

## Verizon First-Ever Shareholder Proposal on Child Sex Abuse Online

**One-third of all shares of Verizon vote in favor of CBIS and co-filers' resolution calling on the board to issue a report on the potential sexual exploitation of children through the company's products and services**

*Groundswell of support for resolution filed by CBIS, the first of its kind to address online risks faced by children from the tech sector, received the backing of major proxy advisory firm ISS*

Orlando, Florida – May 2, 2019 - Shareholders with just over one-third of all shares (33.7%) of Verizon voted in favor of CBIS' proposal today calling on the board to issue a report on the potential sexual exploitation of children through the company's products and services.

Highlighting the risks faced by investors in the tech sector, major proxy advisory firm ISS recommended shareholders support the proposal filed by CBIS and co-filed by Proxy Impact, Maryknoll Sisters, the Benedictine Sisters of Virginia, and the Sisters of St. Dominic of Caldwell, New Jersey.

"This strong result demonstrates the need for Verizon to take swift action. Failure to keep child sexual abuse materials off its platforms and out of the hands of children exposes the company to reputational, regulatory, legislative and financial risk. We call on Verizon to issue the report requested by shareholders and conduct a risk evaluation to determine how the company's oversight, policies and practices can be strengthened and children protected," said Tracey Rembert, Director, Catholic Responsible Investing at CBIS. "As one of the largest ISPs in the US, and as a significant email platform through Yahoo and AOL, and a leader in wireless services, we believe Verizon must step up and show leadership on an issue critical to the safety of future Verizon customers."

"Child sexual exploitation online is a growing risk to children that is being exacerbated by online services and mobile technologies and it represents a salient risk to investors. The tech and telecom sector are on the frontlines for this risk. Companies across the industry at the intersection of these facilitating technologies — like Verizon — must do more to protect children on their platforms," said John Geissing, CBIS' CIO.



According to CBIS' [proxy exempt solicitation](#), Verizon specifically needs to:

- develop and implement more robust policies and systems to protect children and its own platforms;
- improve disclosure to shareholders to demonstrate effective internal controls to keep such content off its platforms;
- collaborate in a more substantive way with peers and child protection experts to pool resources, share data on trends, and better educate users and families to the risks; and
- provide intellectual capital to help address this problem and better protect the Company's social license to operate.

In December 2018, Verizon received the largest fine given at that time under the US Children's Online Privacy Protection Act (COPPA), for violations of collecting and selling the data of child users to advertisers, where the Company's AOL division was shown to have previously ignored the existing policy prohibiting the collection and selling of child data.<sup>1</sup> Additionally, in November and December 2018, the Company was extensively featured in global news coverage related to child sex abuse material being distributed on its Tumblr platform.<sup>2</sup> Subsequently, Apple removed Tumblr from its App Store, which resulted in Verizon making the decision to remove all adult content from Tumblr to come back into compliance with Apple's policies on child sex exploitation and human trafficking.<sup>3</sup> This action led to a decline in users in 4Q 2018, according to a number of news reports,<sup>4</sup> and a 19% decline in Tumblr page views from December to January 2019, according to AdWeek.<sup>5</sup>

Verizon shares outstanding for the quarter ending March 31, 2019 were 4.140B.

#### **About Christian Brothers Investment Services**

CBIS is an investment manager serving a global institutional client base. With more than \$7 B assets under management (AUM), the firm offers a range of sophisticated investment strategies to help clients and their consultants reach their investment objectives. The firm is a Catholic, socially responsible investment management firm and Registered Investment Advisor. The investment team is dedicated to a culture of commitment to providing clients access to institutional strategies while also integrating socially responsible and ESG factors that help their clients align their investments with their overall mission.

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