



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 8, 2022

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 James McRitchie for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that a specified board committee issue a report annually assessing the distribution of stock-based incentives throughout the workforce (such as but not limited to performance share units, employee stock purchase plans, restricted stock units, and options), which should include a matrix, sorted by EEO-1 employee classification or another appropriate classification scheme with four or more categories chosen by the committee, showing aggregate amounts of stock ownership granted and utilized by all U.S. Company employees and including associated voting power, if any.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal relates to, and does not transcend, ordinary business matters. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

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: John Chevedden

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 James McRitchie
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 James McRitchie (the “Proponent”).

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 a copy of this correspondence to the Proponent.

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 Proponent that if the Proponent elects 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.

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THE PROPOSAL

The Proposal, which is captioned “Address Wealth Inequality Through an Ownership Culture,” states:

Resolved: Amazon.com Inc (“Company”) shareholders request the Board’s Compensation, Nominating and Governance and Corporate Governance Committee (“Committee”) issue a report annually assessing the distribution of stock-based incentives throughout the workforce (such as but not limited to performance share units, employee stock purchase plans, restricted stock units, and options). The report should include a matrix, sorted by EEO-1 employee classification or another appropriate classification scheme with four or more categories chosen by the Committee, showing aggregate amounts of stock ownership granted and utilized by all U.S Company employees and including associated voting power, if any. The Committee should issue the report before or concurrent with the next annual proxy statement.

A copy of the Proposal and the Supporting Statement, as well as related correspondence with the Proponent, 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.

BACKGROUND

The Company is committed to providing competitive compensation arrangements to attract and retain the best talent. The Company takes pride in its ownership culture, which encourages motivated, customer-centric employees to think and act like owners, because they are owners. Accordingly, the Company grants stock-based compensation broadly to employees at most levels. The Company is also responsive to employee feedback

¹ In reliance on the announcement by the Staff, we have omitted all 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).

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regarding its compensation practices. As a result, in response to feedback from hourly fulfillment and customer service employees who indicated that they prefer the predictability and immediacy of cash to restricted stock units that vest based on continued service, the Company phased out its restricted stock unit grant program for certain operations employees, at the same time increasing its minimum starting wage to \$15 per hour in 2018.² The net effect of this change from stock-based to cash compensation was intended to be significantly more total compensation for employees, without any vesting requirements, and with more predictability. The Company continues to be a leader in pay and benefits. In the United States, the Company now provides its employees in operations roles an average starting wage of more than \$18 per hour—more than double the federal minimum wage—and up to \$22.50 per hour in some locations. In addition, the Company provides numerous benefits to its employees, including comprehensive medical benefits, a 401(k) plan with a Company match, and up to 20 weeks of parental leave (birth parents are eligible for up to 20 weeks of leave and partners up to six). The Company also provides access to the Company’s Career Choice program, in which the Company funds full college tuition as well as high school diplomas, GEDs, and English as a Second Language proficiency certifications for its front-line employees.

In addition, the Company continues to provide U.S. employees the opportunity to acquire Company stock through the Company’s 401(k) plan, which all of the Company’s U.S. employees age 18 or older are eligible to join immediately upon their date of hire.³ The 401(k) plan permits all participating employees to elect to receive their matching contribution in the form of Company stock. In addition, employees may elect to participate in a direct stock purchase plan offered by the Company’s transfer agent, through which employees can purchase whole or fractional shares of Company stock. The Company is committed to fairly and equitably compensating its employees, and striving to be Earth’s best employer.

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

² See <https://www.aboutamazon.com/news/workplace/amazon-raises-minimum-wage-to-15-for-all-u-s-employees>.

³ See https://www.amazon.jobs/en/landing_pages/benefitsoverview-us.

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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,” and identified two central considerations that underlie this policy. *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) (“[Where] 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 requests an annual report assessing the distribution of stock-based incentives throughout the Company’s worldwide workforce, including a table showing stock ownership “granted and utilized” by Company employees in the United States. The first half of the Supporting Statement makes various statements and assertions regarding wealth inequality in the United States. The second half of the Supporting Statement makes various

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statements and assertions regarding employee stock ownership and the benefits of having a committee of the Company's Board report on employee equity arrangements.

The Proposal is excludable pursuant to Rule 14a-8(i)(7) because it directly relates to the Company's general employee compensation policies and practices, a core component of the Company's ordinary business. In analyzing shareholder proposals relating to compensation, the Staff has distinguished between proposals that relate to general employee compensation and proposals that address only 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) ("SLB 14A") (indicating that "[s]ince 1992, [the Staff has] applied a bright-line analysis to proposals concerning equity or cash compensation" under which 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"); *Xerox Corp.* (avail. Mar. 25, 1993).

