Ronald O. Mueller
Gibson, Dunn & Crutcher LLP

Re: Amazon.com, Inc. (the “Company”)
Incoming letter dated January 21, 2022

Dear Mr. Mueller:

This letter is in response to your correspondence concerning the shareholder proposal (the “Proposal”) submitted to the Company by Catherine Raphael and the Sally Behnke Tr FBO John Behnke for inclusion in the Company’s proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the board prepare a report reviewing the Company’s retirement plan options with the board’s assessment of how the Company’s current retirement plan options align with its climate action goals.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters.

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2021-2022-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Sanford Lewis
January 21, 2022

VIA E-MAIL

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Amazon.com, Inc.  
Shareholder Proposal of Catherine Raphael and the Sally Behnke Tr FBO John Behnke  
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Amazon.com, Inc. (the “Company”), intends to omit from its proxy statement and form of proxy for its 2022 Annual Meeting of Shareholders (collectively, the “2022 Proxy Materials”) a shareholder proposal (the “Proposal”) and statement in support thereof (the “Supporting Statement”) received from As You Sow (the “Representative”) on behalf of Catherine Raphael and the Sally Behnke Tr FBO John Behnke (collectively, the “Proponents”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2022 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponents.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of such correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.
THE PROPOSAL

The Proposal states:

BE IT RESOLVED: Shareholders request the Board, at reasonable expense and excluding proprietary information, prepare a report reviewing the Company’s retirement plan options with the board’s assessment of how the Company’s current retirement plan options align with its climate action goals.

A copy of the Proposal and the Supporting Statement, as well as related correspondence with the Proponents, is attached to this letter as Exhibit A.1

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2022 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business operations (the compensation and benefits provided to employees).

BACKGROUND

The Company recognizes that human-induced climate change is real and that action is needed from the public and private sectors, and therefore, the Company has adopted ambitious operational climate goals and made significant progress in those areas. For example, in 2019, the Company co-founded The Climate Pledge—a commitment to be net-zero carbon across its businesses by 2040, 10 years ahead of the Paris Agreement. The Company has made significant progress towards meeting this commitment. The Company is on a path to powering its operations with 100% renewable energy by 2025, five years ahead of its original goal of 2030, and making 50% of all shipments net-zero carbon by 2030. Also in 2019, the Company created the Right Now Climate Fund, a $100 million fund to restore and conserve nature. In 2020, the Company launched The Climate Pledge Fund, a dedicated investment program—with an initial investment of $2 billion to support the development of technologies and services that reduce carbon emissions and help preserve the natural world.

In reliance on the announcement by the Staff, we have omitted all materials submitted by co-filers and all other correspondence that is not directly relevant to this no-action request. See Announcement Regarding Personally Identifiable and Other Sensitive Information in Rule 14a-8 Submissions and Related Materials, available at https://www.sec.gov/corpfin/announcement/announcement-14a-8-submissions-pii-20211217 (last updated Dec. 17, 2021).
The Company is participating in the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition, a global public-private initiative of governments and leading companies that to date has mobilized $1 billion in financing to protect the world’s tropical rainforests and support sustainable development.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Relates To The Company’s Ordinary Business Operations.

A. Background On The Ordinary Business Standard.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company’s “ordinary business” operations. According to the Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” “refers to matters that are not necessarily ‘ordinary’ in the common meaning of the word,” but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” Id. As relevant here, one of these considerations is that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” Id. The Commission stated that examples of tasks that implicate the ordinary business standard include “the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers.” Id. (emphasis added).

A shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the proposed report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983); Johnson Controls, Inc. (avail. Oct. 26, 1999) (“[W]here the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”); see also Ford Motor
Co. (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling, where the report was required to include details of indirect environmental consequences of its primary automobile manufacturing business).

B. The Proposal Is Excludable Because It Relates To General Employee Compensation And Benefits.

The Proposal relates to the Amazon 401(k) Plan (the “Plan”). All U.S. employees of the Company’s participating subsidiaries who are age 18 or older are eligible to join the Plan immediately upon their date of hire.2

The Proposal requests that the Company’s board of directors (the “Board”) prepare a report assessing “how the Company’s current retirement plan options align with [the Company’s] climate action goals.” The Supporting Statement suggests that the report include how the Company “could provide employees with more sustainable investment options such as a default option that is better aligned with global and Company climate goals” and an explanatory statement “[i]f the Board does not intend to include additional low carbon investment options” in the Plan.3 The recitals assert that, under a rating system that is funded by the Representative (but claims not to be acting as an investment advisor),4 the Plan’s current investments “are rated poorly on carbon emissions,” and “directly contradict[] the climate reduction actions [the Company] has committed to take in its operations” and expresses concern that this could result in “reputational risk” and “make it more difficult to retain employees.”

The Proposal is misguided in several respects. First, the Board does not have responsibility for or other control over the Plan, including investment options available under the Plan. Instead, as is customary for large retirement plans, a management-level committee serves as the Plan fiduciary that, with the assistance of third-party advisors, is responsible for selecting the Plan’s investment options. Second, the law mandates that a responsible plan fiduciary select 401(k) investment options “solely” in the interest of plan participants and

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3 As addressed below, it is the management-level committee, not the Board, that is responsible for determining the investment options available under the Plan.

4 See https://investyourvalues.org.
beneficiaries. The U.S. Department of Labor has expanded on that legal requirement, for example by commenting that “a fiduciary may not subordinate the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to other objectives, and may not sacrifice investment return or take on additional investment risk to promote goals unrelated to the plan and its participants and beneficiaries.” In this case, the law makes sense because the investment objectives and investment horizons of individuals participating in the Plan will certainly differ from those of the Company. Third, working within the fiduciary framework described above, the Plan has for many years offered participants an Environmental, Social, and Governance (“ESG”) screened investment option. Further, the managers of most of the Plan’s core investment options currently consider and integrate ESG factors in their stewardship or security selection processes. Fourth, the Plan offers a self-directed brokerage option that gives participants the ability to invest some or all of their Plan accounts in hundreds of ESG-friendly funds (in addition to thousands of other investment funds).

