consistently considers a proposal substantially implemented under Rule 14a-8(i)(10) if the company's "policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (March 28, 1991). When a company has put in place policies and procedures addressing the proposal's underlying concerns and its essential objective, the Commission regularly interprets this to mean that the proposal has been substantially implemented. *See, for example, JPMorgan Chase & Co.* (March 6, 2015) (concurring that a proposal requesting the formation of an international policy committee was substantially implemented through the company's international advisory group and its policies, practices and procedures, including the oversight of its audit committee); *Apple Inc.* (December 11, 2014) (concurring that a proposal requesting the formation of a public policy committee was substantially implemented where the company had existing systems and controls, including an audit and finance committee); *Exelon Corp.* (February 26, 2010); *Anheuser-Busch Cos., Inc.* (January 17, 2007).

Verizon's policies, practices and procedures relating to policy issues and reputation, including the oversight role of the Corporate Governance and Policy Committee, are well documented in Verizon's public disclosures. In particular, Verizon's 2023 proxy statement contains the following disclosure at page 17:

> **Current policy issues and corporate reputation.** Companies in our industry and beyond are facing challenges that have impacted their reputations and brought adverse attention and action by consumers, regulators and shareholders. The Corporate Governance and Policy Committee has primary responsibility for overseeing the Company's handling of risks relating to Verizon's position and engagement on important public policy issues, as well as individual events and incidents that may affect the Company's business and reputation. Each year, Verizon's Chief Legal Officer updates the Committee on the current policy issues facing the Company that may generate publicity and impact corporate reputation. Through this annual briefing, the Committee reviews and discusses with management the most pressing known reputational issues and the Company's position on each issue, as well as the processes in place to anticipate potential developments in each of the identified areas and to quickly respond to any such developments in a timely manner. Outside the regular meeting cycle, management informs the Board of current developments that may pose reputational risks to the industry or the Company.

This type of detailed disclosure has been included in Verizon's proxy statement since 2019 and demonstrates the seriousness with which the Board takes the matters described in the Proposal. Including the Proposal in Verizon's 2024 proxy materials would require shareholders to consider matters that the Board, through the creation and operation of the Corporate Governance and Policy Committee and the disclosures described above, has already acted

favorably upon. Accordingly, Verizon believes that the Proposal has already been substantially implemented.

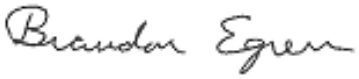
Conclusion

For the foregoing reasons, Verizon believes that the Proposal may be properly excluded from its 2024 proxy materials in reliance on Rule 14a-8(i)(10). 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

Enclosure

Cc: Luke Perlot, National Legal and Policy Center

Exhibit A

The Submission

NATIONAL LEGAL AND POLICY CENTER

November 16, 2023

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

VIA UPS & EMAIL: [redacted]

Dear Mr. Horton/Corporate Secretary:

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in Verizon Communications Inc.'s ("Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission's proxy regulations.

National Legal and Policy Center (NLPC) is the beneficial owner of 78 shares of the Company's common stock with a value exceeding $2,000, of which sufficient shares have been held continuously for more than three years prior to this date of submission. NLPC intends to hold the shares through the date of the Company's next annual meeting of shareholders. A proof of ownership letter is forthcoming and will be delivered to the Company.

The Proposal is submitted in order to promote shareholder value by requesting the Board of Directors create a Board Committee to examine the consequences of the company's positions and advocacy on immaterial social policy issues. Either an NLPC representative or I will present the Proposal for consideration at the annual meeting of shareholders.

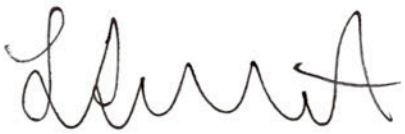
I and/or an NLPC representative are able to meet with the Company via teleconference to discuss the proposal on November 27 at 1 p.m., November 28 at 1 p.m., November 29 at 1 p.m., November 31 at 1 p.m, December 4 at 1 p.m., and December 5 at 1 p.m., in the Eastern Time Zone (U.S.). I can be reached at [redacted] or at [redacted].

If you have any questions, please contact me at the above phone number. Copies of correspondence or a request for a "no-action" letter should be forwarded to me via email or sent to my attention at [redacted].

Nat'l Headquarters: [redacted]

Phone: [redacted] Email: [redacted]

Sincerely,



Luke Perlot
Associate Director
Corporate Integrity Project

Enclosure: "Creation of Board Committee on Corporate Sustainability" proposal

Creation of Board Committee on Corporate Sustainability

WHEREAS: Viewpoint disagreements in the United States have intensified in recent years, and businesses are increasingly caught in the middle. While shareholders should expect a degree of engagement over matters that directly affect a firm's operations and viability – like taxation and regulation – many companies also get involved in matters that are immaterial to their businesses, often causing damage to their brands and reputations.

SUPPORTING STATEMENT: Articulation of potentially controversial stances, especially on social and cultural issues, can damage relationships with customers, employees, suppliers, and investors, and present material risks to companies' reputation and sustainability. For example:

- Consumers boycotted Bud Light following an advertising campaign featuring transgender influencer Dylan Mulvaney. The backlash resulted in the brand losing its status as the best-selling beer in the United States.[1]

- Following the boycott, parent company Anheuser-Busch InBev experienced a 28 percent decline in pre-tax profit during the second quarter of 2023. Meanwhile, US sales to wholesalers and retailers dropped 15 percent and 14 percent, respectively.[2] The situation worsened in Q3, resulting in another 29 percent drop in adjusted US earnings.[3]

- Target Corporation featured "tuck-friendly" swimsuits[4] designed for "transgender" individuals in advance of "Pride month." In response to a vehement backlash, the company lost $10 billion in market value over ten days,[5] and its stock price continued to fall. In addition, Target's quarterly sales fell for the first time in six years immediately following the boycott,[6] despite increased consumer spending during that period.[7]

Target's underperformance, compared to competitors, might have been avoided if its directors exercised greater oversight of risks to the company's image.

Boycotts can arise without warning. Once they gain momentum, the damage can be difficult to contain. Thus, Verizon should focus more on risk mitigation before its actions become a liability.