In this regard, consistent with the "bright line" approach articulated in SLB 14A, the Staff has consistently concurred with the exclusion of shareholder proposals relating to employee stock ownership under Rule 14a-8(i)(7) as focused on general compensation matters, including in the context of proposals almost identical to the Proposal. For example, in *MBNA Corp.* (avail. Feb. 23, 2000) and *American Home Products Corp.* (avail. Feb. 24, 2000), the companies received nearly identical proposals that, just as with the Proposal, included supporting statements that expressed concern with wealth inequality both generally and specifically at companies and advocated for reallocation of equity-based compensation as a means for the companies to remain competitive, and in their resolved clauses requested the companies provide "a report on employee ownership" that included information such as the number of shares and stock options owned by executive officers and employees. The companies argued that the proposals' focus on stock-based compensation plans related to general employee compensation applicable to all employees and cited numerous precedent where the Staff had agreed with exclusion of proposals relating to employee ownership plans. The Staff concurred, noting that the proposals related to "ordinary business operations (i.e., general employee compensation matters)." Similarly, the Staff has concurred with the exclusion under Rule 14a-8(i)(7) of proposals advocating that employees be compensated through additional equity-based compensation. For example, in *Alaska Air Group, Inc.* (avail. Feb. 25, 2005), the proposal sought to amend the company's bylaws to establish an employee stock ownership plan for all employees that would "attain and maintain the goal of a 51% ownership of [the] company" within 20 years. In concurring with the proposal's exclusion, the Staff noted the proposal "relat[ed] to [the company's] ordinary business operations (i.e., general employee compensation matters)." *See also Citigroup Inc.* (avail. Feb. 23, 2000) (concurring with the exclusion of a proposal requesting that the company "foster a broad-based ownership

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culture by creating an employee stock ownership plan (ESOP) or similar vehicle, in which all employees participate” as relating to “general employee compensation matters”); *The Walt Disney Co.* (Oct. 26, 1999) (same); *The Boeing Company* (avail. Dec. 2, 1992) (concurring with the exclusion of a proposal calling for the adoption of an employee stock ownership plan for all employees “as dealing with a matter relating to the conduct of the ordinary business operations of the registrant (i.e. general compensation issues”).

Further, the Staff has consistently concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) when the proposals relate to general employee compensation. For example, in *Yum! Brands, Inc.* (avail. Feb. 24, 2015), the proposal requested that the compensation committee of the 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”).

Here, despite passing references to compensation of the Company’s directors and executive officers, the Proposal clearly relates to the manner in which the Company compensates its general workforce, requesting a report on the extent to which one element of compensation is utilized “throughout the workforce” and for “all U.S.[.] Company

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employees,” and cites to examples “such as . . . performance share units, employee stock purchase plans, restricted stock units, and options.” In fact, the Proposal’s main focus is specifically on non-executive employees, as shown through the Supporting Statement’s reference to “[e]xpanding the [Board] Committee’s perspective beyond executive compensation” and the distinction made multiple times between “directors and named executives” and “all U.S. employees.” The Supporting Statement makes numerous references to “employee ownership” and an “engaged employee ownership culture,” asserting various benefits both in terms of workforce productivity and general household income,⁴ reinforcing the point that the Proposal is focused on general employee compensation. Accordingly, like the foregoing precedent, the Proposal’s focus on general employee compensation and employee stock ownership, even with passing references to executive compensation, is on an ordinary business matter.

C. The Proposal Does Not Focus On A Significant Social Policy Issue That Transcends The Company’s Ordinary Business Operations.

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

⁴ As noted in Staff Legal Bulletin 14G, part D.1 (Oct. 16, 2012), when a proposal references a website address, in the Staff’s view, the information on the website “supplements the information contained in the proposal and in the supporting statement.”

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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).