The Proposal is focused on the general administration of one of the Company’s employee benefit plans, as it addresses the investment options provided to Plan participants. The Proposal therefore directly relates to the Company’s general employee compensation and benefits, a core component of the Company’s ordinary business. In analyzing shareholder proposals relating to compensation, since 1992, the Staff has applied a “bright-line analysis” that distinguishes between proposals relating to general employee compensation and proposals that concern executive officer and director compensation, indicating that the former implicate a company’s ordinary business operations and thus are excludable under Rule 14a-8(i)(7). See Staff Legal Bulletin No. 14A (July 12, 2002) (indicating that under the Staff’s “bright-line analysis” for compensation proposals, companies “may exclude proposals that relate to general employee compensation matters in reliance on [R]ule 14a-8(i)(7)” but “may [not] exclude proposals that concern only senior executive and director compensation”).

In this regard, the Staff has consistently concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) that address both executive compensation and non-executive (i.e., general employee) compensation. For example, in \textit{Yum! Brands, Inc.} (avail. Feb. 24, 2015), the proposal requested that the compensation committee of the

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6 Notably, the recitals rate investment funds under the Plan in terms of carbon emissions, and not in terms of investment quality or investment returns.
company’s board of directors prepare a report on the company’s executive compensation policies and suggested that the report include a comparison of senior executive compensation and “store employees’ median wage.” Accordingly, the Staff concurred that the company could “exclude the proposal under [R]ule 14a-8(i)(7), as relating to [the company’s] ordinary business operations,” noting “that the proposal relates to compensation that may be paid to employees and is not limited to compensation that may be paid to senior executive officers and directors.” See also Microsoft Corp. (avail. Sept. 17, 2013) (concurring with the exclusion of a proposal that sought to limit the average total compensation of senior management, executives, and other employees for whom the board set compensation to 100 times the average compensation paid to the remaining full-time, non-contract employees of the company, noting that “the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); ENGlobal Corp. (avail. Mar. 28, 2012) (concurring with the exclusion of a proposal that sought to amend the company’s equity incentive plan, noting that “the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); International Business Machines Corp. (Boulain) (avail. Jan. 22, 2009) (concurring with the exclusion of a proposal requesting that no employee above a certain management level receive a salary raise in any year in which at least two-thirds of all company employees did not receive a three percent salary raise); Ford Motor Co. (avail. Jan. 9, 2008) (concurring with the exclusion of a proposal requesting that the company stop awarding all stock options where the proposal did not limit the applicability of this ban on stock option awards to senior executive officers and directors, but instead applied the ban generally to all company employees, as relating to “ordinary business operations (i.e., general compensation matters)”.

Notably, the Staff has concurred with the exclusion of a substantially similar proposal as relating to a company’s ordinary business operations. See FedEx Corp. (Ronald M. Roman) (avail. July 7, 2016). In FedEx, the proposal “urge[d] the [b]oard of [d]irectors to direct company management to include a fossil-free 401(k) retirement plan in its selection of retirement plan options” and make the plan available to employees by a certain date. The recitals stated that “[s]atisfaction with retirement plans is correlated with shareholder return” and, after noting that a potential reason for dissatisfaction is “a lack of responsiveness to current investment trends,” discussed at length investor interest in “socially responsible investing.” Specifically, the recitals noted a “particular concern to many investors” was “a desire to divest their investments of fossil fuel-related companies” and cited a petition “call[ing] on American firms to offer fossil-free 401(k) plan choices,” which the company did not offer. The company argued in its no-action request that the company’s general
administration “of its employee benefit plans, including the structuring and the variety of investment options under such plans, constitutes activities that are part of” its ordinary business operations. In concurring with the proposal’s exclusion, the Staff noted “that the proposal relates to the terms of [the company’s] employee retirement plans.” The Proposal is substantially similar to the proposal in FedEx. In particular, as in FedEx, the Proposal addresses the sustainability offerings (or a perceived lack thereof) in the Company’s investment options for 401(k) plan participants, and the recitals discuss the risks to employee relations and shareholder value from the Company’s Plan offerings, as well as referring to climate-related activism. As in FedEx, the Proposal is properly excludable under the ordinary business exception as relating to the terms of one of the Company’s employee benefit plans.

Moreover, FedEx is consistent with a long line of precedent concurring with the exclusion of proposals relating to the administration of employee retirement plans under Rule 14a-8(i)(7). See General Electric Company (avail. Dec. 14, 2010) (concurring with the exclusion of a proposal seeking “a breakdown” with specified information about two company pension plans, noting that “the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); International Business Machines Corp. (avail. Dec. 11, 2009) (concurring with the exclusion of a proposal seeking changes to payments for former employees with vested rights retirement compensation and proposed cost of living adjustments, noting it “relates to the terms of [the company’s] employee retirement plans,” and that “proposals concerning the terms of general employee benefit plans are generally excludable under [R]ule 14a-8(i)(7)’’); Honeywell International Inc. (avail. Jan. 22, 2009) (concurring with the exclusion of a proposal recommending annual increases to benefits payable under the company’s retirement or pension plans based on changes in the Consumer Price Index, noting they relate to the company’s “ordinary business operations (i.e., employee benefits)’’); E.I. du Pont de Nemours and Co. (avail. Jan. 21, 2009) (concurring with the exclusion of a proposal requesting all employees be allowed to “choose to remain in the defined benefit pension plan” as it was previously written and applied as relating to “ordinary business operations (i.e., employee benefits)’’); AT&T Inc. (avail. Nov. 19, 2008) (concurring with the exclusion of a proposal seeking to modify the company’s pension plan eligibility provisions); Citigroup Inc. (avail. Dec. 31, 2007) (concurring with the exclusion of a proposal seeking a supplemental pension payment for qualified retirees); Ford Motor Co. (avail. Feb. 20, 2007) (concurring with the exclusion of a proposal recommending the board make available to employees a self-directed option in their 401(k) savings plans so they can make any investment not prohibited by law, noting the proposal related “to its ordinary business operations (i.e., employee benefits)’’); Aetna Inc. (avail. Feb. 14, 2005) (concurring with the exclusion of a proposal requesting that the company restore a subsidy for dental benefits for
Here, the Proposal requests a report reviewing “the Company’s retirement plan options” under the Plan, which is a broad-based plan in which hundreds of thousands of the Company’s U.S. employees participate. Thus, the Proposal clearly relates to administration of an employee benefit plan that involves general employee compensation matters. The Proposal’s recitals and Supporting Statement make this focus clear by referring solely to employees and the Plan options available to them, as it:

- includes the December 2020 total “employee retirement dollars invested” in the Plan;
- speculates the current Plan options “may also make it more difficult to retain employees”;
- cites actions by a group of current and former Company employees focused on climate justice; and
- proposes the report include how the Company “could provide employees” with additional investment options.