---

[1] https://www.theguardian.com/business/2023/jun/14/bud-light-loses-top-us-beer-spot-after-promotion-with-transgender-influencer

[2] https://news.sky.com/story/dylan-mulvaney-bud-light-beer-takes-sales-hit-after-backlash-over-ad-campaign-featuring-transgender-influencer-12932886

[3] https://www.cnn.com/2023/10/31/investing/bud-light-anheuser-busch-earnings/index.html

[4] https://nypost.com/2023/05/24/targets-reputation-takes-a-hit-after-pride-2023-collection/

[5] https://nypost.com/2023/05/28/target-loses-10b-following-boycott-calls-over-lgbtq-friendly-clothing/

[6] https://www.cnn.com/2023/08/16/investing/target-stock-earnings/index.html

[7] https://www.reuters.com/markets/us/us-consumer-spending-july-surges-weekly-jobless-claims-fall-2023-08-31/

Concerns include:

- Verizon has helped open 34 new chapters of PFLAG,[8] which advocates for the placement of sexually explicit books in school libraries.[9] As mentioned above, radical LGBT activism can be offensive to significant customer segments, like parents.

- Verizon enlisted controversial former U.S. Attorney General Eric Holder, whose current No. 1 calling is to short-circuit election integrity efforts around the country, to conduct a racial equity audit of the Company.[10] In addition, diversity, equity, and inclusion efforts do not work[11] and can increase division rather than resolve it.[12]

RESOLVED: Shareholders request the Board of Directors to create a board committee to examine the consequences of the company's positions and advocacy on immaterial social policy issues as they affect the company's growth or decline, and ultimately its sustainability. The company shall issue a public report on the committee's findings by the end of 2024.

To allow maximum flexibility and judgment, nothing in this resolution shall serve to micromanage the Company, intrude on its everyday business operations, or impose a partisan point of view on its board of directors or employees.

---

[8] https://www.verizon.com/featured/pride/

[9] https://nlpc.org/corporate-integrity-project/oreo-sponsors-conference-backing-lgbtq-groomer-books-in-school-libraries/

[10] https://www.verizon.com/about/news/results-verizons-equity-audit

[11] https://hbr.org/2016/07/why-diversity-programs-fail

[12] https://nypost.com/2022/01/22/how-a-28-year-old-is-fighting-divisive-antiracism-training/

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 National Legal and Policy Center

Ladies and Gentlemen:

I refer to my letter dated January 4, 2024, 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 National Legal and Policy Center (the "Proponent") may be properly omitted from the proxy materials to be distributed by Verizon in connection with its 2024 annual meeting of shareholders (the "2024 proxy materials") pursuant to Rule 14a-8(i)(10) (the "Initial Request").

This letter supplements the Initial Request in order to add Rule 14a-8(i)(7) as an additional basis for excluding the Proposal. 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.

Additional Basis for Exclusion

In accordance with Rule 14a-8, and in addition to the basis for exclusion pursuant to Rule 14a-8(i)(10) presented in the Initial Request, 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 pursuant to Rule 14a-8(i)(7) because it deals with matters relating to Verizon's ordinary business operations.

Analysis

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

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company's proxy materials if the proposal "deals with matters relating to the company's ordinary business operations." In Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain 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. The second consideration relates to the degree to which the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

The Proposal requests the establishment of "a board committee to examine the consequences of the company's positions and advocacy on immaterial social policy issues as they affect the company's growth or decline, and ultimately its sustainability." The supporting statement notes that "[a]rticulation of potentially controversial stances, especially on social and cultural issues, can damage *relationships with customers, employees, suppliers, and investors*, and present material risks to companies' reputation and sustainability" (emphasis added). The supporting statement goes on to cite as examples (i) a consumer boycott of Bud Light following an advertising campaign featuring a transgender "influencer," resulting in "the brand losing its status as the best-selling beer in the United States" and subsequent poor financial results by its parent company, and (ii) backlash against Target Corporation for featuring Pride month merchandise, and an ensuing decline in the company's market value. These concerns and examples encompass many aspects of a company's day-to-day business activities.

For the reasons discussed more fully below, the Proposal is excludable under Rule 14a-8(i)(7) because (a) it deals with matters relating to Verizon's ordinary business operations that are fundamental to management's ability to run the company on a day-to-day basis, namely (i) Verizon's relationships with customers, employees, suppliers, and investors, (ii) the manner in which Verizon markets, promotes, and advertises its products and services, and (iii) the products and services offered by Verizon, (b) it does not focus on a significant social policy issue that transcends Verizon's ordinary business operations, and (c) even if the Staff believes that some of the issues raised by the Proposal touch upon significant social policy issues, the Proposal's overwhelming focus relates to the ordinary business matters exemplified in the supporting statement and described herein.

A. Relationship with customers.

In accordance with the policy considerations underlying the ordinary business exclusion, the Staff has concurred in the exclusion of proposals that relate to a company's relationships with its customers. *See, for example, JPMorgan Chase & Co.* (February 21, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested the board complete a report on the impact to customers of the company's overdraft policies); *AT&T Inc.* (December 28,

2016) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested the company provide free tools to customers to block robocalls); *Ford Motor Co.* (February 13, 2013) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested removal of dealers that provided poor customer service, noting that "[p]roposals concerning customer relations are generally excludable under rule 14a-8(i)(7)"); *The Coca-Cola Co.* (January 21, 2009, *recon. denied* April 21, 2009) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report on how the company could provide information to customers regarding the company's products, noting that the proposal "relat[ed] to Coca-Cola's ordinary business operations (*i.e.*, marketing and consumer relations)"); *Anchor BanCorp Wisconsin Inc.* (May 13, 2009) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board adopt a new policy for the lending of funds to borrowers and the investment of assets after taking preliminary actions specified in the proposal, noting that the proposal related to the company's "ordinary business operations (*i.e.*, credit policies, loan underwriting and customer relations)"); *JPMorgan Chase & Co.* (February 21, 2006) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal recommending that the company not issue first mortgage home loans, except as required by law, no greater than four times the borrower's gross income, noting that the proposal related to the Company's "ordinary business operations (*i.e.,* credit policies, loan underwriting and customer relations)").

B. Relationship with employees.

The Staff also consistently allows the exclusion of proposals that relate to a company's relationship with employees and to management of a company's workforce. *See* 1998 Release (excludable matters "include the management of the workforce, such as the hiring, promotion, and termination of employees"); *see also, for example, Apple Inc.* (January 3, 2023) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report on the effects of the company's return-to-office policy on employee retention and the company's competitiveness); *Walmart, Inc.* (April 8, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested the company's board prepare a report evaluating discrimination risk from the company's policies and practices for hourly workers taking medical leave, noting that the proposal "relates generally to the [c]ompany's management of its workforce"); *Yum! Brands, Inc.* (March 6, 2019) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that sought to prohibit the company from engaging in certain employment practices, noting that "the [p]roposal relates generally to the [c]ompany's policies concerning its employees"). Similarly, the Staff has concurred in the exclusion of shareholder proposals under Rule 14a-8(i)(7) that relate to general employee compensation. *See, for example, CVS Health Corp.* (March 1, 2017) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that urged the company's board to adopt principles for minimum wage reform, noting that "the proposal relates to general compensation matters"); *Best Buy Co., Inc.* (March 8, 2016) (same); *The Goldman Sachs Group, Inc.* (March 12, 2010) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that sought to introduce a policy limiting the amount available for payment of employee compensation and benefits each year, noting that "[p]roposals that concern general employee compensation matters are generally excludable under rule 14a-8(i)(7)").

