CWA

AT&T Proxy Voting Recommendations

Item 1. Election of Directors

Recommendation: Vote your conscience

Background: Twelve AT&T directors are being renominated for 1-year terms. The Board currently has 13 directors. Richard W. Fisher will retire at the 2021 Annual Meeting and will not stand for re-election. Accordingly, the Board has voted to reduce its size to 12 Directors effective immediately before the meeting (it previously reduced its size from 14 to 13 members in 2020). Under AT&T's Corporate Governance Guidelines, a Director will not be nominated by the Board for re-election if the Director would be 72 or older at the time of the election. All Director nominees are independent -- not affiliated with the company -- except for Mr. Stankey.

Item 2. Ratification of the Appointment of Ernst & Young LLP as Independent Auditor

Recommendation: Vote against

Background: Ernst & Young has been the auditor for AT&T, and previously SBC, since 1995. The Board's Audit Committee has re-appointed the firm for another fiscal year, through December 31, 2021. With this vote, shareholders are asked to affirm the Committee's decision. Corporate governance experts believe that such lengthy relationships can compromise the independent perspective necessary for a trustworthy review of financial results.[1]

Item 3. Advisory approval of executive compensation

Recommendation: Vote against

Background: The proposal asks shareholders to approve a compensation program already in place. The vote is only advisory and would not be binding on the company. The proxy statement includes principles for setting pay and a detailed discussion of all aspects of executive pay. This is the fourth year public companies must report the ratio of CEO pay to median compensation at the company. In 2020 AT&T's ratio was 227 to 1.

Item 4. Shareholder Proposal: Shareholder Ability to Act by Written Consent

Recommendation: Vote for

Background: This proposal asks the Board to take action to enable shareholders representing a simple majority of shares to act by written consent in place of a meeting, which allows shareholders to raise important matters outside the normal annual meeting cycle. This proposal won 89% of votes cast at a previous AT&T annual meeting when the company put it on the ballot, but failed to clear the supermajority vote requirement (two-thirds of outstanding shares) needed for such changes to the certificate of incorporation. This result demonstrates how supermajority vote requirements expressed in terms of a percentage of outstanding shares can block changes supported by a majority of shareholders who cast their votes. Independent proxy advisor ISS recommends a vote for this proposal because it would signal to the board that it should lower the applicable threshold for the right to act by written consent, a right that is generally in shareholders' best interests because it allows shareholders to take action between annual meetings. Additionally, due to AT&T's large market capitalization and dispersed shareholding (no single shareholder owns more than 7.5%), no shareholder or small group of shareholders would have the ability to act unilaterally by written consent.

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[1] See, for example, Council of Institutional Investors, "Policies on Corporate Governance," last updated March 10, 2020. CII recommends "a fact specific explanation for not changing the company's auditor if the committee chooses to renew the engagement of an with more than 10 consecutive years of service." https://www.cii.org/corp_gov_policies