As in FedEx and the other precedents cited above, where the proposals related to administration of general employee compensation and benefits (e.g., employee benefit and retirement plans), here too, the Proposal relates to the Company’s ordinary business: administration of general employee compensation and benefits. Accordingly, consistent with the foregoing precedents, the Proposal may be excluded under Rule 14a-8(i)(7).


In the 1998 Release, the Commission reaffirmed the standards for when proposals are excludable under the “ordinary business” provision that the Commission had initially articulated in Exchange Act Release No. 12999 (Nov. 22, 1976) (the “1976 Release”). In the 1998 Release, the Commission also distinguished proposals pertaining to ordinary business matters that are excludable under Rule 14a-8(i)(7) from those that “focus on” significant social policy issues. The Commission stated, “proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant
discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” 1998 Release. When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. See Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) (“In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.”).

In contrast, proposals with passing references touching upon topics that might raise significant social policy issues—but which do not focus on or have only tangential implications for such issues—are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business, and as such, remain excludable under Rule 14a-8(i)(7). For example, in *Dominion Resources, Inc.* (avail. Feb. 3, 2011), a proposal requested that the company promote “stewardship of the environment” by initiating a program to provide financing to home and small business owners for installation of rooftop solar or renewable wind power generation. Even though the proposal touched upon environmental matters, the Staff concluded that the subject matter of the proposal actually related to “the products and services offered for sale by the company” and therefore determined that the proposal could be excluded under Rule 14a-8(i)(7).

In Staff Legal Bulletin No. 14L (Nov. 3, 2021), the Staff stated that it “will realign its approach for determining whether a proposal relates to ‘ordinary business’ with the standard the Commission initially articulated in [the 1976 Release], which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release.” As such, the Staff stated that it will focus on the issue that is the subject of the shareholder proposal and determine whether it has “a broad societal impact, such that [it] transcend[s] the ordinary business of the company,” and noted that proposals “previously viewed as excludable because they did not appear to raise a policy issue of significance for the company may no longer be viewed as excludable under Rule 14a-8(i)(7).” The Staff noted further that “proposals squarely raising human capital management issues with a broad societal impact would not be subject to exclusion solely because the proponent did not demonstrate that the human capital management issue was significant to the company” (citing to the 1998 Release and *Dollar General Corp.* (avail. Mar. 6, 2020) and providing “significant discrimination matters” as an example of an issue that transcends ordinary business matters).

The Proposal does not implicate a significant social policy issue because, despite the Proponents’ references to climate change, the central focus of the Proposal is the investment
options provided to employees through the Plan. Importantly, the Proposal is not focused on and does not address the business risks to the Company associated with climate change (as in *Wal-Mart Stores, Inc.* (avail. Mar. 28, 2011); *The PNC Financial Services Group, Inc.* (avail. Feb. 13, 2013)), and it does not address the manner or extent to which the Company’s products and services generate greenhouse gas emissions (as in *Exxon Mobil* (avail. Mar. 23, 2007)). Similarly, the Proposal does not address the risks and opportunities to the Company associated with a global transition towards a lower emissions energy system (as in *ConocoPhillips* (avail. Mar. 19, 2021)). Rather, the subject matter of the Proposal is one aspect of the Company’s compensation and benefits, specifically the investment options available to employees through the Plan. Just as in *Dominion Resources, Inc.*, simply trying to make a connection between the subject matter of a proposal and a policy issue like climate change does not necessarily result in the proposal having a sufficient focus on that social policy issue. Indeed, this precise issue was already resolved in *FedEx*, where the company reasoned that the request to “include a fossil-free 401(k) retirement plan in its selection of retirement plan options” was “not about climate change and does not ask the [c]ompany to take any specific actions with regard to climate change,” but instead focused on “one aspect of [employee] compensation related to choices the employees could make under the [c]ompany’s retirement plans that the [p]roponent believes would increase overall employee satisfaction.”

Here as well, the Proposal does not focus on a significant social policy issue. The Proposal seeks to suggest that the investment alternatives available under the Plan implicate a significant social policy issue that should be considered by the Company’s shareholders by invoking “misalignment [with] the Company’s sustainability goals” or “cognitive dissonance and reputational risk.” However, as discussed above, these efforts are misinformed and premised on a non-sequitur, as there is simply not a connection—and under the law there cannot be a connection—between the Company’s goals and objectives and the determinations of what investment funds are available under the Plan. Under the law, the Plan fiduciary’s selection of investment alternatives for the Plan is guided solely by the interests of plan participants and beneficiaries, not by whether any such fund is “rated poorly on carbon emissions” by the Proponents’ Representative. Thus, when addressing the selection of investment alternatives under the Plan, the focus is of necessity the ordinary business issue of providing appropriate compensation and benefits to the Company’s employees who participate in the Plan, and not alignment with the Company’s own climate change investment and operational goals. As explained above, the investment options offered to employees through the Plan clearly relate to the general compensation and benefits of the Company’s workforce.
CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2022 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8671, or Mark Hoffman, the Company’s Vice President & Associate General Counsel, Corporate and Securities, and Legal Operations, and Assistant Secretary, at (206) 266-2132.

Sincerely,

Ronald O. Mueller

Enclosures

cc: Mark Hoffman, Amazon.com, Inc.
Andrew Behar, As You Sow
Grant Bradsik, As You Sow
Shareholder Engagement, As You Sow
Catherine Raphael
Shari Behnke, Sally Behnke Tr FBO John Behnke
Hello Mr. Twu and Mr. Mueller,

We are withdrawing the following filer from this proposal:
Proponent  Harnly/Roeper Living Trust UAD 06/19/20

Attached are the following proofs of ownership:
Co-filer  Catherine Raphael  9 shares
Co-filer  Sally Behnke Tr FBO John Behnke  30 shares

Please note that we are moving Catherine Raphael into the lead filer Proponent role.

Please confirm receipt of these proofs of ownership, the change in filer roles and that all deficiencies have been satisfied.

Thank you and best regards,
Gail

Gail Follansbee (she/her)
Manager, Shareholder Relations
As You Sow
2020 Milvia Street, Suite 500
Berkeley, CA 94704

www.asyousow.org
December 16, 2021

David A. Zapolsky
Senior Vice President, General Counsel, and Secretary
Amazon.com, Inc.
410 Terry Avenue North
Seattle, Washington 98109
davidz@amazon.com

Dear Mr. Zapolsky,

As You Sow is co-filing a shareholder proposal on behalf of the following Amazon.com shareholders for action at the next annual meeting of Amazon.com:

- Catherine Raphael
- Sally Behnke Tr FBO John Behnke

Shareholders are co-filers of the enclosed proposal with HARNLY/ROEPER LIVING TRUST UAD 06/19/20, who is the Proponent of the proposal. As You Sow has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2022 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Co-filers will either: (a) be available on the dates and times offered by the Proponent for an initial meeting, or (b) authorize As You Sow to engage with the Company on their behalf, within the meaning of Rule 14a-8(b)(iii)(B).

