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# Verizon's alignment with the ISG principles

Alignment of Verizon's corporate governance policies and practices with the Investor Stewardship Group's corporate governance principles.

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## Principle 1: Boards are accountable to shareholders

- 90% of our Directors are independent
- Annual election of all Directors by majority vote
- Proxy access with market terms
- Shareholder right to call special meetings
- Robust stock ownership requirements for Directors
- Board and Lead Director letters and videos provide insight into Board oversight of company's strategy, risk management and performance

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## Principle 2: Shareholders should be entitled to voting rights in proportion to their economic interest to shareholders

- One-share, one-vote standard
- No poison pill or dual class shares

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## Principle 3: Boards should be responsive to shareholders and proactive in order to understand their perspectives

- Year round shareholder engagement by management and Lead Director
- Engagement topics include Board composition and refreshment, Board leadership, strategy, sustainability and executive compensation

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## **Principle 4:**

### **Boards should have a strong independent leadership structure**

- Active independent Lead Director with clearly delineated duties
- All standing Committees comprised solely of independent Directors
- Strong independent Committee Chairs
- Board evaluates its leadership structure at least annually

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## **Principle 5:**

### **Boards should adopt structures and practices that enhance their effectiveness**

- Active Board refreshment plan with commitment to diversity
- 2019 Board and Committee evaluation facilitated by third party consultant
- Emphasis on strategy and risk oversight by full Board and Committees
- Regular executive sessions of independent Directors
- Limits on other board service
- Orientation program for new Directors and continuing education for all Directors

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## **Principle 6:**

### **Boards should develop management incentive structures that are aligned with the long-term strategy of the company**

- Strong emphasis on variable, incentive-based pay
- Robust stock ownership requirements for senior managers
- Annual compensation risk assessment
- Anti-hedging and clawback policies
- New independent compensation consultant in 2019