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

DIVISION OF
CORPORATION FINANCE

April 3, 2023

Ronald O. Mueller
Gibson, Dunn & Crutcher LLP

Re: Amazon.com, Inc. (the "Company")
Incoming letter dated January 20, 2023

Dear Ronald O. Mueller:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by Sara Sackner for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the board publish a report disclosing how the Company is protecting its 401(k) plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

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/2022-2023-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Sanford Lewis

GIBSON DUNN

Gibson, Dunn & Crutcher LLP

1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Tel 202.955.8500
www.gibsondunn.com

Ronald O. Mueller
Direct: +1 202.955.8671
Fax: +1 202.530.9569
RMueller@gibsondunn.com

January 20, 2023

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 Sara Sackner
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 2023 Annual Meeting of Shareholders (collectively, the "2023 Proxy Materials") a shareholder proposal (the "Proposal") and statement in support thereof (the "Supporting Statement") received from Sara Sackner (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 2023 Proxy Materials with the Commission; and

- concurrently sent copies 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.

THE PROPOSAL

The Proposal states:

> **BE IT RESOLVED:** Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

A copy of the Proposal and the Supporting Statement, as well as correspondence with the Proponent directly relevant to this no-action request, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2023 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).

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," 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 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.[1]

The Proposal requests that the Company's board of directors (the "Board") prepare a report disclosing "how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options."[2] The Supporting Statement suggests that the report assess the performance of the default investment options by including an analysis of "the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance" and "whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement."

---

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

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

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, including the default investment option, based on economic factors the fiduciary "reasonably determines are relevant to a risk and return analysis" for the particular investment or investment course of action;[3] in addition, the responsible plan 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 benefits or goals unrelated to interests of the participants and beneficiaries in their retirement income or financial benefits under the plan."[4] Accordingly, the Plan fiduciary takes into account a variety of potential risks, reward opportunities, and goals—including, but not limited to, those related to climate change—allowing Plan participants to diversify their investments and pursue their individual retirement objectives and financial interests.[5] 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-themed funds (in addition to thousands of other investment funds).

The Proposal is focused on the management of benefits under one of the Company's employee benefit plans, as it addresses specifically the default investment option provided to Plan participants and the resulting impact on the Company's recruiting and retention efforts. 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. (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

---

3 87 Fed. Reg. 73,827 (Dec. 1, 2022) (to be codified at 29 C.F.R. § 2550.404a-1).

4 *See* 87 Fed. Reg. 73,885 and 29 C.F.R. § 2550.404a-1(c) (which language will remain unchanged following the January 30, 2023 effective date of the final rules published by the Department of Labor in the Federal Register).

5 Notably, the recitals rate investment funds under the Plan in terms of carbon emissions, and not in terms of investment quality or investment returns.

"[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 Company's (default) investment options for 401(k) plan participants, and the recitals discuss the "likelihood of significant negative impacts to [workers'] retirement portfolios" and the risks associated with the Company's ability to "attract and retain top talent" as a result of the Plan's default investment option. Here, the Proposal more overtly relates to the Company's ordinary business operations as it focuses on returns generated for beneficiaries under the Company's default investment options (rather than the availability of sustainable investment options for the beneficiaries as in *FedEx*). Therefore, 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 pursuant to Rule 14a-8(i)(7) of proposals relating to the administration of benefits provided under employee retirement plans. *See General Electric Co.* (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 retirees); *ConocoPhillips* (avail. Feb. 2, 2005) (concurring with the exclusion of a proposal to eliminate pension plan offsets as ordinary business operations relating to employee benefits); *Gannett Co.* (avail. Dec. 18, 2002) (concurring with the exclusion of a proposal requesting the board of directors make certain changes to the administration of the company's retirement plan); *SBC Communications, Inc.* (avail. Jan. 3, 1997) (concurring with the exclusion of a proposal seeking to establish a pension overview committee).