As You Sow is authorized to act on Catherine Raphael and Sally Behnke Tr FBO John Behnke’s behalf with regard to withdrawal of the proposal. A representative of the lead filer will attend the stockholders’ meeting to move the resolution as required.

Letters authorizing As You Sow to act on co-filers’ behalf are enclosed.

We are hopeful that the issue raised in this proposal can be resolved. To schedule a dialogue, please contact me at [redacted], and Grant Bradski, Initiative Coordinator, at [redacted]. Please send all correspondence with a copy to asyou@asyousow.org.

Sincerely,

Andrew Behar
As You Sow, CEO

Enclosures
- Shareholder Proposal
- Shareholder Authorization

cc: amazon-ir@amazon.com
WHEREAS: Shareholders applaud Amazon for adopting ambitious operational climate goals:

- Amazon committed to achieve net-zero carbon emissions by 2040. Including to power operations with 100% renewable energy by 2025.\(^1\)
- Shipment Zero: The company’s vision is to make all Amazon shipments net zero carbon, delivering 50% of shipments with net zero carbon by 2030.”\(^2\) Recent actions include ordering a fleet of 100,000 electric delivery vehicles.
- Commitment to address UN Sustainable Development Goal 13 on Climate Action.

While the Company has made significant efforts to address climate change across its operations, data from Securities and Exchange Commission (SEC) filings demonstrates misalignment between the Company’s sustainability goals and investment options offered through the Amazon 401(k) Plan.

Every investment fund offered by the Amazon retirement plan, including the default option (holding 52% of employee investments), contains major oil and gas, fossil-fired utilities, coal, pipelines, oil field services, or companies in the agribusiness sector with deforestation risk.

A recent scorecard, produced by investor representative As You Sow, shows that the Amazon retirement plan default option is rated poor due to significant investments in fossil fuel companies and companies with deforestation risk.\(^3\)

Amazon’s retirement plan currently offers no diversified equity funds that are low carbon, defined as intentionally avoiding investments in fossil fuels companies, companies with deforestation risk, and companies with high carbon emissions. It offers only one fund screened for environmental/social impact.

As a result of these limited options, the vast majority of the $12.8 billion employee retirement dollars invested through the Amazon 401(k) Plan as of December 2020\(^4\) was invested in funds rated poorly on carbon emissions.

Amazon’s investment in high carbon companies through its retirement plan choices directly contradicts the climate reduction actions it has committed to take in its operations, creating cognitive dissonance and reputational risk. This may also make it more difficult to retain employees who are increasingly

\(^2\) [https://sustainability.aboutamazon.com/environment/sustainable-operations/shipment-zero](https://sustainability.aboutamazon.com/environment/sustainable-operations/shipment-zero)
\(^3\) [https://investyourvalues.org/retirement-plans/amazon-com](https://investyourvalues.org/retirement-plans/amazon-com)
concerned about catastrophic climate impacts. Amazon Employees for Climate Justice staged a walk-out to publicly criticize the Company’s contribution to climate change.\(^5\) The climate impact of continuing to choose high carbon retirement plan investments options over low carbon choices raises red flags for the Company’s reputation.

**BE IT RESOLVED:** Shareholders request the Board, at reasonable expense and excluding proprietary information, prepare a report reviewing the Company’s retirement plan options with the board’s assessment of how the Company’s current retirement plan options align with its climate action goals.

**SUPPORTING STATEMENT:** Proponent suggests the report include, at Board discretion:
- How Amazon could provide employees with more sustainable investment options such as a default option that is better aligned with global and Company climate goals;
- If the Board does not intend to include additional low carbon investment options in its employee retirement plan, a statement of the basis for its decision.

11/9/2021 | 8:21:17 AM PST

Andrew Behar  
CEO  
As You Sow  
2020 Milvia St, Suite #500  
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned ("Stockholder") authorizes As You Sow to file or co-file a shareholder resolution on Stockholder’s behalf with the named Company for inclusion in the Company’s 2022 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Catherine Raphael (S)  
Company: Amazon.com Inc  
Subject: Report on Aligning Retirement Plan Options with Company Climate Goals

The Stockholder has continuously owned an amount of Company stock for a duration of time that enables the Stockholder to file a shareholder resolution for inclusion in the Company’s proxy statement. The Stockholder intends to hold the required amount of stock through the date of the Company’s annual meeting in 2022.

The Stockholder gives As You Sow the authority to address, on the Stockholder’s behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name and contact information will be disclosed in the proposal. The Securities and Exchange Commission has confirmed that they remove personally identifiable information from No-Action requests and related correspondence before making these materials publicly available on the Commission’s website. The Stockholder acknowledges that their name, however, may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name in relation to the resolution. The Stockholder supports this proposal.

The Stockholder is available for a meeting with the Company regarding this shareholder proposal. The dates/times will be provided by As You Sow.

The Stockholder can be contacted at the following email address to schedule a dialogue during one of the above dates:  

[Contact Information]
Any correspondence regarding meeting dates must also be sent to my representative:

The Stockholder also authorizes As You Sow to send a letter of support of the resolution on Stockholder’s behalf.

Sincerely,

[Signature]

Name: Catherine Raphael

Title: MS.
Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned ("Stockholder") authorizes As You Sow to file or co-file a shareholder resolution on Stockholder’s behalf with the named Company for inclusion in the Company’s 2022 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Sally Behnke Tr FBO John Behnke (S)
Company: Amazon.com Inc
Subject: Report on Aligning Retirement Plan Options with Company Climate Goals

The Stockholder has continuously owned an amount of Company stock for a duration of time that enables the Stockholder to file a shareholder resolution for inclusion in the Company’s proxy statement. The Stockholder intends to hold the required amount of stock through the date of the Company’s annual meeting in 2022.

The Stockholder gives As You Sow the authority to address, on the Stockholder’s behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name and contact information will be disclosed in the proposal. The Securities and Exchange Commission has confirmed that they remove personally identifiable information from No-Action requests and related correspondence before making these materials publicly available on the Commission’s website. The Stockholder acknowledges that their name, however, may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name in relation to the resolution. The Stockholder supports this proposal.

