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

Surge in child sex imagery online spurs investor coalition to press 5G leader to crack down on child crimes

RICHMOND, CA—May 1, 2019—On May 2, a group of investors are presenting the first [shareholder resolution](#) to come to a vote on the [growing risk](#) of child sex exploitation online at Verizon Communications' (Ticker: VZ) annual meeting in Orlando, Florida. The filers, representing faith-based and high-net-worth investors with more than \$27M in shares, are calling on the largest telecom in the U.S. to increase its efforts to protect children online from sexual abuse and grooming. The investors note in the proposal that parental controls have not been enough to protect child users, and that companies like Verizon are at the intersection of a spectrum of technologies that are putting children at increased risk. The largest proxy voting advisory firm in the world, Institutional Shareholder Services, recommends support for this proposal.

"Verizon has made a number of recent bets on companies like Yahoo! and AOL to build up its media and online advertising presence, and they have come at a potential cost to both shareholders and child safety online," Michael Passoff, CEO of Proxy Impact, said. "Verizon's Media Group has faced two recent controversies involving children since we filed this proposal at the company, highlighting the very real need for better oversight and action when it comes to child users."

Verizon's Tumblr was proven to be sharing child sex content last November, and was [kicked off](#) of Apple's App Store because of it. The company has [also faced significant fines](#) in 2018 related to the illegal collection and selling of child user data. "As one of the largest Internet Service Providers in the nation, Verizon needs to crack down on child sex abuse material and build better systems internally to protect kids from sexual exploitation," Passoff added.

The lead filer of [the proposal](#), CBIS, is concerned by the flood of child sex imagery and conduct occurring online. The major hotline for reporting child sex abuse in the U.S. — the National Center for Missing and Exploited Children — has reported receiving more than [45 million child sex images and videos](#) to its CyberTipline in 2018.

"That is double the amount from 2017," noted Tracey Rembert, director of Catholic Responsible Investments at CBIS. "Those reports came largely from just 12 companies, including Verizon. It is clear to us that the tech and telecom sector are on the frontlines for this risk. We want companies at this

intersection — like Verizon — to do much more to protect children from abuse. We believe that [Verizon's global peers](#) are implementing a number of best practices that Verizon is not. More can be done.”

“Faster speeds, easier downloads and storage, and quick dissemination of thousands or millions of high-quality files make the task of sharing child sex imagery that much smoother for child offenders,” Passoff said. “5G technology will likely be a boost for the community of child abusers that are increasingly using technology for their own ends — exploiting children of all ages, many [now younger than 10 years old](#). Verizon knows these abuses are happening through its systems. It is monitoring and reporting some of this activity already to the CyberTipline. But it has not done enough to staunch the flood of content circulating online, and new content hitting the web every day.”

Along with CBIS and Proxy Impact, other co-filers of the proposal include Lisette Cooper of Athena Capital Advisors, the Maryknoll Sisters, the Benedictine Sisters of Virginia, and the Sisters of St. Dominic of Caldwell, New Jersey.

The U.S. Department of Justice [reports](#) that “mobile devices have fundamentally changed the way offenders can abuse children,” and “apps on these devices can be used to target, recruit or groom, and coerce children,” or to “stream video of child sexual abuse” in real-time. INTERPOL notes that only 4,000 unique child sex images were circulating in 1995. Today, the UN Office of Drugs and Crime estimates at least 50,000 new images hitting the web each year.

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