Here, the Proposal does not focus on a significant social policy issue. Despite several paragraphs in the Supporting Statement regarding wealth inequality, with equal attention to statements regarding workplace benefits from equity compensation, the Proposal focuses only on the extent to which equity is used as a form of compensation and allocated throughout the workforce. The assertion in the Supporting Statement that wealth inequality in the United States is “a significant social policy issue” does not make it so for the purposes of Rule 14a-8(i)(7). *See The Home Depot, Inc.* (avail. Mar. 1, 2017) (concurring with the exclusion of a proposal requesting adoption and publication of principles for minimum wage reform, noting that “the proposal relates to general compensation matters, and does not otherwise transcend day-to-day business matters,” despite the proponent’s assertion that minimum wage was a significant social policy issue). Regardless, a proposal requesting a report “assessing the distribution of stock-based incentives throughout the workforce” is not focused on societal wealth inequality and instead relates only to the company’s use and allocation of one element of compensation for its workforce. The Supporting Statement includes numerous references to corporate benefits arising from use of equity-based compensation and employee stock ownership, including “better firm performance, fewer layoffs, better employee compensation and benefits,” as well as

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impacts on “employee engagement and trust” and “business strategy and operations.” These references demonstrate that the focus of the Proposal is on the Company’s management of its workforce through its general employee compensation policies and practices, and any reference to the societal implication of equity-based compensation is at most incidental to this primary focus. In this respect, the Proposal is comparable to the one considered in *MBNA Corp.* and *American Home Products Corp.*, discussed above, where the supporting statements likewise mentioned economic and wealth disparity in the United States, advocated for increased equity compensation for employees of the companies, and referenced numerous corporate benefits from providing wider employee equity-based compensation. More recently, in *Marriott International, Inc.* (avail. Mar. 26, 2021), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal submitted by the Proponent’s spouse that requested a report on “external social costs created by the compensation policy” of the company and the effect on “overall market returns.” Although the supporting statement referenced issues such as inequality, the economy, corporate purpose, fiduciary duties, social costs of the company’s business model, and other issues that the proposal characterized as “social issue[s] of great importance,” the company argued, and the Staff agreed, that the focus of the proposal related to general employee compensation, not on any tangential implications of employee compensation on general society, and accordingly did not focus on a significant social policy issue.

Moreover, the Staff has consistently concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) relating to wage reform and wage inequality for hourly and non-executive employees, finding that such proposals did not implicate a significant social policy matter. For example, in *Apple, Inc. (Zhao)* (avail. Nov. 16, 2015) the proposal requested that the company’s compensation committee “adopt new compensation principles responsive to America’s general economy, such as unemployment, working hour[s] and wage inequality.” Notably, the supporting statement discussed concerns related to wage inequality by reference to certain executive officers’ compensation. The Staff concurred with exclusion of the proposal as relating to the company’s ordinary business operations, 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.” See also *The Home Depot, Inc.* (avail. Mar. 1, 2017) (concurring with the exclusion of a proposal requesting adoption and publication of principles for minimum wage reform, noting that “the proposal relates to general compensation matters, and does not otherwise transcend day-to-day business matters,” despite the proponent’s assertion that minimum wage was a significant social policy issue); *The TJX Companies, Inc. (Trillium Asset Management, LLC)* (avail. Mar. 8, 2016) (concurring with the exclusion of a proposal requesting that the company adopt minimum wage reform principles and publish them by October 2016, noting that the proposal “relates to general compensation matters”); *Wal-Mart Stores, Inc.* (avail. Mar. 15, 1999) (concurring with the exclusion of a proposal requesting a report that was to include, among

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other things, a description of “[p]olicies to implement wage adjustments to ensure adequate purchasing power and a sustainable living wage” and noting the proposal was excludable under Rule 14a-8(i)(7) because the quoted language “relate[d] to ordinary business operations”). Here, where the proposal does not even address overall compensation levels, but instead is focused only on the allocation of one element of compensation across the workforce, the Proposal focuses on the ordinary business issue of general employee compensation, and as with the precedents cited above, the passing references to wealth inequality do not implicate, much less focus on, a significant social policy issue under Rule 14a-8(i)(7).

CONCLUSION

The Proposal is premised on the Proponent’s view that, notwithstanding the Company’s determination and the views of affected employees who expressed a preference for cash-based compensation over equity awards, the Company should focus on allocating equity-based compensation across its workforce, which the Proponent seeks to advance by requesting an annual report. As demonstrated by the foregoing analysis and precedent, this is exactly the type of day-to-day business matter that Rule 14a-8(i)(7) is intended to avoid. Accordingly, we respectfully request that the Staff concur that the Proposal may be excluded from the Company’s 2022 Proxy Materials pursuant to Rule 14a-8(i)(7).

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.
John Chevedden
James McRitchie

EXHIBIT A

Corporate Governance

CorpGov.net: improving accountability through democratic corporate governance since 1995

[REDACTED]

Mr. David Zapolsky, or current Corporate Secretary
Amazon.com, Inc. (AMZN)
410 Terry Ave North
Seattle WA 98109
Phone: [REDACTED]
FX: [REDACTED]
Via: David.Zapolsky@amazon.com and davidz@amazon.com

Dear Mr. Zapolsky or current Corporate Secretary:

I am submitting the attached shareholder proposal, which I support, for a vote at the next annual shareholder meeting requesting that Amazon.com **Address Wealth Inequality Through an Ownership Culture**, as specified. I pledge to continue to hold the required amount of stock until after the date of that meeting.