The Stockholder is available for a meeting with the Company regarding this shareholder proposal. The dates/times will be provided by As You Sow.

The Stockholder can be contacted at the following email address to schedule a dialogue during one of the above dates: [redacted]
Any correspondence regarding meeting dates must also be sent to my representative:

The Stockholder also authorizes As You Sow to send a letter of support of the resolution on Stockholder’s behalf.

Sincerely,

[Signature]

Name: Shari Behnke

Title: Trustee
February 23, 2022
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to Amazon.com, Inc. Regarding climate change and 401(k) offerings on Behalf of Catherine Raphael and Sally Behnke Tr FBO John Behnke

Ladies and Gentlemen:

Catherine Raphael and Sally Behnke Tr FBO John Behnke (the “Proponents”) is beneficial owner of common stock of Amazon.com, Inc. (the “Company”) and have submitted a shareholder proposal (the “Proposal”) to the Company. I have been asked by the Proponents to respond to the letter dated January 21, 2022 ("Company Letter") sent to the Securities and Exchange Commission by Ronald O. Mueller of Gibson Dunn. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2022 proxy statement. A copy of this letter is being emailed concurrently to Mr. Mueller.

The Proposal requests that the Board prepare a report with the board’s assessment of how the company’s current retirement plan options align with the Company’s climate action goals. The Company Letter asserts that the Proposal is excludable under Rule 14a-8(i)(7) as relating to general employee compensation and benefits. However, the Proposal focuses on a significant policy issue -- company actions that are evidenced to be in misalignment with the Company’s climate goals.

As the Company invests heavily in building a reputation as a leader on the challenges of climate change, the Proposal is focused on the apparent misalignment between its reputation and the Company’s retirement plan options. The Proposal is not excludable under Rule 14a-8(i)(7) because it is consistent with prior Staff rulings asking companies to assess the congruency of various “ordinary business” activities, including proxy voting, political contributions and charitable donations.

Staff precedents demonstrate that shareholder proposals are permissible when they ask a company to report on “alignment” with their values and statements. Where a company arguably is saying one thing but doing something else that is contradictory, a congruency analysis can be requested. Thus while a proposal might be excludable under the ordinary business rule if it focused on directing a company to adopt a particular configuration of its retirement plans, its
proxy voting, its political contributions, or its charitable donations asking the board to report how those activities align with the Company’s values and public commitments is not excludable. Moreover, Staff precedents on reporting on employee wages and benefits demonstrate that proposals asking for reporting related to employee compensation in relation to a significant policy issue do not violate the ordinary business rule, as they do not dictate Company decisions on employee compensation plans or methods. Accordingly, the Proposal is not excludable under Rule 14a-8(i)(7).

THE PROPOSAL

WHEREAS: Shareholders applaud Amazon for adopting ambitious operational climate goals:

- Amazon committed to achieve net-zero carbon emissions by 2040. Including to power operations with 100% renewable energy by 2025.\(^1\)
- Shipment Zero: The company’s vision is to make all Amazon shipments net zero carbon, delivering 50% of shipments with net zero carbon by 2030.\(^2\) Recent actions include ordering a fleet of 100,000 electric delivery vehicles.
- Commitment to address UN Sustainable Development Goal 13 on Climate Action.

While the Company has made significant efforts to address climate change across its operations, data from Securities and Exchange Commission (SEC) filings demonstrates misalignment between the Company’s sustainability goals and investment options offered through the Amazon 401(k) Plan.

Every investment fund offered by the Amazon retirement plan, including the default option (holding 52% of employee investments), contains major oil and gas, fossil-fired utilities, coal, pipelines, oil field services, or companies in the agribusiness sector with deforestation risk.

A recent scorecard, produced by investor representative As You Sow, shows that the Amazon retirement plan default option is rated poor due to significant investments in fossil fuel companies and companies with deforestation risk.\(^3\)

Amazon’s retirement plan currently offers no diversified equity funds that are low carbon, defined as intentionally avoiding investments in fossil fuels companies, companies with deforestation risk, and companies with high carbon emissions. It offers only one fund screened for environmental/social impact.
As a result of these limited options, the vast majority of the $12.8 billion employee retirement dollars invested through the Amazon 401(k) Plan as of December 2020 was invested in funds rated poorly on carbon emissions.

Amazon’s investment in high carbon companies through its retirement plan choices directly contradicts the climate reduction actions it has committed to take in its operations, creating cognitive dissonance and reputational risk. This may also make it more difficult to retain employees who are increasingly concerned about catastrophic climate impacts. Amazon Employees for Climate Justice staged a walk-out to publicly criticize the Company’s contribution to climate change. The climate impact of continuing to choose high carbon retirement plan investments options over low carbon choices raises red flags for the Company’s reputation.

BE IT RESOLVED: Shareholders request the Board, at reasonable expense and excluding proprietary information, prepare a report reviewing the Company’s retirement plan options with the board’s assessment of how the Company’s current retirement plan options align with its climate action goals.

SUPPORTING STATEMENT: Proponent suggests the report include, at Board discretion:
- How Amazon could provide employees with more sustainable investment options such as a default option that is better aligned with global and Company climate goals;
- If the Board does not intend to include additional low carbon investment options in its employee retirement plan, a statement of the basis for its decision.

2 https://sustainability.aboutamazon.com/environment/sustainable-operations/shipment-zero
3 https://investyourvalues.org/retirement-plans/amazon-com
ANALYSIS

Rule 14a-8(i)(7)

The Proposal requests that the Board, at reasonable expense and excluding proprietary information, prepare a report reviewing the Company's retirement plan options with the board's assessment of how the Company's current retirement plan options align with its climate action goals. The supporting statement “suggests” that the report include “at board discretion” how Amazon could provide employees with more sustainable investment options such as a default option that is better aligned with global and Company climate goals. It also suggests that if the Board does not intend to include additional low carbon investment options in its employee retirement plan, that it provide a statement of the basis for its decision.

The Company Letter states that the proposal is excludable as relating to “general employee compensation and benefits.” The Company cites prior staff decisions allowing exclusion of proposals regarding general employee compensation or benefits, most of which involved an attempt to direct the form or content of company compensation or benefits for employees. For instance, the Company letter cites Ford Motor Co. (avail. Jan. 9, 2008) (concurring with the exclusion of a proposal requesting that the company stop awarding all stock options).