Here, the Proposal requests a report reviewing "the Company's default retirement 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 focuses on the administration of benefits under an employee benefit plan, specifically evaluation and selection of the investments in the default option. 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:

- focuses on the "default investment option" applicable to all of the Company's employee retirement funds;
- expresses concern over "workers' life savings" and "workers' portfolios";
- references the "employee recruitment and retention landscape" and speculates that the current Plan options "may make it more difficult for [the Company] to attract and retain top talent";
- references "employee loyalty and satisfaction"; and
- requests that the report include an analysis of the impact the investment options have on beneficiaries with differing investment horizons (i.e., "younger beneficiaries" compared to "participants closer to retirement").

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).

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) ("[i]n 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 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).

In contrast, proposals that refer to 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 *Amazon.com, Inc.* (avail. April 10, 2018) ("*Amazon 2018*"), a proposal requested that the Company issue a report "on company-wide efforts to assess, reduce and optimally manage food waste" and asserted in the supporting statement that the proposal would "help achieve sustainability goals" and "combat climate change and hunger." In a supplemental letter, the Company argued that the proposal "focuse[d] primarily on the economic and routine operational aspects of food waste" rather than any particular significant policy issue. The Staff concurred that the proposal could be excluded under Rule 14a-8(i)(7). *See also Amazon.com, Inc. (AFL-CIO Reserve Fund)* (avail. Apr. 8, 2022) ("*Amazon (AFL-CIO)*") (concurring with the exclusion of a proposal requesting a report on the Company's workforce turnover rates and labor market changes resulting from the COVID-19 pandemic noting that "the [p]roposal . . . does not focus on significant social policy issues"); and *Amazon.com, Inc. (McRitchie)* (avail. Apr. 8, 2022) ("*Amazon (McRitchie)*") (concurring with the exclusion of a proposal requesting an annual report on the distribution of stock-based incentives throughout the workforce despite referring to wealth inequality in the United States as a significant policy issue).

The Proposal does not implicate a significant social policy issue because, despite the Proponent's references to climate change, the central focus of the Proposal is the default investment option under the Plan and whether the investments in the default option are in the best interests of employees. Importantly, the Proposal is not focused on and does not address any 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 may generate greenhouse gas emissions (as in *Exxon Mobil* (avail. Mar. 23, 2007)). Similarly, the Proposal does not address any risks and opportunities to the Company associated with a global transition towards a lower emissions energy system (as in *ConocoPhillips* (avail. Mar. 19, 2021)). As well, the Proposal is not focused on the alignment of the Company's retirement plan options with the Company's own climate change goals. In this respect, the Proposal differs from *Amazon.com, Inc. (Raphael et al.)* (avail. Apr. 8, 2022) ("*Amazon (Raphael)*") in which the Staff determined that a proposal requesting "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" was not excludable under Rule 14a-8(i)(7) because the proposal transcended ordinary business matters.[6]

Unlike the proposal in *Amazon (Raphael)* and the other climate change-focused letters cited in the preceding paragraph, the Proposal is focused on the default investment option under the Plan and whether it provides a sufficient level of security and benefits for certain participants in the Plan. Just as in *Amazon 2018*, *Amazon (AFL-CIO)*, and *Amazon (McRitchie)*, simply making a connection between the subject matter of a proposal and a significant policy issue like climate change does not 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 [did] 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 subject matter of the Proposal is not a significant social policy issue, but instead relates to the financial benefits provided through the Plan. The Proposal and Supporting Statement seek to suggest that the performance of default investment alternatives available under the Plan implicate a significant social policy issue that should be considered by the Company's shareholders by asserting that the Company "is generating climate risk . . . to workers' portfolios." While the law permits the Plan fiduciary to factor in economic factors relating to climate change (among other considerations) when selecting investment options, the fundamental concern is to maximize the benefits for Plan participants which the Plan fiduciary does by factoring in <u>all</u> relevant economic factors in making its decisions rather than limiting its risk analysis solely to climate change considerations, as posited by the Proposal. 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. Accordingly, the Proposal does not focus on a significant policy issue and therefore does not transcend ordinary business matters.

