amazon

2019 Shareholder Proposals

Jared Fernandez

Shareholder Advocate
Green Century Capital Management, Inc.

GREEN CENTURY FUNDS
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Shankar Narayan
Technology and Liberty Project Director
snarayan@aclu-wa.org

Risks of Sales of Facial Recognition Software: Amazon.com, Inc.

Mary Beth Gallagher, Executive Director,
Tri-State Coalition for Responsible Investment (mbgallagher@tricri.org)

OpenMIC

Sisters of St. Joseph
Uniting all in God's love

Tri-State Coalition for Responsible Investment

Resolved: Shareholders request that the Board of Directors prohibit sales of facial recognition technology to government agencies unless the Board concludes, after an evaluation using independent evidence, that the technology does not cause or contribute to actual or potential violations of civil and human rights.

Supporting Statement (Condensed)**:** We recommend the Board consult technology experts and civil liberties, civil and human rights advocates to assess risks, including the potential civil rights impact on people of color, immigrants and activists, and to assess the possibility that the tech will be marketed to repressive governments.

Arguments in Favor of the Resolution:

- Investors lack evidence demonstrating that Amazon conducted human rights due diligence to assess the risks of selling Rekognition to government entities. Amazon already sells its software to federal agencies and police departments.
- Amazon lacks a Human Rights Policy and does not disclose governance mechanisms for managing human rights risks.
- Amazon faces risks of contributing to violations of First Amendment rights, privacy rights, civil liberties.
- Research shows Rekognition reproduces racial bias.
- A new study from M.I.T. Media Lab found that Rekognition had much more difficulty in telling the gender of female faces and of darker-skinned faces in photos than IBM and Microsoft services

Independent Study of Rekognition

John Harrington, President,
Harrington Investments (john@harringtoninvestments.com)

Resolved: Shareholders request the Board of Directors commission an independent study of Rekognition and report to shareholders regarding: the extent to which such technology may endanger, threaten, or violate privacy and or civil rights, and unfairly or disproportionately target or surveil people of color, immigrants and activists in the United States; the extent to which such technologies may be marketed and sold to authoritarian or repressive foreign governments, identified by the United States Department of State Country Reports on Human Rights Practices; and the financial or operational risks associated with these human rights issues;

Supporting Statement (Condensed)**:** We believe the Board of Directors' fiduciary duty of care extends to thoroughly evaluating the impacts on reputation and shareholder value, of any surveillance technology our Company produces or markets on which significant concerns are raised regarding the danger to civil and privacy rights of customers and other stakeholders. The recent failures of Facebook to engage in sufficient content and privacy management, and the resulting economic impacts to that company should be taken as sufficient warning: it could happen to Amazon.

Food Waste Reporting

Rabbi Joshua Ratner, Director of Advocacy, Jlens Network (rabbiratner@jlensnetwork.org)

Resolved: Shareholders request that Amazon.com, Inc. issue an annual report, at reasonable cost and omitting proprietary information, on the environmental and social impacts of food waste generated from the company's operations given the significant impact that food waste has on societal risk from climate change and hunger.

Some reporting options we recommend include:

- Conducting evaluations to determine the causes, quantities, and destinations of food waste;
- Estimating greenhouse gas (GHG) emissions reductions that could be achieved or amounts of food redistributed to the food insecure if the company reduced the generation of food waste;
- Assessing the feasibility of setting goals to reduce food waste and progress made towards meeting these targets.

What Amazon's Peers Are Doing To Combat Food Waste:

Hello Fresh diverted 1.2 million pounds of food waste from landfills through its Spoiler Alert program;

Kroger has committed to zero food waste by 2025;

Walmart has committed to reducing its food waste by 50% by 2030 using the EPA's **Food Recovery Hierarchy** framework.

Plan for Climate Change & Reduced Dependency on Fossil Fuels

Eliza Pan (elizaypan@gmail.com) - Amazon Employees for Climate Justice

Resolved: Shareholders request that Amazon's Board of Directors prepare a public report as soon as practicable describing how Amazon is **planning for disruptions posed by climate change, and how Amazon is reducing its company-wide dependence on fossil fuels.** The report should be prepared at reasonable expense and may exclude confidential information.