Special attention in the Company Letter is given to FedEx Corp. (Ronald M Roman) (July 7, 2016) where the Proposal urged the board to direct company management to include a fossil free 401(k) retirement plan in its selection of retirement plan options. According to the Company Letter, the FedEx decision is a directly applicable precedent, given the overlap of climate issues with the current proposal. However, the current Proposal is distinct from FedEx, because it does not ask the board to change company retirement plan options. Instead, the guidelines of the Proposal ask the company to issue a report assessing alignment. Indeed, the supporting statement suggests, but defers to board discretion as to whether to include a description of how the Company could provide more sustainable investment options, and even invites a statement of the board regarding any determination to not include additional low carbon investment options in the employee retirement plan. Thus, the Proposal is non-directive, and distinct from precedents that directly ask a company to make a change in its employee compensation arrangements. Instead, the current proposal is in line with proposals asking a company to assess congruency or alignment of business practices with company statements and values.
SAYING ONE THING, DOING ANOTHER: CONGRUENCY PROPOSALS DO NOT ADDRESS ORDINARY BUSINESS

The Proposal is modeled after, and in line with, numerous non-excludable proposals in Staff precedents requesting an assessment of the alignment of certain kinds of routine expenditures or policies against company values and significant public concerns like climate change. In each instance, a particular practice including proxy voting, charitable contributions, or political or lobbying expenditures were subjected to review by a board for assessment of instances in which these company practices were misaligned with the company’s values or public commitments, such as the company’s commitments on climate change.

For example, in Franklin Resources, Inc., (Nov. 24, 2015) the proposal requested that the board issue a climate change report to shareholders assessing incongruities between proxy voting practices of the company and its subsidiaries, and any of the company’s policy positions regarding climate change. The Staff was unable to concur with the company view that the proposal could be excluded under 14a-8(i)(7). The Staff noted that despite the focus on proxy voting, an ordinary business issue, the proposal focused on the transcendent policy issue of climate change. As in the current Company Letter, Franklin Resources asked Staff to look past the proposal’s clear focus on climate change, and to see the proposal as focusing on its proxy voting, an ordinary business issue. The proponent successfully argued that the focus on seeking a report on any incongruities between the proxy voting record of the company and its climate change positions was a fair subject for focus of the proposal that transcended ordinary business. As in the present instance, the proposal did not require any affirmative changes to the underlying practices, but only requested discussion of policy measures that the company might adopt to enhance congruency. The Staff declined to find that the proposal was excludable as relating to ordinary business. This is directly analogous to the current Proposal.

A similar outcome occurred in McDonald’s Corporation (Feb. 28, 2017) where the proposal requested the company prepare and annually update a report listing and analyzing charitable contributions during the prior year, including analysis of congruency of its contributions with corporate values. If the proposal had attempted to direct the charitable contributions such as requesting that the company not donate to certain organizations, it would have been viewed as excludable. The company tried to assert that the proposal related to the company’s charitable contributions generally: “Although the Resolved clause appears facially neutral, the supporting statement makes clear the proposal intended to target particular types of charitable contributions, namely, charitable contributions that may encourage consumption of the Company’s menu offerings that the proponent perceives as ‘high in fat, sugar, and salt’.” The Company tried to argue that the supporting statement contained evidence that the proponent was really trying to redirect contributions relative to a
particular type of organization so that the proposal was properly excludable. However, the Staff noted that charitable contributions “involves a matter of corporate policy which is extraordinary in nature and beyond a company’s ordinary business operations” and that proposals relating to transparency of charitable contributions are generally not excludable. The proposal merely asked the company to delve more deeply into its contribution evaluation procedures. The proposal did not direct it to do anything regarding specific causes. The proposal was found non-excludable under Rule 14a-8(i)(7).

Further, in The Procter & Gamble Company (August 6, 2014) the proposal requested yearly reporting containing a congruency analysis between the company's corporate values and its P&G Good Government Fund's political and electioneering contributions. Again, the Staff found that such a congruency analysis approach did not merit exclusion under Rule 14a-8(i)(7). Same outcome: Deere & Company (December 3, 2015).

These rulings are consistent with the general guidance of Staff Legal Bulletins and the Commission under which even company activities that might seem to be “nitty-gritty” for the company are not excludable where the scope of the proposal is limited to a significant policy issue. Staff Legal Bulletin 14H, October 22, 2015, made this clear:

[T]he Commission has stated that proposals focusing on a significant policy issue are not excludable under the ordinary business exception “because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” [Release No. 34-40018] Thus, a proposal may transcend a company’s ordinary business operations even if the significant policy issue relates to the “nitty-gritty of its core business.” [Emphasis added].

The current Proposal is also consistent with Staff Legal Bulletin 14E in its focus on risk assessment related to social impacts.¹ Numerous other staff precedents in line with these

¹ That bulletin noted:

Over the past decade, we have received numerous no-action requests from companies seeking to exclude proposals relating to environmental, financial or health risks under Rule 14a-8(i)(7). As we explained in SLB No. 14C, in analyzing such requests, we have sought to determine whether the proposal and supporting statement as a whole relate to the company engaging in an evaluation of risk, which is a matter we have viewed as relating to a company's ordinary business operations. To the extent that a proposal and supporting statement have focused on a company engaging in an internal assessment of the risks and liabilities that the company faces as a result of its operations, we have permitted companies to exclude these proposals under Rule 14a-8(i)(7) as relating to an evaluation of risk. To the extent that a proposal and supporting statement have focused on a company minimizing or eliminating operations that may adversely affect the environment or the public's health, we have not permitted companies to exclude these proposals under Rule 14a-8(i)(7).

We have recently witnessed a marked increase in the number of no-action requests in which companies seek to exclude proposals as relating to an evaluation of risk. In these requests, companies have frequently argued that proposals that do not explicitly request an evaluation of risk are nonetheless excludable under Rule 14a-8(i)(7) because they would require the company to engage in risk assessment. Based on our experience in reviewing these requests, we are concerned that our application of the analytical framework discussed in SLB No. 14C may have resulted in the unwarranted exclusion of proposals that relate to the evaluation of risk but that focus on significant policy issues. Indeed, as most corporate decisions
principles support non-exclusion of the current proposal. For instance, the focus of a proposal on assessing risks of a company policy rather than directing the Company’s decisions regarding particular funds or outcomes is sufficient to avoid the products and services exclusion. For example, in TJX Companies (April 9, 2020) the proposal requested that the board commission an independent analysis of any material risks of continuing operations without a company-wide animal welfare policy or restrictions on animal-sourced products associated with animal cruelty. The company objected that the proposal was excludable as relating to sales of particular products, but the proponent effectively argued that the policy focus of the proposal on a clear, significant policy issue for the company caused the proposal to transcend ordinary business.²

There is no bright line prohibition on proposals addressing the significant policy issue implications of compensation or benefits

The Company Letter overstates the notion of a “bright line” against proposals seeking reporting or analysis regarding employee compensation mechanisms related to a significant policy issue. While Staff Legal Bulletin 14A discussed a bright line analysis when it comes to senior executive vs. general employee matters, in its implementation it does not preclude proposals that relate to disclosure on matters of general employee compensation that relate to a significant policy issue. It has been applied in proposals and precedents cited by the company, most of which distill down to action requests – requesting an actual change in the configuration of an employee stock plan or compensation, rather than simply a report. While a few of the excluded precedents related to reporting, and there are numerous recent Staff precedents including those cited above demonstrating that a request for a report that is limited in analysis or scope regarding a significant policy issue can transcend ordinary business.