My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication. I am available to meet with the Company's representative via phone on December 23, at 11am or 11:30 Pacific or at another day or time that is mutually convenient.

This letter confirms that I am delegating John Chevedden to act as my agent regarding this Rule 14a-8 proposal, including presentation at the forthcoming shareholder meeting but not regarding submission, negotiations or modification, which will require my approval. Please direct future communications regarding my rule 14a-8 proposal to John Chevedden (PH: [REDACTED] [REDACTED]) at: [REDACTED] to facilitate prompt communication. Please cc James McRitchie at [REDACTED].

You can avoid the time and expense of filing a deficiency letter to verify ownership by simply acknowledging receipt of my proposal promptly by email to [REDACTED]. That will prompt me to request the required letter from my broker and to submit it to you. **Per the most recent SEC SLB 14L <https://www.sec.gov/corpfm/staff-legal-bulletin-14l-shareholder-proposals>, Section F, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."** I am requesting acknowledgement of receipt.

Sincerely,


James McRitchie

December 9, 2021

Date

cc: Mark Hoffman <markhoff@amazon.com>
Sarah C. Dods [REDACTED]
Michael Deal <ir@amazon.com>
amazon-ir@amazon.com

[AMZN: Rule 14a-8 Proposal, December 9, 2021]
[This line and any line above it – *Not* for publication.]



Proposal 4* - **Address Wealth Inequality Through an Ownership Culture**

Resolved: Amazon.com Inc ("Company") shareholders request the Board's Compensation, Nominating and Governance and Corporate Governance Committee ("Committee") issue a report annually assessing the distribution of stock-based incentives throughout the workforce (such as but not limited to performance share units, employee stock purchase plans, restricted stock units, and options). The report should include a matrix, sorted by EEO-1 employee classification or another appropriate classification scheme with four or more categories chosen by the Committee, showing aggregate amounts of stock ownership granted and utilized by all U.S Company employees and including associated voting power, if any. The Committee should issue the report before or concurrent with the next annual proxy statement.

Supporting Statement:

Wealth inequality in the United States has increased dramatically,¹ is widely recognized as a *significant social policy issue*,² and brings many problems, such as political polarization.³ Employee ownership is key to addressing this social policy in a bipartisan manner.⁴

Providing stock ownership incentives to boards and executives but not to all U.S. company employees has led to glaring inequality. Our Company's "pay ratio" is "small," 1 to 58, because Mr. Bezos's "pay" mainly consisted of costs related to security. A similar ratio comparing stock ownership by named executives with those of typical U.S. employees would be much higher at our Company and nationally at other companies.

From 1973 to 2018, inflation-adjusted wages for nonsupervisory American workers were flat. Meanwhile, a dollar's worth of stock grew (in real terms) to \$14.09. Hourly wages stagnated. Income from capital ownership accelerated. The top 10% of American households earned 97% of capital gains. Typical White families own nearly 10x the average Black family. Single women own only 36% of what typical men own. That gap is greater for women of color.⁵ Strengthening employee ownership would help address these inequities.⁶

¹ <https://inequality.org/facts/wealth-inequality/>

² <https://www.pewresearch.org/fact-tank/2020/02/07/6-facts-about-economic-inequality-in-the-u-s/>

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2649215

⁴ <https://thehill.com/blogs/congress-blog/politics/512413-employee-ownership-the-wealth-gap-and-the-current-crisis>

⁵ <https://ownershipamerica.org/the-problem/>

⁶ https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute_Employee_Ownership/rutgerskelloggreport_april2019.pdf

Our Company recognizes stock ownership as an incentive for directors and named executives, reporting annually on utilization. We ask our Company to track and disclose similar information and associate voting power for all U.S. employees using meaningful classifications.

Widespread employee ownership is correlated with better firm performance, fewer layoffs, better employee compensation and benefits, higher median household wealth, longer median job tenure, and reduced racial and gender wealth gaps.⁷ It also has a long history of bipartisan support.⁸ Our Company should educate and promote ownership plans and progress towards an engaged employee ownership culture.⁹

Employee engagement and trust are crucial to success. Expanding the Committee's perspective beyond executive compensation would give them "a better grasp on how human talent matters for the company's business strategy and operations."¹⁰ Our Company could benefit shareholders, employees, and the economy by leading on this issue.