---

[6] In *Amazon (Raphael)*, counsel for the proponents there argued that the proposal was "focused on the apparent misalignment between its reputation and the Company's retirement plan options. The [p]roposal 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." Letter from Sanford J. Lewis to the Staff (Feb. 23, 2022).

CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2023 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
Shareholder Engagement, As You Sow
Sara Sackner

EXHIBIT A

VIA FEDEX & EMAIL

December 14, 2022

David A. Zapolsky
Senior Vice President, General Counsel, and Secretary
Amazon.com, Inc.
410 Terry Avenue North
Seattle, Washington 98109
[redacted]

cc: amazon-ir@amazon.com
Andrew Behar, [redacted]

Dear Mr. Zapolsky,

I am submitting the attached shareholder proposal, which I support, for a vote at Amazon.com's 2023 annual shareholder meeting requesting Amazon.com's Board publish a report, demonstrating if and how the Company's 401(k) retirement Plan funds are protecting both near-term and long-term defined contribution plan beneficiaries' retirement funds from climate risk.

I will meet Rule 14a-8 requirements including the continuous ownership of the required stock value until after the date of the Company's next annual shareholder meeting in 2023. These shares are held by myself in my personal account.

My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

I am available to meet with Amazon.com's' representative at the following times:

- Wed. January 11 at 9:00 Pacific
- Wed. January 11 at 9:30 Pacific

This letter confirms that I am delegating Andrew Behar to act as my agent regarding this Rule 14a-8 proposal, including negotiations and/or modification, and presentation at the forthcoming shareholder meeting. Please direct all future communications regarding my rule 14a-8 proposal to Andrew Behar at [redacted] to facilitate prompt communication. Please send all correspondence **with a copy to** [redacted].

Your consideration and that of the Board of Directors is appreciated in support of the long-term performance of Amazon.com. Please confirm receipt of my proposal promptly by emailing me at [redacted].

Sincerely,
Sara Sackner
Sara Sackner
Shareholder

Enclosures

- Shareholder Proposal

WHEREAS: Climate change poses a growing, systemic risk to the economy. If global climate goals are not met, workers face the likelihood of significant negative impacts to their retirement portfolios. Swiss Re estimates a 4% decline in global GDP by 2050 if global temperature increases are kept below 2 degrees Celsius, but up to an 18% decline without effective mitigation.[1]

Amazon has taken actions to address climate change by committing to achieve net-zero Scope 1 and 2 greenhouse gas emission reductions by 2040 and 100% renewable energy use by 2025.[2] Yet, even while it transitions its business away from fossil fuels, our Company's 401(k) retirement plan ("Plan") invests significantly in companies that contribute to climate change, jeopardizing workers' life savings.

Employee retirement funds are automatically invested in the Plan's default investment option unless employees proactively choose different investments. Thus, the majority of the Amazon Plan's $17.4 billion in assets are invested in the default option.[3]

Amazon has selected Vanguard Target Retirement funds as the Plan's default offering, which invest significantly in fossil fuel companies and companies contributing to deforestation.[4] By investing employees' retirement savings in companies with outsized contributions to climate change, Amazon is generating climate risk, including transition risk and long-term systemic risk, to workers' portfolios.

Amazon's default 401(k) choice risks compromising its obligation to select retirement plan investment options in the best interests of its plan participants, including those with retirement dates more than a decade out.

