

February 3, 2020

**VIA ELECTRONIC DELIVERY**

The Hon. Jay Clayton  
The Hon. Robert J. Jackson, Jr.  
The Hon. Hester M. Peirce  
The Hon. Elad L. Roisman  
The Hon. Allison Herren Lee  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Attn: Ms. Vanessa Countryman, Secretary

Re: S7-23-19 Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8; S7-22-19 Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Chairman Clayton and Commissioners Jackson, Peirce, Roisman and Lee,

We are writing on behalf of Amazon Employees for Climate Justice, a group of current and former Amazon employee-investors who filed a shareholder resolution with Amazon.com, Inc. for the 2019 annual meeting of shareholders. Despite our small shareholdings, our Climate Change Plan Resolution was able to garner over 30% of votes cast in favor of our resolution that asked Amazon to report publicly on how it plans to reduce its reliance on fossil fuels and manage the risks posed by climate change, given the increasing material, regulatory, and reputational risks associated with it. This is similar to what Larry Fink, CEO of Blackrock, has asked all companies to do, stating, "Where we feel companies and boards are not producing effective sustainability disclosures or implementing frameworks for managing these issues, we will hold board members accountable." As small employee-investors who lack Blackrock's clout, we depended on the shareholder proposal process to have our voices heard by our fellow investors.

**WE OPPOSE THE PROPOSED RULE CHANGES**

As employees and long-term investors, we are deeply opposed to the proposed rule changes in several regards.

**First**, we oppose increasing the ownership levels and minimum lengths of ownership, because they discriminate against smaller and newer investors like us without justification.

**Second**, we oppose the proposed prohibition on aggregation of shareholdings to meet those thresholds, again because they unfairly and unjustifiably discriminate against small investors like us. Large funds like Blackrock that represent aggregated holdings of many clients would

retain their rights to file proposals based on those aggregated holdings; why should small investors be denied this right when we are able to find consensus with other small investors?

**Third**, we oppose the proposed resubmission thresholds. While our 2019 Amazon proposal quickly garnered considerable support from other shareholders, many great ideas take longer to build momentum. By setting an arbitrarily high bar for keeping a resolution on the proxy, the SEC's proposal will encourage company executives to ignore resolutions, destroying long-term investor value and harming employees and communities. We also oppose the SEC's proposed momentum provision, which would bar resubmission if shareholder support for a proposal fell more than 10 percent from one year to the next, because it fails to take into account the reality that many factors unrelated to the proposal could trigger such a change, including but not limited to systemic flaws in vote counting processes.

**Fourth**, we oppose the proposal to require proxy advisors to clear their voting recommendations with management. We believe this proposal will destroy the independence of proxy advisors, by encouraging them to support management and recommending that investors vote *against* shareholder proposals where independent analysis would dictate otherwise. For example, companies who disagree with a proxy advisor recommendation may threaten to pursue litigation against a proxy advisor if the proxy advisor does not make the changes that are requested by the company. We are concerned that allowing companies to pre-review the recommendations of proxy advisors could undermine their independence and lead to reduced support for shareholder proposals.

### **THE PROPOSED RULES DISCRIMINATE AGAINST MAIN STREET INVESTORS**

Unlike the authors of the questionable letters that were cited by SEC Chairman Jay Clayton in support of the SEC's proposed rulemakings, we are precisely the type of Main Street investors for whom the SEC is bound by its charter to protect. The charter clearly states, "the SEC strives to promote a market environment that is worthy of the public's trust." At the center of that public trust are time-tested processes and procedures like annual shareholder meetings and the shareholder proposal process where long-term, Main Street investors like ourselves can participate. We believe that the proposed rule changes will greatly hinder our ability to bring forth future successful resolutions that serve to benefit and inform the public market.

Our Climate Change Plan Resolution was filed in December, 2018, by a coalition of employee-investors who are members of Amazon Employees for Climate Justice. As current and former employees, we were granted small quantities of stock over our years of service with Amazon as compensation. Full vested ownership of Amazon granted stock takes at least one year, and therefore qualification to file a resolution would take at least one additional year, provided minimum amounts were met. And as employee-investors, we've retained our ownership not for the means of filing shareholder resolutions, but rather as investments in a company that we are deeply connected to.

The SEC has a stated commitment to analyze both the baseline and the expected impact of its proposed changes, yet the SEC's proposal process has failed to take into account that employee-investors like us have demonstrated a long-term commitment to the company by waiting through vesting periods. The proposal also failed to consider reasonable alternatives, such as an exemption for employee-investors that demonstrate long-term commitment to a company in another way. It should pause the rulemakings to go back and do the required analysis. Our Climate Change Plan Resolution example shows that employee-investors will be harmed under the SEC's proposals and should have been considered.

### **THE CURRENT RULES WORK: AMAZON.COM CASE STUDY**

We filed our Climate Change Plan Resolution because we believed that the company was both a victim of and contributor to the Climate Change Crisis and that disclosure of a climate plan was important to assessing long-term value of shares we had earned through employment. Were the proposed dollar threshold changes associated with File No. S7-23-19 to go into effect, a resolution from small investors like us stands a significantly reduced likelihood of meeting the minimum investment requirements proposed.

The shareholder proposal process and the role of independent proxy advisors are particularly important for small shareholders like us, who lack the means that larger investors have to influence management because of the relative size of their voting power. As a group of small, long-term investors, the current process allowed us to connect with other investors and allowed our proposal to be judged by independent proxy advisors. Our proposal garnered over 30% of the votes cast in favor of our resolution, demonstrating that many other shareholders shared our concern. The proposal was non-binding; no amount of support would have automatically required the company to do anything. But this high level of support was a significant signal to company management and the board of directors that they need to take the Climate Change Crisis seriously.

The SEC's proposal would make it easier for company management to influence proxy advisors who could be sued by companies for not adopting management's perspective. Management at corporations like Amazon would have excessive and inappropriate influence over reports on their companies, making it difficult for investors to get independent research on shareholder proposals like ours and significantly reducing our ability to garner investor support.

In the months following our Climate Change Plan Resolution, Amazon President and CEO, Jeffrey Bezos, acknowledged Amazon's contribution to climate change and announced the co-founding of [The Climate Pledge](#), committing to net zero carbon by 2040 and 100% renewable energy by 2030. It stands as proof that the current shareholder proposal rule and proxy advisor process works to protect investor interests. And the outcome is one that would have been unlikely to occur under the proposed rule changes.

The SEC should consider our Climate Change Plan Resolution to be a success. Instead, the SEC's proposals would (1) make it harder for a group like us to be eligible to make a proposal in

the first place and, (2) even if we met the more stringent eligibility requirements, make it less likely that our proposal could get an unbiased review from proxy advisors.

Our example demonstrates that the issues brought forth by small investors like us serve large institutions and private investors alike by bringing investor-sourced market knowledge to bear on issues that may materially affect long-term shareholder value. The proposed rule changes would harm all investors. We strongly oppose the two proposals associated with File No. S7-23-19 and File No. S7-22-19 and urge the SEC to withdraw these proposals from consideration.

Signed on behalf of Amazon Employees for Climate Justice,

John Mixon, 

Arjun Moldanado

Jennifer Gillbert

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