C. Relationship with suppliers.

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(7) of shareholder proposals that relate to a company's relationships with its suppliers. *See, for example, Walmart Inc.* (March 8, 2018) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested a report outlining the requirements suppliers must follow regarding engineering ownership and liability); *Foot Locker, Inc.* (March 3, 2017) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report outlining the steps the company was taking, or could take, to monitor the use of subcontractors by the company's overseas apparel suppliers, noting that "the proposal relates broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors"); *Kraft Foods Inc.* (February 23, 2012) ("*Kraft*") (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report detailing the ways the company would assess risk to its supply chain and mitigate the impact of such risk, noting that the proposal concerned "decisions relating to supplier relationships [which] are generally excludable under rule 14a-8(i)(7)"); *Dean Foods Co.* (March 9, 2007) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested an independent committee review the company's standards for organic dairy product suppliers, noting that the proposal related to the company's "decisions relating to supplier relationships").

D. Relationship with investors.

The Staff has concurred in the exclusion of proposals that relate generally to the company's relations with its shareholders. *See, for example, Con-way Inc.* (January 22, 2009) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested the company's board take steps to ensure future annual stockholder meetings be distributed via webcast, as "relating to [the company's] ordinary business operations (*i.e.,* shareholder relations and the conduct of annual meetings)"). Similarly, the Staff has concurred in the exclusion of proposals relating to the determination and implementation of a company's strategies for enhancing shareholder value. *See, for example, JPMorgan Chase & Co.* (March 26, 2021) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal that requested a study on the external costs created by the company's underwriting multi-class equity offerings and the manner in which such costs affect the majority of its shareholders who rely on overall stock market return); *The Goldman Sachs Group, Inc.* (March 9, 2021, *recon. denied* March 19, 2021) (same); *Bimini Capital Management* (March 28, 2018) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company's board take measures to close the gap between the book value of the company's common shares and their market price); *Ford Motor Co.* (February 24, 2007) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company's chairman "honor his commitments to shareholders to increase stock performance," noting that the proposal appeared to relate to the company's "ordinary business operations (*i.e.,* strategies for enhancing shareholder value)").

E. Manner in which a company markets, promotes, and advertises its products and services.

The Staff has held that management decisions relating to marketing are under the general umbrella of strategic business decisions that are excludable under Rule 14a-8(i)(7). For instance, in *Johnson & Johnson* (January 12, 2004), the Staff considered a proposal that sought

a report on how the company "will respond to rising regulatory, legislative and public pressure to increase access to and affordability of needed prescription drugs." The company argued that the proposal relates directly to how it makes "strategic decisions concerning its marketing efforts," which is a routine part of the company's "ordinary business." The Staff concurred, granting no-action relief on the basis that the proposal related to Johnson & Johnson's "ordinary business operations (*i.e.*, marketing and public relations)." *See also The Coca-Cola Co.* (January 21, 2009, *recon. denied* April 21, 2009) (concurring in the exclusion of a proposal that related to the modification of the company's labels, packaging, and marketing materials because it related to the company's "ordinary business operations (*i.e.,* marketing and consumer relations)"); *International Business Machines Corp.* (December 22, 1997) (concurring in the exclusion of a proposal that sought the enactment of "a policy to give IBM a viable respectable position in the home and small office software market" as relating to the company's "ordinary business operations (*i.e.*, product marketing)").

Similarly, the Staff has repeatedly recognized that the manner in which a company advertises is a matter of ordinary business and that proposals relating to a company's advertising practices infringe on management's core function of overseeing business practices. The allocation of marketing and advertising resources to best promote a company's products is a key management function. As a result, the Staff has consistently allowed exclusion of such proposals from a company's proxy materials under Rule 14a-(i)(7). *See, for example, FedEx Corp.* (July 11, 2014), concurring in the exclusion of a proposal relating to the company's sponsorship of the Washington, DC NFL franchise team given controversy over the team's name); *PepsiCo, Inc.* (January 10, 2014) (concurring in the exclusion of a proposal requesting that the company issue a public statement indicating that a commercial for the company's product was presented in poor taste); *PG&E Corp.* (February 14, 2007) (concurring in the proposal requesting that the company cease its advertising campaign promoting solar or wind energy sources); *Johnson & Johnson* (January 12, 2004) (concurring in the exclusion of a proposal asking the board of directors to "review pricing and marketing policies" and issue a report disclosing how the company intends to respond to public pressure to reduce prescription drug pricing because it concerned the company's marketing and public relations); *Federated Department Stores, Inc.* (March 27, 2002) (concurring in the exclusion of a proposal requesting that the company "identify and disassociate from any offensive imagery to the American Indian community" in product marketing, advertising, endorsements, sponsorships and promotions); *Tootsie Roll Industries, Inc.* (January 31, 2002) (concurring in the exclusion of a proposal requesting that the company "identify and disassociate from any offensive imagery to the American Indian community" in product marketing, advertising, endorsements, sponsorships, and promotions).

F. Products and services offered by a company.

The Staff has held that shareholder proposals that relate to the products and services offered by a company are appropriately excludable under Rule 14a-8(i)(7), even if the proposal touches upon a social issue. In *Wells Fargo & Co.* (January 28, 2013, *recon. denied* March 4, 2013) ("*Wells Fargo*"), for example, the Staff granted no-action relief under Rule 14a-8(i)(7) where the proposal requested that the company prepare a report discussing the adequacy of the registrant's policies in addressing the social and financial impacts of the registrant's direct deposit advance lending service, noting in particular that "the proposal relates to the products

and services offered for sale by the [registrant]" and that "[p]roposals concerning the sale of particular products and services are generally excludable under rule 14a-8(i)(7)." Similarly, in *JPMorgan Chase & Co.* (March 16, 2010), the Staff concurred in the exclusion of a proposal under Rule 14a-8(i)(7) where such proposal sought to have the company's board of directors implement a policy mandating that the company cease issuing refund anticipation loans, which the proponent claimed were predatory loans. There, the company acknowledged that the proposal addressed an issue that the Staff itself recognized as a "significant policy issue." The company noted, however, that its "decisions as to whether to offer a particular product to its clients and the manner in which the [c]ompany offers those products and services, including pricing, are *precisely* the kind of fundamental, day-to-day operational matters meant to be covered by the ordinary business operations exception under Rule 14a-8(i)(7)" (emphasis added).