In the increasingly competitive employee recruitment and retention landscape, failing to minimize material climate risk in its default 401(k) plan option may make it more difficult for Amazon to attract and retain top talent. Employee polling indicates that firms' environmental records are an important consideration in choosing a job.[5] Employee polling also reveals increasing demand for climate-safe retirement plan options.[6]

Given the threat that climate change poses to employee's life savings, our Company can help ensure employee loyalty and satisfaction, and demonstrate that it is actively safeguarding all employee retirement savings, no matter when they are set to retire, by minimizing climate risk in its Plan offerings, especially the default option. The federal government recently clarified that fiduciaries may appropriately consider climate risk in the selection of plan offerings, including in the default option.[7]

RESOLVED: Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

SUPPORTING STATEMENT: The report should include, at Board discretion, an analysis of:

---

[1] https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks html
[2] https://sustainability.aboutamazon.com/pdfBuilderDownload?name=sustainability-all-in-september-2020
[3] https://iyv-charts.s3.us-west-2.amazonaws.com/retirement-plans/amazon-com/amazon-401k-plan-form-5500-filing-and-attachment-2021.pdf
[4] https://investyourvalues.org/retirement-plans/amazon-com
[5] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx
[6] https://www.cnbc.com/2019/04/09/workers-want-elusive-socially-responsible-investments-in-401k-survey html
[7] https://www federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights

- the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time;
- whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement.

Sanford Lewis & Associates

PO Box 231
Amherst, MA 01004-0231
413 549-7333
sanfordlewis@strategiccounsel.net

February 21, 2023

VIA EMAIL

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549
Email: shareholderproposals@sec.gov

Re: Shareholder Proposal to Amazon.com, Inc.
Regarding 401(k) Plan Climate Risk on Behalf of Sara Sackner

Ladies and Gentlemen:

Sara Sackner (the "Proponent") is the beneficial owner of common stock of Amazon.com, Inc. (the "Company" or "Amazon") and has submitted a shareholder proposal (the "Proposal") to the Company.

I write in response to the no action letter dated January 20, 2023 (the "Company Letter") sent to the Securities and Exchange Commission by Ronald O. Mueller of Gibson Dunn & Crutcher LLP. In the Company Letter, Amazon contends that the Proposal may be excluded from the Company's 2023 proxy statement. Proponent's response follows. A copy of this letter is being emailed concurrently to the Company and its counsel.

The discussion below demonstrates that the Company has no basis under Rule 14a-8 for exclusion of the Proposal. As such, the Proponent respectfully requests that the Staff inform the Company that it is denying the no action request.

SUMMARY

Amazon manages a 401(k) defined contribution plan (the "Plan") on behalf of its employees. The Plan has more than $17.4 billion in assets under management, with 56% of those assets invested in a series of funds that constitute the Plan's default option: the Vanguard Target Retirement Funds Series. A significant portion of the longer-term target date funds in this series are invested in fossil fuel companies. The investment by Amazon of its employees' retirement dollars in high carbon companies creates long-term climate risk to beneficiaries' retirement security, creates reputational risk to the Company, and threatens to undo the commitments the Company has made to reduce the greenhouse gas emissions from its operations. The Proposal requests that the Board prepare a report describing how the Company is protecting Plan beneficiaries whose longer-term investment horizons put their retirement funds at greater climate risk due to the Company's high carbon default retirement options.

The Company asserts that the Proposal is excludable under Rule 14a-8(i)(7) as relating primarily to "the compensation and benefits provided to employees." This Proposal does not relate primarily to "compensation and benefits" but focuses instead on the introduction of additional systemic climate risk from the Company's default retirement funds that disproportionally affects the Company's younger employees. As the Staff concluded last season, the issue of climate risk in the Company's 401(k) plan transcends ordinary business. The current Proposal transcends ordinary business and is not excludable under Rule 14a-8(i)(7).

