

Privacy, Free Expression, and Data Security

Issues of privacy, free expression and data security can result in risks for the company (via litigation, reputational damage, regulatory attention, or commercial disruptions) and may adversely affect shareholder value.

According to Human Rights Watch, “at present, private utilities and other companies around the world vary widely in what data they retain, and their practices in many instances affect or determine what governments are able to collect and monitor.”

In 2015, in recognition of worldwide concerns over government surveillance and the role of telecommunications companies, the UN Human Rights Council appointed the UN Special Rapporteur on the Right to Privacy.

In 2013, it was revealed that a U.S. court order required Verizon to give the National Security Agency information on all telephone calls in its systems. In 2014, the German government cancelled a contract with Verizon because of its association with surveillance programs.

In July 2016, Verizon proposed to acquire Yahoo, Inc. for \$4.8 billion. Subsequently, Verizon learned of a data breach involving an estimated 500 million Yahoo accounts. Additionally, Reuters reported that Yahoo secretly built a custom software program to search all of its customers' incoming emails for specific information flagged by U.S. intelligence officials. The EU's 28 data protection authorities have asked Yahoo to explain itself in light of EU law.

In August 2016, U.S. Senator Franken said: “I believe that all Americans have a fundamental right to privacy, which is why I have some concerns about what a Verizon-Yahoo deal would mean for the collection, use, and sharing of some of their customers' most sensitive digital information.”

This aspect of the Yahoo deal could have financial impacts for years to come.

Since 2013, the Telecommunications Industry Dialogue (including AT&T and Vodafone) has gathered to “jointly address freedom of expression and privacy rights in the telecommunications sector in the context of the UN Guiding Principles on Business and Human Rights.”

In 2016, Facebook, Google, LinkedIn, Microsoft and Yahoo (members of the Global Network Initiative (“GNI”)) participated in independent assessments of implementing the GNI Principles, which “provide a framework to guide the ICT industry and its stakeholders on respecting the freedom of expression and privacy of users.” Verizon has made several policy commitments regarding privacy, free expression and data security. However, it has not provided a significant account of how it implements those commitments.

RESOLVED: Verizon shareholders ask the Board to review and publicly report (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) on Verizon's progress toward implementing its various commitments pertaining to privacy, free expression and data security.

SUPPORTING STATEMENT: A report adequate for investors to assess Verizon's progress would consider the company's relevant systems, policies, and procedures, including due diligence procedures, and it would address the company's relevant policy commitments including its Privacy Policies, Human Rights Policy, and Broadband Commitment Policy. This proposal does not request information on international activity, national security, nor disclosures that would violate any laws.