G. The Proposal does not transcend Verizon's ordinary business operations.

Verizon notes that a proposal may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant social policy issue. *See* 1998 Release (noting that proposals "focusing on sufficiently significant social policy issues (*e.g.,* significant discrimination matters) generally would not be considered to 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"). The fact that a proposal may touch upon a significant policy issue, however, does not preclude exclusion under Rule 14a-8(i)(7). Here, the Proposal does not *focus* on *any* significant social policy issue. The Proposal's resolved clause requests the creation of "a board committee to examine the consequences of the company's positions and advocacy on *immaterial social policy issues* as they affect the company's growth or decline, and ultimately its sustainability" (emphasis added). Verizon submits that an "immaterial social policy issue" is, by definition, not a "significant social policy issue," and the use in the resolved clause of the term "sustainability," while attempting to masquerade as a significant social policy issue, also does not invoke any significant social policy issue, because in the context of the Proposal, it clearly refers to a company's financial performance. The resolved clause is therefore bereft of any focus on, or even reference to, any significant social policy issues, and the Proposal therefore does not transcend Verizon's ordinary business operations. The supporting statement and preamble also make it abundantly clear that the proposal is not narrowly focused on one or more significant social policy issues, but rather, implicates a wide range of ordinary business matters, including those specifically discussed in the proposal and articulated above. When read together, the Proposal's resolved clause and the broad nature of the supporting statement demonstrate that the Proposal is focused on risks arising from the vast universe of Verizon's business practices and relationships, including with regard to customers, employees, suppliers, and investors, as well as the manner in which Verizon markets, promotes, and advertises its products and services, and the products and services offered by Verizon. Thus, the no-action letters cited in the above discussion are applicable, making the Proposal excludable in reliance on Rule 14a-8(i)(7).

H. Where part of a proposal implicates ordinary business matters, the entire proposal must be excluded under Rule 14a-8(i)(7).

Even if the Staff were to conclude *arguendo* that some of the issues raised by the Proposal touch upon significant social policy issues, the true focus and thrust of the Proposal remains the host of Verizon's day-to-day operations and activities implicated by the range of examples in the supporting statement and described above, and Verizon believes the entire Proposal is therefore excludable under Rule 14a-8(i)(7).

Consistent with the 1998 Release, the Staff routinely concurs with the exclusion of proposals that relate to ordinary business decisions even where the proposal may reference a significant social policy issue. For example, in *The Walt Disney Co.* (January 8, 2021), the proposal requested that the company produce a report "assessing how and whether [the company] ensures [its] advertising policies are not contributing to violations of civil or human rights." Despite concerns expressed in the proposal that the company's policies were "contributing to the spread of racism, hate speech, and disinformation," the Staff concurred that the proposal was excludable under Rule 14a-8(i)(7) as relating to ordinary business matters. In *Amazon.com, Inc. (Domini Impact Equity Fund)* (March 28, 2019), the proposal requested that the board annually report to shareholders "its analysis of the community impacts of [the company's] operations, considering near- and long-term local economic and social outcomes." In its no-action request, the company successfully argued that "[e]ven if some of [the] issues that would be addressed in the report requested by the [p]roposal could touch upon significant policy issues within the meaning of the Staff's interpretation, the [p]roposal is not focused on those issues, but instead encompasses a wide range of issues implicating the [c]ompany's ordinary business operations within the meaning of Rule 14a-8(i)(7), and therefore may properly be excluded under Rule 14a-8(i)(7)." The Staff concurred and granted no-action relief under Rule 14a-8(i)(7) noting that "the [p]roposal relates *generally* to 'the community impacts' of the [c]ompany's operations and *does not appear to focus on an issue that transcends ordinary business matters*" (emphasis added). Similarly, in *Peregrine Pharmaceuticals Inc.* (July 31, 2007), the Staff concurred with the exclusion of a proposal recommending that the board appoint committee of independent directors to evaluate the strategic direction of the company and the performance of the management team could be excluded under Rule 14a-8(i)(7) as relating to ordinary business matters. The Staff noted that the proposal appeared "to relate to *both* extraordinary transactions and non-extraordinary transactions" (emphasis added) and that it accordingly would not recommend enforcement action. Additionally, in *Wal-Mart Stores, Inc.* (March 15, 1999), the Staff concurred with the exclusion of a proposal that requested that the board of directors report on the company's "actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, or child labor or who fail to comply with laws protecting their employees' wages, benefits, working conditions, freedom of association and other rights." In concurring with the company's request, the Staff noted "in particular that*, although the proposal appears to address matters outside the scope of ordinary business*, […] the description of matters to be included in the report relates to ordinary business operations" (emphasis added). See also *Walmart Inc.* (avail. Apr. 8, 2019) (concurring in the exclusion of a proposal requesting that the board prepare a report evaluating the risk of discrimination that may result from the company's policies and practices for hourly workers taking absences from work for personal or family illness because it related to the company's ordinary business operations, *i.e.*, the company's management of its workforce, and "[did] not

focus on an issue that transcends ordinary business matters"); *JPMorgan Chase & Co.* (March 9, 2015) (concurring in the exclusion of a proposal requesting the company amend its human rights-related policies "to address the right to take part in one's own government free from retribution" because the proposal related to "[the company's] policies concerning its employees"); *Papa John's International, Inc.* (February 13, 2015) (concurring in the exclusion of a proposal requesting the company to include more vegan offerings in its restaurants, despite the proponent's assertion that the proposal would promote animal welfare—a significant policy issue); and *Apache Corp.* (Mar. 5, 2008) (concurring in the exclusion of a proposal requesting the implementation of equal employment opportunity policies based on principles specified in the proposal prohibiting discrimination based on sexual orientation and gender identity because "some of the principles" related to the company's ordinary business operations).

Here, the Proposal presents a compelling case for exclusion. While the supporting statement mentions examples and two "concerns" about Verizon that could be considered to touch upon significant social policy issues, they are by no means the focus of the proposal. On the contrary, the Proposal's implication of a wide range of ordinary business matters as illustrated by the examples cited in the supporting statement, read together with the broad scope of the resolved clause, means that the focus and thrust of the Proposal is on Verizon's day-to-day operations and activities, and it is thus properly excludable under Rule 14a-8(i)(7).