² We see the same logic applied in Bank of America Corporation (February 23, 2006) where the proposal requested that the board develop higher standards for the securitization of subprime loans to preclude the securitization of loans involving predatory practices. Despite the focus on establishment of a particular policy, the staff nevertheless rejected the ordinary business/products and services connection. If a proposal addresses a transcendent social policy issue, and even if it addresses a nitty gritty issue like products or services or retirement plan options, shareholders are expected to describe it as clearly as possible what they would like the company to do, both in that precedent and as is done in the current proposal.
The current Proposal's request for disclosure does not equate to excludable ordinary business under Rule 14a-8(i)(7). The Company cites Yum! Brands (Feb. 24, 2015) where the disclosure report sought a comparison of executive compensation with store employees' median wage and the Staff allowed exclusion under Rule 14a-8(i)(7). However, subsequent Staff decisions clarified that consideration of underlying significant policy issues can cause such a proposal to transcend ordinary business. Disclosure-related requests both prior and subsequent to that ruling seeking disclosure related to the whole workforce have been found not excludable under Rule 14a-8(i)(7), where the focus was on pay differentials between upper- and lower-level employees. For example, a proposal that requested disclosure of the distribution of 2003 stock options by the recipient's race and gender, which discussed recent trends in stock options granted to women and employees of color, was found not excludable under Rule 14a-8(i)(7). Verizon Communications, Inc. (Jan. 26, 2004). More recently, in Wells Fargo (Feb. 2119), the proposal requested disclosure of the global median gender pay gap—including associated policy, reputational competitive and operational risks, and risks related to recruiting and retaining female talent—and was found not excludable under Rule 14a-8(i)(7). That proposal also included disclosure of equity compensation through an inclusive definition: "A report adequate for investors to assess company strategy and performance would include the percentage \textit{global median} pay gap between male and female employees across race and ethnicity, including base, bonus, and equity compensation" (emphasis added).

Additionally, Staff rulings before and after the Company’s cited precedents also found non-excludable proposals directed toward CEO or senior executive compensation have included provisions that either imply decision-making or disclosure based on non-management employee compensation levels or disclosure that would reveal the contrast between senior executive compensation and other employees. For instance, in BB & T Corporation (Jan. 17, 2017), an ordinary business exclusion was rejected for a proposal asking the company to "take into consideration the pay grades and/or salary ranges of all classifications of company employees when setting target amounts for CEO compensation." Similarly, in Siebel Systems, Inc. (Apr. 15, 2003), a proposal designating the intended use of equity and management compensation programs, including certain principles, was not excludable under ordinary business despite the focus principles for management compensation, which required discussion of "the proportion of the equity of the company intended to be available for transfer to employees through stock plans, as measured by possible percentage dilution; and the distribution of that wealth opportunity intended within the company, between the CEO, Senior Executives, and other employees."  

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3 Precedents cited by the Company, such as Yum! Brands, Inc. (Feb. 24, 2015), which seeks a comparison of senior executive compensation and “our store employees’ median wage” being excludable as relating to ordinary business, are contradicted by numerous proposals allowing integration of rank-and-file employee-related compensation disclosures or considerations.

4 The proposal requested a statement about the proportion of the equity of the company intended to be available for transfer to employees through stock plans, as measured by possible percentage dilution; and the distribution of that wealth opportunity intended within the company, between the CEO, Senior Executives, and other employees.
The Board of Directors can issue the requested report

The Company Letter also attempts to argue that it would be inappropriate for the board to issue the requested report because of the ultimate decision-making role of other fiduciaries in deciding plan offerings. This idea was rejected in the above cited Franklin Resources decision. As in the present instance, Franklin Resources had argued that the board had no direct ability to control the proxy voting decisions related to client assets, and that therefore the proposal addressed ordinary business of the Company. Nevertheless, it was clear, as it is in the present instance, that the board has an important advisory and oversight role for such broad strategic choices, and that a report from the board on the issue could be an important tool for investors as well as others within the decision chain.

We note in particular that the Company cites the FedEx decision of 2016 which urged the Board of Directors to direct company management to include fossil free 401(k) plan in its selection of retirement plan options. In contrast, the current proposal is in line with the congruency proposals which ask for reporting and analysis of consistency with company values and policies without requiring a particular outcome. This distinction has been upheld in proposals on political contributions, charitable contributions and proxy voting, all of which would be deemed ordinary business if the proposal directed particular outcomes. The same concept is also applicable to analysis of congruency of employee retirement plan offerings. The Company letter misleadingly asserts that the proposal has a “central focus on investment options provided to employees through the plan,” when in reality it is a question of congruency, the same as the other proposals cited here.

In addition, the Company misstates the extent to which existing law, such as the Department of Labor rules, preclude the report requested. Although plan decisions are made within a fiduciary framework, there is no reason that the Board of Directors cannot issue the requested report assessing the implications of the current configuration, with an understanding that any changes to the plan configuration would ultimately be made by fiduciaries that consider the interests of plan participants and beneficiaries. Certainly, the fiduciaries overseeing the employee retirement plans would have plenty of options to choose from due to the array of competitive ESG funds that would meet the current Department of Labor criteria. Moreover, the current proposal is consistent with the initiatives of the current Administration to ensure that retirement plan options can consider climate impact as among the criteria assessed in considering long-term financial impact on plan beneficiaries.