Increase Long-Term Shareholder Value
Vote to **Create an Ownership Culture** – Proposal [4*]
[This line and any below, *except for footnotes*, are *not* for publication.]
Number 4* to be assigned by AMZN

The graphic included above is intended to be published with the rule 14a-8 proposal. It would be the same size as the largest management graphic (or highlighted management text) used in conjunction with a management proposal or opposition to a Rule 14a-8 shareholder proposal in the 2022 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal. Reference SEC Staff Legal Bulletin No. 14I (CF) [16].

Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the Company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal conform with Staff Legal Bulletin No. [14B](#) (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the Company objects to factual assertions because they are not supported;

⁷ <https://secureservercdn.net/192.169.220.85/111.986.myftpupload.com/wp-content/uploads/2021/10/WhitePaper-TurningEmployeesIntoOwners.pdf> and <https://www.nceo.org/article/research-employee-ownership>

⁸ <https://www.thirdway.org/report/having-a-stake-evidence-and-implications-for-broad-based-employee-stock-ownership-and-profit-sharing>

⁹ <https://smlr.rutgers.edu/faculty-research-engagement/institute-study-employee-ownership-and-profit-sharing>

¹⁰ <https://www.edelman.com/trust/2021-trust-barometer/belief-driven-employee/new-employee-employer-compact>



James McRitchie, CorpGov.net

- the Company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the Company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the Company, its directors, or its officers; and/or
- the Company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005)

I also take this opportunity to remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. SLB 14L Section F, <https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals>, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."

Corporate Governance

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February 24, 2022

VIA EMAIL: shareholderproposals@sec.gov

Office of Chief Counsel

Division of Corporation Finance

US Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549

cc: sanfordlewis@strategiccounsel.net, tessiep@amazon.com, rmueller@gibsondunn.com

Re: Shareholder Proposal to Amazon.com, Inc. of James McRitchie Regarding Wealth Inequality and Stock Ownership

Ladies and Gentlemen:

I am the beneficial owner of common stock of Amazon.com, Inc. (the "Company") and submitted a shareholder proposal (the "Proposal") to the Company. I am responding to the letter dated Jan. 21, 2022, (the "Company Letter") sent to the Securities and Exchange Commission (the "Commission") by Ronald O Mueller of Gibson Dunn. In that letter, the Company contends my Proposal may be excluded from the Company's 2022 proxy statement. A copy of this letter is being emailed concurrently to Mr. Mueller. Any response to this letter should copy my legal counsel on this matter, Sanford Lewis.

The Proposal requests the Company create and file an annual report disclosing and assessing the distribution of stock ownership incentives throughout the workforce. The Proposal requests the data be included in a matrix and be sorted by EEO-1 employee classification or another appropriate classification scheme. The Company Letter asserts the Proposal relates to general employee compensation policies and practices or management of the workforce, which are solely matters of ordinary business, and that the Proposal does not address an issue that transcends ordinary business.

However, I believe the Proposal provides shareholders with the opportunity to vote on whether the Company should adopt a new and appropriate corporate governance model for disclosure that would ensure investors receive appropriate information on the significant social policy issue of wealth inequality. This would shed light on the skewed distribution of employee stock ownership toward upper management and board members compared to the general workforce. The Company Letter conflates the purpose of the Proposal with the Company's own interpretation as one focused on granting equity awards to a broad group of employees. On the contrary, it simply asks the Company to *report* on the current distribution of such awards, if any, including voting power.

As the proponent, I view this as an essential corporate governance reform. Investors have good reason to want to be informed on how our company distributes shareholder-approved stock among employees.

Investors need this information to inform voting decisions

This is clearly an issue of disclosures that are important to investors. Shareholders are already required under NASDAQ and NYSE filing requirements approved by the Securities and Exchange Commission in 2003 to vote on the approval of equity compensation plans before they can be awarded. It would be incongruous and inappropriate to bar shareholders from requesting a report that would provide, in clear tabular form, the data needed for investors to begin to assess the subsequent impact of their votes on those compensation plans.¹

Although I agree with the Company that the Proposal is not intended to be limited in its scope of disclosure to senior executives and directors, the Company exaggerates the idea that there is a bright-line rule against proposals addressing compensation of rank-and-file employees. Mine is not a general proposal on wages, such as supporting minimum wages or public policies associated with employee wages and working hours. Instead, it is appropriately framed and consistent with proposals seeking disclosure of matters central to the significant social policy issue of wealth inequality.