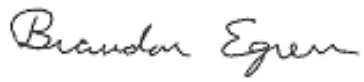
Conclusion

For the reasons stated above and in the Initial Letter, Verizon believes that the Proposal may be properly excluded from its 2024 proxy materials in reliance on Rules 14a-8(i)(10) and Rule 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

Cc: Luke Perlot, National Legal and Policy Center

NATIONAL LEGAL AND POLICY CENTER

January 24, 2024

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Verizon Communications Inc.*
Shareholder Proposal of the National Legal and Policy Center ("NLPC")
Securities Exchange Act of 1934—Rule 14a-8

SUBMITTED THROUGH THE SEC ONLINE SHAREHOLDER PORTAL

Ladies and Gentlemen:

This letter responds to the letter dated January 4, 2024 and supplemental letter dated January 5, 2024, from Brandon N. Egren of Verizon Communications Inc., ("Verizon" or "Company"), requesting that the Division of Corporation Finance ("Staff") take no action if the Company excludes our shareholder proposal ("Proposal") from its proxy materials ("Proxy") for its 2024 annual shareholder meeting.

The Company's request provides insufficient justification for exclusion and should be denied no-action relief.

The Company's excuses to exclude our Proposal from the Proxy – because it has already been "substantially implemented" pursuant to Rule 14a-8(i)(10), and because it deals with matters relating to the Company's "ordinary business operations" pursuant to Rule 14a-8(i)(7) – is erroneous.

The Proposal requests the Board of Directors to create a board committee to examine the consequences of the company's positions and advocacy on immaterial policy issues, and to issue a report on its findings by the end of 2024. Contrary to Verizon's claims in its letter seeking no-action relief, the Company's existing Corporate Governance and Policy Committee ("Committee)" does not *substantially* address the risks outlined in the Proposal. The Committee has many responsibilities and allocates limited attention to the issues presented in the Proposal. Additionally, similar committees at other major U.S. companies have failed to prevent shareholder loss arising from unnecessary controversies. Lastly, the existing Committee's findings are not presently made available to shareholders. Under all considerations, Verizon's assertion that the Proposal has been substantially implemented is false.

Further, contrary to Verizon claims in its supplemental letter seeking no-action relief, the Proposal clearly specifies that it should *not* be construed to interfere with the Company's ordinary business operations. Instead, the Proposal seeks additional oversight from the Board of Directors, which is within the scope of the rule addressing shareholder proposals.

To address the Company's no-action request, following I will address the Company's "Analysis" of two points of objection to our Proposal submission, in the order presented in its January 4 letter and January 5 supplemental letter.

Verizon has* not *substantially implemented what NLPC has requested, and therefore the Proposal should NOT be excluded from its Proxy under Rule 14a-8(i)(10).

The Company's existing Committee

The Company claims it has already substantially implemented the Proposal via its Corporate Governance and Policy Committee. This assertion is false. The Committee's scope is broad, and its attention is divided among a variety of undoubtedly demanding assignments. Verizon's Corporate Governance and Policy Committee contains four ordinary members and one chair. They are tasked with the following:[1]

- "Evaluate the structure and practices of our Board and its committees, including size, composition, independence and operations.
- "Recommend changes to our Board's policies or practices or the Corporate Governance Guidelines.
- "Identify and evaluate the qualifications of Director candidates.
- "Recommend Directors to serve as members of each committee and as committee chairs.
- "Review potential related person transactions.
- "Facilitate the annual assessment of the performance of the Board and its committees.
- "Review Verizon's position and engagement on important public policy issues that may affect our business and reputation and sustainability matters.
- "Review the activities of Verizon's community and social impact initiatives, including philanthropic activities."

Several of these activities – such as identifying director candidates and evaluating the Board's structure and practices – likely demand continuous consideration from Committee members. Further highlighting the heavy burdens upon directors' time is that

[1] Verizon. "Corporate Governance and Policy Committee," *Verizon.com/about*. See https://www.verizon.com/about/investors/corporate-governance/corporate-governance-committee

each of them are also either executives for their primary companies or firms, are directors for one or more other corporations, or both.[2]

The Board of Directors represents shareholder interests. Do shareholders not have the right to question whether the Committee is spread too thin, and to petition for more effective representation?

By the Company's own admission in its initial letter seeking no-action relief, "the Corporate Governance and Policy Committee met five times in each of 2022 and 2023." Is it possible for the Committee, with its clearly overcommitted members, to thoroughly fulfill all its responsibilities in just five meetings? Or does it have to sacrifice performance in certain areas? Further, Verizon's no-action letter quotes the Company's 2023 Proxy Statement:

> Each year, Verizon's Chief Legal Officer updates the Committee on the current policy issues facing the Company that may generate publicity and impact corporate reputation. Through this annual briefing, the Committee reviews and discusses with management the most pressing known reputational issues and the Company's position on each issue, as well as the processes in place to anticipate potential developments in each of the identified areas and to quickly respond to any such developments in a timely manner. Outside the regular meeting cycle, management informs the Board of current developments that may pose reputational risks to the industry or the Company.

Shareholders may reasonably question whether the Committee can adequately respond to the rapidly shifting political, social, and cultural environment by discussing it in full just once per year. While the Committee attempts to "anticipate potential developments in each of the identified areas," it cannot credibly claim to accurately predict every possible political and social controversy that might endanger the Company's reputation.

The Committee aims to circumvent this shortcoming by receiving updates from management outside the regular meeting cycle. Unfortunately, this arrangement consigns the Committee to a passive role, acting only when management deems an issue worthy of discussion. By that point, as has been seen at other major companies, the fallout may be uncontainable. Shareholders are correct to encourage the Board of Directors to adopt a more proactive approach.

The Company cannot hide behind its existing Committee when similar

[2] Verizon Board of Directors. See https://www.verizon.com/about/investors/board-directors.

committees at other firms – including Target's[3] Governance & Sustainability Committee,[4] Disney's[5] Governance & Nominating Committee,[6] Meta's[7] Compensation, Nominating & Governance Committee,[8] and Nike's[9] Corporate Responsibility, Sustainability, and Governance Committee[10] – failed to prevent the political and social controversies which have damaged the reputation of their respective businesses, and contributed to varying degrees of shareholder loss. These committees are nearly universal at major corporations and perform almost identical functions to Verizon's Corporate Governance and Policy Committee.