There are many possible directions for the Company’s report including assessment of whether plan beneficiaries can seek additional options, whether there is dissatisfaction with the climate alignment under current retirement plan options, whether the default plan is itself aligned with

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5 In response to pecuniary ERISA rule to only look at returns, there are sustainable target date funds that outperform the non-sustainable ones, so if returns are the only measure then the fiduciary should choose those.
the Company’s climate values, the impact of the default plan option on overall alignment with the company’s climate objectives, impact on the company’s reputation, whether there are financially comparable offerings that would better achieve alignment, etc. In short there is much room for action in fulfillment of the Proposal. In none of these instances would the requested board analysis involve any breach of fiduciary duties.

**Social Impact of the Proposal is clear**

How much social impact must the Proposal have for it to transcend ordinary business? The recent Staff Legal Bulletin 14L made clear that the key issue is whether the proposal focuses on societal impacts:

> Going forward, the staff will realign its approach for determining whether a proposal relates to "ordinary business" with the standard the Commission initially articulated in 1976, which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release. This exception is essential for preserving shareholders' right to bring important issues before other shareholders by means of the company's proxy statement, while also recognizing the board's authority over most day-to-day business matters. For these reasons, staff will no longer focus on determining the nexus between a policy issue and the company, but will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal. In making this determination, the staff will consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.

There is a very significant societal impact associated with the Company’s 401(k) offerings. As the Company Letter notes, the Proposal is based on impact ratings conducted by As You Sow using a particular methodology and published on the web at https://investyourvalues.org. The website describes the clear societal concern about climate risk as investment risk:

**Climate risk is investment risk**

Coal, oil, and gas release carbon pollution that accelerates the climate emergency. Rising temperatures will continue to exacerbate the impacts of fires, floods, deadly heat waves, and other environmental disasters.

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6 Although the decision-making of fiduciaries may lie elsewhere, the board engages in oversight of material risks. An employee retirement plan that is misaligned with company sustainability goals creates material risk in the form of reputational risk, including undercutting “green” branding efforts and potential for greenwashing and in employee dissatisfaction and difficulty attracting talent. A failure to address this ESG issue may be seen as a failure of fiduciary duty of the board members and may even expose a company to potential litigation. UNPRI, FIDUCIARY DUTY IN THE 21ST CENTURY (2015) https://www.unpri.org/download?ac=1378. As such, there is little argument that the board could not undertake this oversight analysis.
Retirement plans are still heavily invested in coal, oil, and gas

As the financial industry looks to align their businesses with the Paris climate agreement, asset managers are beginning to exclude some of the most egregious climate offenders, like thermal coal producers, from the funds they offer in corporate retirement plans. However, 401(k)s and similar retirement plans are still mostly invested in index funds with broad exposure to fossil fuel companies – from Big Oil to small fracking companies.

The retirement plans of companies like Amazon and Comcast are investing hundreds of billions of dollars into fossil fuel companies that are fueling the climate crisis. Most employees assume the default option in their retirement plan is a safe choice. If climate risk and other sustainability issues are not incorporated into the portfolio management by the fund manager, employees could be exposed to financial risks from unsustainable, climate risky investments.

The requested Board assessment of Amazon’s default fund alignment in this instance is appropriate given the highly publicized climate efforts of the Company, including the expenditure of millions of dollars marketing itself as a climate conscious corporation’. The findings of As You Sow regarding employee retirement plan offerings demonstrate that 52% of the employee retirement plan is invested in a default plan option which has a poor rating on its climate alignment, in contradiction to the Company’s efforts to position the company as a climate leader. This potential evidence of greenwashing portends material damage to the very branding that the Company seems to be seeking; it creates cognitive dissonance, a sense of incoherent or even duplicitous Amazon management, with potential harm to its reputation with stakeholders including consumers and employees.

Relevance to employees

There is significant heat internally at Amazon associated with the company’s mixed record on climate issues. Over the past few years, Amazon employees have protested Amazon’s limited climate change policies, and several were fired. Amazon has since bolstered its climate action and advertising. The online retailer pledges to be net zero carbon by 2040, to power its operations with 100% renewable energy by 2025, and has created a $2 billion Climate Pledge.

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7 CEO Jeff Bezos has said “Climate change is the biggest threat to our planet. I want to work alongside others both to amplify known ways and to explore new ways of fighting the devastating impact of climate change on this planet we all share. This global initiative will fund scientists, activists, NGOs — any effort that offers a real possibility to help preserve and protect the natural world. We can save Earth. It’s going to take collective action from big companies, small companies, nation states, global organizations, and individuals.” – Jeff Bezos
https://www.instagram.com/p/B8rWKFmmQ5c/?utm_source=ig_embed&ig_rid=2fe0b583-4fd1-4f2d-b0dc-d014bf556545

He also said, at the National Press Club in Washington, D.C.: “We want to use our scale and our scope to lead the way.” “One of the things we know about Amazon as a role model for this is that it’s a difficult challenge for us because we have deep, large physical infrastructure. So, if we can do this, anyone can do this.”

And, the company has been running an advertising campaign promoting its climate Advocacy. Amazon TV Spot, 'The Climate Pledge' (video) “Amazon says it doesn't just think big; it does big.”
Given the historical employee unrest on climate change matters, any climate misalignment of 401(k) options is likely to be viewed unfavorably by many Amazon employees. The need for more visibility and access to sustainable 401(k) options is one of those areas that may exacerbate these issues of employee unrest. As You Sow performed a survey of Amazon employees in 2021 and found that the majority of surveyed employees lacked a clear understanding of the company’s 401(k) options, including whether the default option was an environmentally and climate-aligned choice. They had little understanding of what offerings were available, and they did express a preference for sustainable options.

The concern and interest of Amazon employees in sustainable retirement plan options echoes that of the general population. For example, Morgan Stanley asked individual investors about their interest in sustainable investing in late 2020 and found that, “79% said they were interested, and among an oversampled group of millennials -- 99% said they were interested. This is not a typo. Fully 99% of these millennials were found to be interested in sustainable investing.”

- Another recent poll found that many voters do not want retirement funds invested in oil and gas — especially not their own.
- By a +29-point margin, people don’t want their own retirement account invested in oil and gas.
- By a +13-point margin, people don’t want oil and gas in retirement accounts in general.

These statistics support that Amazon’s current default retirement accounts are not only incongruent with its climate reputation, but pose risk to its reputation. This incongruence and risk is what the Proposal has asked the Board to report on.

**CONCLUSION**

In sum, the Proposal addresses a significant policy issue and does not seek to micromanage the Company’s ordinary business. It requests an appropriate report on alignment of the retirement plan offerings with the Company’s climate change objectives. As such, the proposal is not excludable under Rule 14a-8(i)(7). We urge the Staff to notify the Company that the proposal is not excludable.

Sincerely,

Sanford Lewis

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