In fact, Staff Legal Bulletin 14A that discussed the idea of a bright-line rule was issued in 2002, prior to the SEC's approval of the NASDAQ and NYSE requirements for shareholder approval of equity compensation plans. As such, this so-called bright-line rule has never been brought into alignment with the approved NASDAQ and NYSE rules, which necessitate *informed* shareholder voting on equity compensation plans. The current proposal provides the Staff with an opportunity to do so by allowing shareholders to decide if they want this important additional information that would inform their votes.

Staff rulings do not consistently bar proposals on disclosure relative to employee compensation

Contrary to the Company's assertions, the Proposal's request for *disclosure* of distribution of stock ownership incentives throughout the workforce does not equate to excludable ordinary business under Rule 14a-8(i)(7).² 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).

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

¹ *Frequently Asked Questions on Equity Compensation Plans*, NYSE (last revised Dec. 1, 2021), <https://www.nyse.com/publicdocs/nyse/regulation/nyse/equitycompfaq.pdf>; NASDAQ Listing Rule 5635(c), https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-5600-series#nasdaq-rule_5635.

² 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.

allowed exclusion under Rule 14a-8(i)(7). However, subsequent Staff decisions significantly blurred the "bright line" to clarify that consideration of underlying significant policy issues can cause such a proposal to transcend ordinary business. Subsequent disclosure-related requests applying 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 instance, in *Wells Fargo* (Feb. 21, 2019), 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 *global median* pay gap between male and female employees across race and ethnicity, including base, bonus, and equity compensation" (emphasis added).

Additionally, subsequent rulings also found non-excludable proposals directed toward CEO or senior executive compensation have included provisions that either imply decision-making or disclosure based on nonmanagement 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."³

Moreover, I note that many other general workforce-related proposals have been deemed permissible under Rule 14a-8(i)(7) as addressing significant policy issues, such as workforce diversity and racial equity, as well as general standards for the workforce. For example, the Staff made clear in several precedents that proposals asking a company to adopt and enforce a workplace code of conduct based on the International Labor Organization's (ILO) Convention on Workplace Human Rights are not excludable under the ordinary business rule. See, e.g., *E. I. Du Pont de Nemours* (Mar. 11, 2002). The ILO Convention includes a series of principles applicable to workforce management, such as no use of child labor, no discrimination or intimidation in employment, workers' right to form and join unions, workers representatives not subject to discrimination, access to workplaces to carry out representation, and no use of forced labor.

Disclosures on wealth inequality are a significant policy issue

In its 1998 Release, the Commission noted certain tasks are generally considered so fundamental to management's ability to run a company on a day-to-day basis that they could not

³ 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.

be subject to direct shareholder oversight (e.g., the hiring, promotion, and termination of employees, as well as decisions on retention of suppliers, and production quality and quantity). However, proposals related to such matters, but *focused on sufficiently significant social policy issues* (i.e., significant discrimination matters), are generally not excludable.

In this instance, the significant policy issue is wealth inequality and its relationship to the distribution of employee stock ownership. While the Company Letter attempts to dismiss this focus, it is evident that the Proposal is concentrated on this issue, including that the Proposal is titled "Address Wealth Inequality Through an Ownership Culture." Stock compensation packages are a powerful means of creating or reducing wealth inequality. The central purpose behind the Proposal is to inform shareholders about the role the Company is playing in reducing or exacerbating income inequality in its stock-based compensation packages.

Further, the Proposal references EEO categories, an appropriate framework for the reporting system. The EEO categories are the most commonly employed definitions articulating employee categories (e.g., "Executive/Senior level officials and managers" as one category). They also have the most used racial and ethnic categories.⁴

The Company Letter generally cites precedents where rejected proposals attempted to otherwise limit, amend, request, or place a moratorium on employee compensation. Here, the Proposal does no such thing. It merely requests the Company compile a report showing the distribution of *stock-based* compensation packages among employees. Contrary to the Company's citations and arguments, the Proposal does not ask the Company to implement any sort of reform to its current compensation packages. Instead, the Proposal merely requests that the Company publish a report detailing which employees receive stock compensation packages or similar compensation.

Though as a proponent, I believe I would be entitled to do so, in this instance, the Proposal does not request that the Company implement any actual changes to its current compensation practices. The current Proposal is not directive. It does not attempt to alter the outcome of stock ownership arrangements. But at least one Staff decision demonstrates that, under certain circumstances, even such a proposal can transcend ordinary business.⁵ The current Proposal

⁴ In 1966, the Equal Employment Opportunity Commission (EEOC) began requiring companies with 100 or more employees to submit an EEO-1 report, classifying each of their employees as one of nine job categories. Classification is generally based on three criteria: responsibilities and primary duties, knowledge and training and level of skill the job requires.