THE PROPOSAL

WHEREAS: Climate change poses a growing, systemic risk to the economy. If global climate goals are not met, workers face the likelihood of significant negative impacts to their retirement portfolios. Swiss Re estimates a 4% decline in global GDP by 2050 if global temperature increases are kept below 2 degrees Celsius, but up to an 18% decline without effective mitigation.[1]

Amazon has taken actions to address climate change by committing to achieve net-zero Scope 1 and 2 greenhouse gas emission reductions by 2040 and 100% renewable energy use by 2025.[2] Yet, even while it transitions its business away from fossil fuels, our Company's 401(k) retirement plan ("Plan") invests significantly in companies that contribute to climate change, jeopardizing workers' life savings.

Employee retirement funds are automatically invested in the Plan's default investment option unless employees proactively choose different investments. Thus, the majority of the Amazon Plan's $17.4 billion in assets are invested in the default option.[3]

Amazon has selected Vanguard Target Retirement funds as the Plan's default offering, which invest significantly in fossil fuel companies and companies contributing to deforestation.[4] By investing employees' retirement savings in companies with outsized contributions to climate change, Amazon is generating climate risk, including transition risk and long-term systemic risk, to workers' portfolios.

Amazon's default 401(k) choice risks compromising its obligation to select retirement plan investment options in the best interests of its plan participants, including those with retirement dates more than a decade out.

In the increasingly competitive employee recruitment and retention landscape, failing to minimize material climate risk in its default 401(k) plan option may make it more difficult for Amazon to attract and retain top talent. Employee polling indicates that firms' environmental

---

[1] https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html
[2] https://sustainability.aboutamazon.com/pdfBuilderDownload?name=sustainability-all-in-september-2020
[3] https://iyv-charts.s3.us-west-2.amazonaws.com/retirement-plans/amazon-com/amazon-401k-plan-form-5500-filing-and-attachment-2021.pdf
[4] https://investyourvalues.org/retirement-plans/amazon-com

records are an important consideration in choosing a job.[5] Employee polling also reveals increasing demand for climate-safe retirement plan options.[6]

Given the threat that climate change poses to employee's life savings, our Company can help ensure employee loyalty and satisfaction, and demonstrate that it is actively safeguarding all employee retirement savings, no matter when they are set to retire, by minimizing climate risk in its Plan offerings, especially the default option. The federal government recently clarified that fiduciaries may appropriately consider climate risk in the selection of plan offerings, including in the default option.[7]

RESOLVED: Shareholders request that the Board publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options.

SUPPORTING STATEMENT: The report should include, at Board discretion, an analysis of:

- the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time;
- whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than participants closer to retirement.

BACKGROUND

Like many defined contribution plans, the Amazon.com's employee 401(k) plan consists of a "menu" of investment alternatives from which employees may choose. However, the Plan includes a "default alternative" into which employees' contributions (*i.e.*, their deferred wages) are invested if the employees do not select an alternative. The Company's default alternative consists of a "family" of target-date funds: the Vanguard Target Retirement Funds. Target-date retirement funds are "dated" to a particular year in the future, such as 2050, and chosen or assigned based on the dates closest to when an employee anticipates retiring. The fund gradually shifts the balance of its allocations over time from riskier to more conservative as the retirement date draws nearer.

The chosen default alternative faces significant exposure to climate risk. For example, the 2050 target date fund has 8.9 percent of its total value invested in fossil fuel companies.

The Proposal asks the Company to issue a report to explain how it is protecting Plan

[5] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx

[6] https://www.cnbc.com/2019/04/09/workers-want-elusive-socially-responsible-investments-in-401k-survey.html

[7] https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights

beneficiaries with a longer investment time horizon from climate risk inherent in the Company's high carbon default retirement options. It also suggests that in the discretion of the board, the report should analyze the degree to which carbon-intensive investments in the default investment option contribute to greater beneficiary risk and reduced Plan performance over time and whether carbon-intensive investments in the default investment option put younger beneficiaries' savings at greater risk than it does for participants closer to retirement age.