Such committees often oversee major public policy positions, but fail to recognize that reputational risks can arise from the firm's operations as well. Anheuser-Busch InBev product Bud Light, the most recent example of a prominent boycott, was triggered by a controversial marketing campaign, and the fallout significantly damaged the company's financial performance. Even X (formerly Twitter) suffered from severe advertiser boycotts over a single tweet response from Elon Musk. Although X is a private company, it demonstrates the fragility of corporate reputations. As is explained in further detail below, the Proposal does not seek to micromanage these operations; It simply seeks heightened Board-level oversight of potentially controversial actions.

Addressing the need for a public report

The Proposal also requests the Company to release a report on its findings by the end of 2024. The proposed committee would have sufficient opportunity to examine Verizon's positions on immaterial public policy issues that may be currently overlooked.

---

[3] Reyes, Ronny. "Target loses $10B in 10 days as stocks fall following boycott over LGBTQ-friendly kids clothing," *New York Post*, May 28, 2023. See https://nypost.com/2023/05/28/target-loses-10b-following-boycott-calls-over-lgbtq-friendly-clothing/

[4] Target. "2023 Proxy Statement and Notice of Annual Meeting of Shareholders," June 14, 2023. See https://corporate.target.com/getmedia/86944c9b-857d-426b-a6cf-19280989cc77/2023-Proxy-Statement_Target-Corporation.pdf

[5] Body, Jamie. "Disney Faces Renewed Boycott Calls**,"** ***Newsweek*****,** November 30, 2023. See https://www.newsweek.com/disney-renewed-boycott-calls-elon-musk-1848243

[6] Disney. "2023 Notice of Annual Meeting of Shareholders and Proxy Statement," April 3, 2023. See https://thewaltdisneycompany.com/app/uploads/2023/02/2023-Proxy-Statement.pdf

[7] Feiner, L. "Meta sued by 42 attorneys general alleging Facebook, Instagram features are addictive and target kids," CNBC, October 24, 2023. See https://www.cnbc.com/2023/10/24/bipartisan-group-of-ags-sue-meta-for-addictive-features.html

[8] Meta. "2023 Notice of Annual Meeting and Proxy Statement," May 31, 2023. See https://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/77945fb3-4081-4b3a-9fc6-ccf9b4ea37c9.pdf

[9] Brown, Lee. "Olympian Sharron Davies calls for Nike boycott over Dylan Mulvaney campaign that is 'kick in the teeth' to women," *New York Post,* April 7, 2023. See https://nypost.com/2023/04/07/sharron-davies-boycotts-nike-over-dylan-mulvaney-campaign/

[10] Nike. "2023 Notice of Annual Meeting," July 20, 2023. See https://s1.q4cdn.com/806093406/files/doc_downloads/2023/414759-1-_8_Nike-NPS-Combo_Proxy_WR.pdf

The committee's public report would provide current or prospective shareholders an opportunity to examine the Company's risk exposure to political controversies. These disclosures are not currently available. Thus, the Company cannot argue that the Proposal has already been substantially implemented.

Addressing precedents cited by the Company

It is worth pausing here to note a significant flaw in the Company's contentions about the precedents it cites to substantiate its case for exclusion on both grounds. For example, it argues on Page 4 of its no-action request that "The Staff consistently considers a proposal substantially implemented under Rule 14a8(i)(10) if the company's 'policies, practices and procedures compare favorably with the guidelines of the proposal'" and that "[w]hen a company has put in place policies and procedures addressing the proposal's underlying concerns and its essential objective, the Commission regularly interprets this to mean that the proposal has been substantially implemented." The Company has *no idea*, in *any* past Staff rulings on no-action requests, which specific rationale or evidence Staff has depended upon to render its decisions. The Company would have to be a mind-reader to do so. Just because a company in the past has cited a case where the Staff ruled in support of no-action, does not mean the various arguments or precedents that company invoked were relevant, credible or convincing to the Staff.

When companies seek no-action relief from Staff, their lawyers throw every type of example as "precedents" that they can think of in their briefs, in the hopes that something will resonate to win Staff's agreement to exclude. But whenever Staff issues opinions favorable to companies, it only states that "there appears to be some basis for your view that the Company may exclude the Proposal…." Staff *never* identifies *which* precedents or evidence it found convincing to reach its conclusions. For this and other reasons of irrelevance, Staff should disregard any precedents cited by the Company in deciding whether our Proposal should be excluded from the Proxy.

The Proposal requests the* Board of Directors *make a* governance *change* and *provide* reporting *on an issue of broad impact that transcends the Company's ordinary business operations, and therefore the Proposal should NOT be excluded from its Proxy under Rule 14a-8(i)(7).

The Company's attempt to paint the Proposal as dealing with matters related to ordinary business is disingenuous. The Proposal itself states under the "Resolved" clause:

> To allow maximum flexibility and judgment, nothing in this resolution shall serve to micromanage the Company, intrude on its everyday business operations, or impose a partisan point of view on its board of directors or employees.

This clause clearly states that our Proposal was not intended to micromanage the

ordinary business operations of the Company. The Company conveniently ignored this section in its supplemental letter seeking no-action relief.

Instead, the Company's supplemental letter seeking no-action relief zeroes in on the Proposal's supporting statement, which says that "[a]rticulation of potentially controversial stances, especially on social and cultural issues, can damage relationships with customers, employees, suppliers, and investors, and present material risks to companies' reputation and sustainability." The Company emphasized "*customers, employees, suppliers, and investors,*" and argued that this language signals interference in its ordinary business functions.

The Company's argument ignores the fundamental premise of corporate governance – that the Board of Directors represents the firm's shareholders. The Board *oversees* the how the Company handles its relationships with "customers, employees, suppliers, and investors" *by design.* The purpose of Rule 14a-8(i)(7) is to prevent shareholders from superseding the Board of Directors, not to prevent them from exercising any influence over the company at all. Instead, shareholders may address their concerns via the Board. In fact, many shareholder proposals address governance issues, Board oversight, or information disclosure gaps. As we have stated, the Proposal does not interfere with the ordinary business operations of the Company in any way. It simply seeks greater oversight, accountability, and reporting of overlooked risks.

Further, the Proposal deals with matters of broad societal impact that transcend ordinary business operations. For example, Verizon has helped open 34 new chapters of PFLAG,[11] which advocates for the placement of sexually explicit books in school libraries. The Company's support for PFLAG is not related to its ordinary business in any way, it is merely an attempt to engage in culturally relevant discourse by catering to partisan interests. Such advocacy is a peripheral matter unrelated to the Company's primary value proposition and unnecessarily exposes the firm to political risks. The previously mentioned boycott against Anheuser-Busch InBev product Bud Light is a fitting example of how companies may suffer for taking a stance on highly divisive cultural issues. The LGBTQ issue is a much broader societal debate that transcends the operations of any one company. Shareholders may be concerned by Verizon's support for PFLAG and view additional oversight and reporting as necessary to prevent the Company from becoming entangled in larger issues unrelated to its ordinary business.