Business Risk: SEC memo details how extreme weather exacerbated by **climate change already impacts Amazon's workers and operations**, including wildfires, hurricanes, flooding, & drought.

Reputational Risk: Over 7,500 Amazon employees have publicly declared their support. Leadership on climate increases ability to attract and retain talent. Lagging makes Amazon a less attractive employer.

Including a *New York Times* article in Dec 2018, over 22 articles in major publications have cited Amazon's lack of transparency regarding climate change.

Regulatory & Investor Risk: Amazon is heavily reliant on fossil fuels and has **no date for reaching 100% renewable energy**. In Virginia, likely the largest AWS hub, fossil fuels still power 88% of Amazon data center electricity. In an environment of increasing regulatory and investor risk related to fossil fuel dependency, Amazon's heavily fossil-fuel dependent operations combined with lack of disclosure means investors are open to material risk.

Amazon's lack of transparency means investors cannot assess exposure to significant financial risk from energy price volatility nor taxation exposure due to changes in government policy.

Independent Board Chair

Lisa Lindsley, Capital Markets Advisor,
SumofUs (lisa@sumofus.org)

+SumOfUs

Resolved: Shareholders of Amazon.com Inc. ("Amazon") ask the Board of Directors to adopt a policy, and amend the bylaws as necessary, to require the Chair of the Board to be an independent director. The policy should provide that (i) if the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the policy within 60 days of that determination; and (ii) compliance with this policy is waived if no independent director is available and willing to serve as Chair.

Supporting Statement (Condensed)**:** Amazon's Chief Executive Officer (CEO) Jeff Bezos also serves as Board Chairman. We believe the combination of these two roles in a single person weakens a corporation's governance, which can harm shareholder value. Amazon has faced increasing criticism over its relationships with key constituencies such as employees and communities in which it operates. Independent Board leadership would, we think, more likely result in improved policies and practices to mitigate these business risks.

End Amazon's Unequal Vote-Counting

Bruce Herbert, Chief Executive
Investor Voice (team@investorvoice.net)

INVESTOR VOICE

RESOLVED: ...to provide that all non-binding matters presented by shareholders shall be decided by a **simple majority** of the votes cast FOR and AGAINST an item... [i.e., abstentions are excluded from the formula]

1. Amazon uses "formula swapping" to count shareholder items one way, and management's board election in a different, more favorable, way.
2. This process undercounts support for shareholder proposals, ignores voter intent, and distorts vote outcomes.
3. Council of Institutional Investors *Policy 3.7* declares that: "abstentions should be counted **only** for purposes of a quorum".
4. Amazon employs a double standard that stacks the deck against shareholders and makes it more difficult for their proposals to succeed.

Link executive pay to inclusion & other ESG issues

Pat Tomaino, Director of Socially Responsible Investment,
Zevin Asset Management (Pat@Zevin.com)

Zevin Asset Management, LLC

Resolved: Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics, including metrics regarding diversity among senior executives, into performance measures or vesting conditions that may apply to senior executives under the Company's compensation plans or arrangements. For the purposes of this proposal, "sustainability" is defined as how environmental and social considerations, and related financial impacts, are integrated into long-term corporate strategy, and "diversity" refers to gender, racial, and ethnic diversity.

Arguments in Favor of the Resolution:

- Lack of progress on inclusion (especially technical roles & leadership)
- High profile ESG-related controversies
- Linking executive compensation to commonsense ESG metrics (of the company's choosing) is well-established good practice in use at leading peer companies

Efforts to Address Hate Speech

Laura Campos, Director, Corporate and Political Accountability,
Nathan Cummings Foundation (laura.campos@nathancummings.org)

Resolved: Investors request that Amazon report on its efforts to address hate speech and the sale of offensive products throughout its businesses. The report should be produced at reasonable cost, exclude proprietary information and discuss Amazon's process to develop policies to address hate speech and offensive products, the experts and stakeholders it consulted while developing these policies and the enforcement mechanisms it has put in place, or intends to put in place, to ensure compliance.

- Online hate speech weakens inhibitions; hate crimes are on the rise.
- Amazon has a policy prohibiting products that incite hatred or promote intolerance.
- There appears to be a gap between policy and practice.
- Exposes AMZN to reputational risk and may damage key stakeholder relationships, particularly international customers, employees and regulators.