ANALYSIS

I. The Proposal Focuses on a Significant Social Policy Issue That Transcends Ordinary Business and Does Not Micromanage the Company

A. Background on Rule 14a-8(i)(7)

Virtually all shareholder proposals bear some relationship to an aspect of a company's business or operations. Nonetheless, ordinary business matters are appropriate subjects for shareholder proposals if they have major implications for society or if they implicate matters of significant social policy and do not micromanage a company.

In 1998, the Commission issued Release No. 34-40018 (May 21, 1998) (the "1998 Release"), updating and interpreting the ordinary business rule by both reiterating and clarifying past precedents. To date, the 1998 Release serves as the Commission's authoritative interpretation of the meaning and scope of the ordinary business exclusion. In it, the Commission summarized two central considerations in making ordinary business determinations: first, whether the proposal addresses a significant social policy issue, and second, whether it micromanages.

> The first relates to the subject matter of the proposal. Certain 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. Examples 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. However, proposals relating to such 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.

Subsequent statements from the Staff have repeatedly confirmed that proposals addressing core business matters are not excludable when they implicate significant issues of social policy. "Thus, a proposal may transcend a company's ordinary business operations even if the significant social policy issue relates to the 'nitty-gritty' of its core business." Staff Legal Bulletin No. 14H (Oct. 22, 2015). A proposal that addresses an "issue[] with a broad societal impact," even through the lens of the company's day-to-day operations, therefore "transcend[s] the ordinary business of the company." Staff Legal Bulletin No. 14L (Nov. 3, 2021).

Here, it is evident that the current Proposal fits squarely within the exception described by the Commission. The focus of the proposal is squarely on climate change, even as it involves one set of "ordinary business" types of decisions -- the configuration of employee retirement plans. As such, the focus on the retirement accounts' impact on climate change and the impact of climate change on the employees as retirees, transcends ordinary business.

A proposal that passes through the first prong and addresses a transcendent policy issue can still be excluded if the level of detail is inappropriate, that is, if it micromanages. The second prong of the 1998 release addresses the appropriate level of detail in a proposal's request.

> The second consideration relates to the degree to which the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. This consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.

The Commission made it clear in the 1998 release that not all "time frames" or "details" in a proposal's request would entail micromanagement:

> Some commenters thought that the examples cited seemed to imply that all proposals seeking detail, or seeking to promote time-frames or methods, necessarily amount to "ordinary business." [The] We did not intend such an implication. Timing questions, for instance, could involve significant policy where large differences are at stake, and proposals may seek a reasonable level of detail without running afoul of these considerations.

Thus, in evaluating a proposal for micromanagement, the critical issue is whether the proposal seeks "a reasonable level of detail" without crossing the line into a level of granularity that drills down too far either for investor comprehension or management discretion. In the present instance, the proposal does neither.

B. Consistent with Last Year's Proposal and Precedent, the Proposal's Focus on Climate Change Transcends the Ordinary Business Element of Managing Employee Benefits.

The Company argues that the Proposal is excludable under Rule 14a-8(i)(7) because it relates to "general employee compensation and benefits" and that the Proposal does not focus on a significant social policy that transcends ordinary business.

As noted above, proposals related to a company's day-to-day business are generally not excludable if they are focused on a significant social policy issue. Last year, the Staff concluded that a proposal regarding Amazon's employee retirement plans that focused on climate change and congruency with company values "transcend[ed] ordinary business matters." *Amazon.com, Inc. (Raphael)* (Apr. 8, 2022). The 2022 Proposal requested that the Company "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."