Verizon also enlisted controversial former U.S. Attorney General Eric Holder, whose current No. 1 calling is to short-circuit election integrity efforts around the country, to conduct a racial equity audit of the Company.[12] In addition, diversity, equity,

[11] Verizon. "Pride." See https://www.verizon.com/featured/pride/

[12] https://www.verizon.com/about/news/results-verizons-equity-audit

and inclusion efforts do not work[13] and can increase division rather than resolve it.[14] The Supreme Court's declaration that universities may not utilize affirmative action in their admissions,[15] as well as increased public debate over Diversity, Equity, and Inclusion,[16] have highlighted that racial equity is a broader societal issue that is still hotly debated and transcends Verizon. Verizon's choice to get involved in this issue by hiring a high-profile partisan official to conduct an already divisive racial equity audit is an unnecessary political risk. Shareholders may request additional oversight and reporting of these risks without interfering in the Company's ordinary business operations.

Once again, the Company cites numerous precedents in its case for exclusion. The Staff should disregard such precedents cited by the Company in its request for no-action.

Conclusion

As outlined above in further explanatory detail and context, that was either misrepresented or omitted by the Company in its no-action request, the Proposal is fully compliant with all aspects of Rule 14a-8. For this reason, NLPC asks the Staff to recommend enforcement action should the Company omit the Proposal.

A copy of this correspondence has been timely provided to the Company. If you have any questions or need more information, please feel free to contact me via email at lperlot@nlpc.org or by telephone at (571) 749-5085.

Sincerely,

Luke Perlot
Associate Director
Corporate Integrity Project

Cc: Brandon N. Egren, Verizon Communications Inc.

---

[13] Dobbin, Frank, & Kalev, Alexander. "Why Diversity Programs Fail," *Harvard Business Review*, July-August 2016. https://hbr.org/2016/07/why-diversity-programs-fail

[14] https://nypost.com/2022/01/22/how-a-28-year-old-is-fighting-divisive-antiracism-training/

[15] Sherman, Mark. "Divided Supreme Court outlaws affirmative action in college admissions, says race can't be used," *Associated Press,* June 29, 2023. See https://apnews.com/article/supreme-court-affirmative-action-college-race-f83d6318017ec9b9029b12ee2256e744

[16] Kessler, Sarah; Hirsch, Lauren; Livini, Ephrat; Mattu, Merced; Micheal, Ravi; Sorkin, Aaron Ross; & Warner, Bernhard. "The Fight Over D.E.I. in the C-suite," *New York Times*, January 4, 2024. See https://www.nytimes.com/2024/01/04/business/dealbook/claudine-gay-dei-esg.html

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

February 6, 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 National Legal and Policy Center

Ladies and Gentlemen:

I refer to my letters dated January 4, 2024, and January 5, 2024 (collectively, 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 National Legal and Policy Center (the "Proponent") may be properly omitted from the proxy materials to be distributed by Verizon in connection with its 2024 annual meeting of shareholders (the "2024 proxy materials") pursuant to Rules 14a-8(i)(10) and 14a-8(i)(7). Verizon received a copy of the letter to the Staff dated January 24, 2024, submitted by the Proponent in response to the No Action Request (the "Proponent's Letter").

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

I. The Proponent's Letter provides further evidence that the Proposal is concerned with matters relating to Verizon's ordinary business operations and does not focus on a significant social policy issue.

The Proponent's Letter states that "reputational risks [of the kind the proposed new committee would be charged with overseeing] *can arise from [a] firm's operations*" (emphasis added). It then goes on to cite as a prominent example of this kind of risk materializing a "boycott . . . triggered by a controversial marketing campaign" at Anheuser-Busch InBev. As analyzed in detail in the No Action Request, this type of concern implicates a host of matters relating to ordinary business operations, including relationships with customers and the manner in which a company markets, promotes and advertises its products and services. Pursuant to the Commission's rules and numerous Staff precedents, including those cited in the No Action

Request, the Commission considers such matters inappropriate topics for shareholder votes, and the Proposal is therefore excludable on the basis of Rule 14a-8(i)(7).[1]

Moreover, the Proponent's Letter makes it clear that the Proposal is an attempt to shoehorn ordinary business decisions with which the Proponent disagrees, and the business consequences of those decisions, into an uncompelling argument that the Proposal should not be excluded because it purportedly deals with a significant social policy issue. Further to this point, the Proponent's Letter highlights a clause at the end of the Proposal that attempts to save the Proposal from exclusion for having certain impermissible characteristics that, in fact, do define the Proposal.[2] This clause notwithstanding, the Proposal and the Proponent's Letter plainly and extensively deal with matters relating to Verizon's ordinary business operations. While the Proponent's Letter attempts to brush this aside as a mere matter of intent or construing the Proposal, the Proposal clearly wades much too far into the realm of ordinary business matters for such a clause to be of any moment.

II. Shareholder proposals relating to risk oversight do not automatically implicate significant social policy issues, contrary to the implications in the Proponent's Letter.

The Proponent's Letter posits that the Proposal should not be excluded because it relates to risk oversight, but this argument is unconvincing because Staff precedent makes it clear that if a risk-related proposal's underlying subject matter is not limited to a significant policy issue but, rather, also broadly addresses ordinary-business matters, the proposal is excludable. Here, *Exxon Mobil Corp.* (March 6, 2012) is instructive. The proposal at issue in that instance requested a report "discussing possible short and long term risks to the company's finances and operations posed by the environmental, social and economic challenges associated with the oil sands." The company pointed out that the underlying subject matter of the risks addressed by the proposal was not limited to the significant policy issue of the environment and that the proposal as a whole did not focus on the environment. The Staff concurred that the proposal could be excluded, noting that "the proposal addresses the 'economic challenges' associated with the oil sands and does not, in our view, focus on a significant policy issue." Much like the proposal at issue in *Exxon Mobil*, the underlying subject matter of the risks addressed by the Proposal, including relationships with customers, employees, suppliers, and investors; the manner in which a company markets, promotes, and advertises its products and services; the products and services offered by a company; and oversight of positions and advocacy on "immaterial social policy issues," is not limited to any significant social policy issues that the Proposal may touch upon. The Proponent's Letter does not, and cannot, even make the argument that the Proposal focuses on any significant social

[1] Contrary to the Proponent's broad assertions in the Proponent's Letter that Verizon's "argument ignores the fundamental premise of corporate governance" and that the "purpose of Rule 14a-8(i)(7) is to prevent shareholders from superseding the Board of Directors, not to prevent them from exercising any influence over the company at all," Verizon believes that the reason the Proposal is excludable pursuant to Rule 14a-8(i)(7) is because it deals with matters relating to Verizon's ordinary business operations and does not focus on a significant social policy issue.