⁵ In *International Business Machines* (Feb. 16, 2000), the proposal asked the board to adopt a policy that: (1) all employees, regardless of age, will receive the same retirement medical insurance and pension choice as employees who are within five years of retirement; and (2) the portable cash-balance plan will provide a monthly annuity equal to that expected under the old pension plan or a lump sum that is actuarially equivalent. In that instance, there was significant controversy associated with the company's newly announced pension and retirement plans for IBM employees, including Wall Street Journal coverage reporting that some employees would face losses as high as 50% under the new policy. IBM had also acknowledged to some employees that its new individual medical insurance accounts would probably run out of money as they approach old age. The new plan's limited medical insurance is especially a problem for lower-paid workers.

Feeding the outrage was IBM's declaration that it planned to use the \$200 million saved to fund stock options for executives and other targeted employees. Many of IBM's most talented employees did not feel comfortable with their deserved bonus being tied to the reduction of promised retirement pay and

contrasts with proposals that request a specific outcome in stock options, such as canceling equity compensation that affects all employees. *Amazon.com, Inc.* (Mar. 7, 2005). The current Proposal does not require any particular outcome other than appropriate disclosures for investors.

There can be no doubt that wealth inequality, especially in the US, is a significant policy issue. Moreover, the United Nations has recognized wealth inequality as a significant social policy issue that creates many tangible problems, particularly in the United States:

"Income inequality has been compounded by wealth inequality, particularly in countries with already high inequality levels such as the United States of America . . . It is clear that inequality can be a serious threat to social and political stability."

As a result of recognizing such concerns, reducing inequality is one of 17 Sustainable Development Goals⁶ established by the United Nations in 2015. This is a distinct problem facing any corporation headquartered in the United States since income inequality in the US is the highest of *all* the G7 nations.⁷ The wealth gap between "America's richest and poorest families have *more than doubled* from 1989 to 2016" (emphasis added).⁸ This gap has grown even more significant during the pandemic.⁹

The business case for addressing this issue is clear. Widespread employee stock ownership is correlated with better employee and firm performance, fewer layoffs, better employee compensation and benefits, higher median household income, longer median job tenure, and reduced racial and gender wealth gaps. All these positive outcomes would have the effect of reducing wealth inequality in the US.

I have gathered data regarding wealth distribution on a national level. For instance, according to the Congressional Budget Office, 10% of families currently hold 76% of the total wealth in this country.¹⁰ But little data is available on a corporate level, where many of the critical policy

medical insurance for fellow employees. The Staff noted "widespread public debate concerning the conversion from traditional defined benefit pension plans to cash-balance plans and the increasing recognition that this issue raises significant social and corporate policy issues, it is our view that proposals relating to the conversion from traditional defined benefit pension plans to cash-balance plans cannot be considered matters relating to a registrant's ordinary business operations."

⁶ See *United Nations Sustainable Development Goals*, <https://upload.wikimedia.org/wikipedia/commons/d/d5/N1529189.pdf>

⁷ *Organization for Economic Co-operation and Development*, <https://www.oecd.org/social/income-distribution-database.htm>

⁸ Katherine Schaeffer, *6 Facts About Economic Inequality in the U.S.*, Pew Research Center (Feb. 7, 2020), <https://www.pewresearch.org/fact-tank/2020/02/07/6-facts-about-economic-inequality-in-the-u-s/>

⁹ See Peter Coy, *Wealth Inequality Is the Highest Since World War II*, N.Y. Times (Feb. 2, 2022), <https://www.nytimes.com/2022/02/02/opinion/inequality-wealth-pandemic.html>

¹⁰ See *Turning Employees Into Owners: Rebuilding the American Dream*, Ownership America (Oct. 2021), <https://secureservercdn.net/192.169.220.85/111.986.myftpupload.com/wp-content/uploads/2021/10/WhitePaper-TurningEmployeesIntoOwners.pdf>. Among data compiled by the Bureau of Labor Statistics—surveying workers aged 28–34 that were born between Jan. 1, 1980, and Dec. 31, 1984—employee-owners have, relative to workers who are not employee-owners:

- 92% higher median household wealth

decisions are made, and the distribution of stock ownership is clearly a key element. For example, Rutgers' analysis of the General Social Survey estimated that, in 2018, nearly 23 million employees—representing more than 19% of all US workers—owned some share in their employer. However, the bottom 37% of workers had less access to company stock programs.