[2] The clause states: "To allow maximum flexibility and judgment, nothing in this resolution shall serve to micromanage the Company, intrude on its everyday business operations, or impose a partisan point of view on its board of directors or employees."

policy issue. Its last few body paragraphs deal with "concerns" about Verizon that are mentioned in the supporting statement and could be considered to touch upon significant social policy issues, but they are not the focus of the Proposal, and the Proponent's Letter does not demonstrate that they are. *See also Sempra Energy* (January 12, 2012, *recon. denied* January 23, 2012) (concurring in the exclusion of a proposal that asked the board to conduct an independent oversight review of the company's management of risks posed by the company's operations in certain countries, and noting that "although the proposal requests the board to conduct an independent oversight review of Sempra's management of particular risks, the underlying subject matter of these risks appears to involve ordinary business matters").

III. The Proponent's Letter unsuccessfully attempts to rebut Verizon's position that it has already substantially implemented the Proposal using arguments that failed to persuade the Staff in prior letters cited in the No Action Request.

In attempting to oppose Verizon's position that the Proposal has already been substantially implemented, the Proponent's letter leads with the argument that substantial implementation is precluded because the "Committee has many responsibilities and allocates limited attention to the issues presented in the Proposal" and that the "Committee's scope is broad, and its attention is divided among a variety of undoubtedly demanding assignments." That is essentially the same argument that was unsuccessfully made by the proponent in *Verizon Communications Inc.* (February 19, 2019) ("*Verizon 2019*"), the very first no-action precedent Verizon cited in the No Action Request to support its position that it has already substantially implemented the Proposal because the Proposal requests the establishment of a Board committee that would have duties and responsibilities that are within the scope of an already existing Board committee.[3]

In *Verizon 2019*, the Staff concurred in the exclusion pursuant to Rule 14a-8(i)(10) of a proposal recommending that the company establish a public policy and social responsibility committee to oversee policies and practices regarding matters specified in the proposal. The proponent in *Verizon 2019* made arguments similar to those made by the Proponent's Letter, including that the already existing oversight policies and practices in place, which formed the basis for Verizon's ultimately successful position that the proposal was excludable on the basis of substantial implementation, were "insufficient to prevent Verizon from getting itself enmeshed in 'needless controversies,'" "buried any consideration of public policy issues at the bottom of a number of other unrelated concerns addressed by the Corporate Governance and Policy Committee," and represented only "one of the 16 tasks assigned to the Corporate Governance and [Policy] Committee." Much like the Proponent, the proponent in *Verizon 2019* asserted that "the board is not currently doing an adequate job in the areas identified by the Proposal,"

[3] Verizon is puzzled by the Proponent's emphatic contentions that Verizon "has *no idea*, in *any* past Staff rulings on no-action requests, which specific rationale or evidence Staff has depended upon to render its decisions" and that "Staff *never* identifies *which* precedents or evidence it found convincing to reach its conclusions" (emphases in original). To the contrary, many Staff letters, including *Verizon 2019*, plainly include an express statement of the Staff's rationale. The Staff's letter in *Verizon 2019* expressly stated that "the Company's policies, practices and procedures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal." Contrary to the Proponent's dramatic assertion, Verizon does not have to be a "mind-reader" to draw this conclusion.

notwithstanding the oversight policies and practices in place that ultimately carried the day and led the Staff to grant no-action relief.

The Proponent's Letter also attempts to criticize Verizon and its position in the No Action Request by implying that five meetings in a year of the Corporate Governance and Policy Committee are insufficient for a grant of no-action relief on the basis of substantial implementation. This argument, too, fails to pass muster. Similar to the Proponent's Letter, the proponent in *The Goldman Sachs Group, Inc.* (February 12, 2014) ("*Goldman Sachs*"), also cited in the No Action Request, noted that the committee at issue there "is required to meet only twice a year," but that argument failed to convince the Staff, which granted no-action relief pursuant to Rule 14a-8(i)(10). *Verizon 2019* and *Goldman Sachs* make it clear that the argument the Proponent attempts to advance in the Proponent's Letter that the Proposal has not been substantially implemented because the additional area of committee oversight it seeks falls within the scope of an already existing Board committee does not hold water.

IV. Verizon has already substantially implemented the Proposal.

Contrary to the assertions in the Proponent's Letter, the substantial implementation exclusion requires just that—*substantial* implementation. Rule 14a-8(i)(10) does not require full implementation, the implementation of all elements of a proposal, or even the implementation of all essential elements of a proposal. For the reasons stated in the No Action Request, Verizon believes that it has acted favorably upon the matters presented by the Proposal, that its policies, practices, procedures, and public disclosures compare favorably with the guidelines of the Proposal, that the Proposal's essential objective of providing Board oversight of the company's positions and advocacy on "immaterial social policy issues" has been met, and therefore, that Verizon has satisfied its burden of demonstrating that the Proposal may be excluded in accordance with the Commission's rules and Staff precedent.

V. The Proponent's Letter twice calls upon the Staff to undertake a wholesale rejection of numerous Staff precedents, but also does not cite *any* relevant authority to support its own positions.

As a final note, Verizon is surprised that the Proponent's Letter is so dismissive of the precedential weight of the Staff's prior letters, even going so far as to close by noting that Verizon "cites numerous precedents in its case for exclusion" and then boldly calling upon the Staff to "disregard such precedents cited by the Company in its request for no-action." If there is any doubt about what the Proponent is asking the Staff to do on this point, the Proponent's Letter includes a similar entreaty at page 5 that "Staff should *disregard any precedents* cited by the Company in deciding whether our Proposal should be excluded from the Proxy" (emphasis added). The Proponent provides no basis or justification for such a wide-ranging rejection of Staff precedent. The Proponent does not attempt to distinguish the Proposal from those at issue in the Staff precedents cited by Verizon. Rather, the Proponent is simply asking the Staff to indiscriminately throw out the numerous no-action precedents cited in the No Action Request, which Verizon believes would be an unprecedented action by the Staff. At the same time, the Proponent does not cite *any* relevant authority to support the positions taken in the Proponent's Letter.

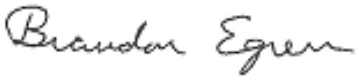
Conclusion

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

Cc: Luke Perlot, National Legal and Policy Center