Below are a few key findings:

- Employee-owners of color have a 30% higher wage income than non-employee owners of color.
- Women employee-owners have a 17% higher wage income than women who are not employee-owners.
- Employee ownership was generally linked to higher income, benefits, gain/profit sharing, training, and involvement in company decision-making.
- Of the low- and moderate-income worker-owners surveyed, those aged 60 to 64 had 10 times more wealth than typical Americans in that age group.¹¹

The trickle-down notion for justifying wealth inequality is accompanied by the assumption that rewarding top corporate employees with abundant cash and stock benefits will ultimately boost the economy and raise all ships. Actual data supports an opposite finding. Economic growth is also hindered as the wealth gap grows.¹² On the other hand, increasing employee ownership—including stock ownership—could significantly improve the distribution of wealth in society.¹³

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- 33% higher income from wages
 - 52% longer median job tenure
 - Almost twice the household net worth

Employee Ownership & Economic Well-Being, Nat. Center for Employee Ownership (May 14, 2017), https://www.ownershipeconomy.org/wp-content/uploads/2017/05/employee_ownership_and_economic_wellbeing_2017.pdf

¹¹ See *Race and Gender Wealth Equity and the Role of Employee Share Ownership*, <https://www.aspeninstitute.org/publications/race-and-gender-wealth-equity-and-the-role-of-employee-share-ownership/>

¹² According to data from the International Monetary Fund:

“An inverse relationship between the income share accruing to the rich (top 20 percent) and economic growth. If the income share of the top 20 percent increases by 1 percentage point, GDP growth is actually 0.08 percentage point lower in the following five years, suggesting that the benefits do not trickle down. Instead, a similar increase in the income share of the bottom 20 percent (the poor) is associated with 0.38 percentage point higher growth.”

Causes and Consequences of Income Inequality: A Global Perspective, IMF (June 2015), <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>

¹³ One study, using data from the Survey of Consumer Finances, found that if businesses were to become 30% employee-owned, it would produce a significant change in the concentration of wealth. Specifically, the wealth share of those with below-median wealth would increase from 1% to 6% of total wealth, and the net wealth of the average black family would increase by more than 400%, from \$24,100 to \$106,271. Additionally, those with only high school diplomas would see similar wealth increases. In 2016, the median white family had \$147,000 in wealth, compared with \$3,600 for Black families and \$6,600 for Latinx families. White women had a median wealth of \$66,930, while that of Black and Latinx women was just \$6,000 and \$6,700, respectively. Thomas Dudley & Ethan Rouen, *Employee Ownership and Wealth Inequality: A Path to Reducing Wealth Concentration*, Harvard Business School Accounting and Management Unit Working Paper No. 22-021 (Sept. 30, 2021), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3942536

Moreover, the issue of wealth inequality in the US is tied to another critically important social policy issue: racial inequality. This is demonstrated by a recent editorial board opinion piece in the Washington Post, titled "Narrowing the US Wealth gap is important. Narrowing the racial wealth gap is urgent."¹⁴ Although many publicly traded companies made racial justice commitments, few report using stock incentives as a means of addressing those commitments. Disseminating access to this data and shedding light on the issue is an essential first step in identifying necessary improvements.

In sum, there is ample evidence the current Proposal is focused on wealth inequality, which is a significant social policy issue in the US today.

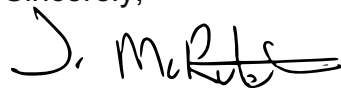
Conclusion

I note in closing that the Company Letter does not assert that the proposal is substantially implemented. Still, it does begin on page 2 by talking about the Company's pride in its ownership culture. In addition, the Company Letter notes the *opportunities* for employees to acquire company stock. Yet, it does not describe the outcome or distribution of that stock among its classes of employees. Under such circumstances, it should be a no-brainer for the company to be transparent as requested by the Proposal to disclose the relative distribution of stock ownership among employees at all levels.

Under Rule 14a-8(g), the burden of proof falls on the company to show the proposal may be excluded. Here, the Company has failed to demonstrate the Proposal is excludable under Rule 14a-8(i)(7). Therefore, we request Staff inform the Company that SEC proxy rules require denial of the Company's no-action request.

We would be pleased to respond to Staff questions or negotiate with Amazon.com, Inc. mutually agreeable terms for withdrawing the Proposal.

Sincerely,



James McRitchie
Shareholder Advocate

¹⁴ *Narrowing the Wealth Gap is Important. Narrowing the Racial Wealth Gap is Urgent*, Washington Post (July 30, 2021 <https://www.washingtonpost.com/opinions/2021/07/30/us-wealth-gap-race/>)