1. ***The Proposal raises the issue of the impact of climate change on employees' retirement accounts.***

Despite the Staff's finding that a proposal relating to the climate impact of the Company's 401(k) retirement account was not excludable under Rule 14a-8(i)(7) last year, the Company reiterates its arguments that the current Proposal is excludable because it "relates to general employee compensation and benefits." The Company cites a series of Staff precedents, the most recent of which is from 2016, which the Company argues demonstrates that "proposals relating to the administration of benefits provided under employee retirement plans" are excludable under the Rule. The Company relied on the same argument and precedents in its failed no-action attempt from last season, in seeking to exclude the proposal "because it relates to general employee compensation and benefits," and cited *FedEx Corp. (Roman)* (July 7, 2016); *General Electric Co.* (Dec. 14, 2010); *International Business Machines Corp.* (Dec. 11, 2009); *Honeywell International Inc.* (Jan. 22, 2009); *E.I. du Pont de Nemours and Co.* (Jan. 21, 2009); *AT&T Inc.* (Nov. 19, 2008); *Citigroup Inc.* (Dec. 31, 2007); *Ford Motor Co.* (Feb. 20, 2007); *Aetna Inc.* (Feb. 14, 2005); *ConocoPhillips* (Feb. 2, 2005); *Gannett Co.* (Dec. 18, 2002); and *SBC Communications, Inc.* (Jan. 3, 1997).

The changes in the focus of the current Proposal, addressing the climate impact of the Company's default 401(k) investment alternative, are not sufficient to cause the Staff to diverge in finding that the Proposal transcends ordinary business. The current proposal focuses on the recognized impact of climate change on retirement plans – in particular, the systemic risk associated with default investment of retirees' accounts in a manner that increases, and does not decrease, the systemic risk associated with climate change.

The Company argues that because the Proposal focuses on the "'default investment option' applicable to all of the Company's employee retirement funds" it therefore "relates to the Company's ordinary business." Company Letter at 6-7. While choices of retirement funds may generally be considered ordinary business, the Proposal's focus exclusively on the **climate impact** of the Company's default retirement option and resultant risks to employees' retirement funds transcends ordinary business. The climate impact focus of the Proposal is no less of a transcendent policy issue than the focus on congruency with company climate goals.

The Proposal targets the issue of systemic climate transition risk. Continued investment of pension funds, such as the default options offered by the Amazon 401(k) plan, in high carbon companies is implicated by and central to the current understanding that investment misaligned with global climate goals poses systemic risk to the broader economy and will have an outsized impact on future retirees' portfolio performance. Moreover, such impacts will likely exceed any offsetting impacts in increased value from companies that may find some benefit in perpetuating high carbon activities. It is these questions on which the Proposal asks the Company to report.

These concerns have been expressed and are subject to significant debate in the current investment marketplace. An emerging understanding in the investment community is that climate change will dramatically affect portfolio-wide values by causing widespread detrimental changes in the economy, also referred to as the "beta" effect on portfolio values. Some analyses have concluded that the systemwide economic impact of climate change threatens to swamp investment stock picking strategies ("alpha" strategies):

> It is not that alpha does not matter to an investor . . . but that the impact of the market return driven by systematic risk swamps virtually any possible scenario created by skillful analysis or trading or portfolio construction.[1]

As a recent report on this issue noted:

> Due to the outsized risks it poses to the economy, climate change is the quintessential system-wide risk. Put proverbially, diversified investors who allow portfolio companies to emit GHG to an extent that threatens the economy in order to maximize enterprise value are rearranging the deck chairs on the Titanic as the iceberg looms ever closer.[2]

Thus, the focal issue of the Proposal, the climate risk inherent in investing employees' retirement dollars in high-carbon companies, is a transcendent issue.

This is also matter of significant social debate. Numerous states have enacted legislation concerning the topic, either requiring public pension funds to divest from fossil fuels or requiring public pension funds to divest from companies that "boycott" fossil fuels; legislation on the matter is increasingly common.[3] Likewise, numerous large public funds have either divested from fossil fuels or announced plans to do so.[4] Recently, the Department of Labor amended the regulations implementing the ERISA statute governing the management of 401(k) plans to clarify that ESG considerations, which climate change falls within, are appropriate for plan fiduciaries to take into account.[5] Several states and other plaintiffs have sued to block the rules.[6]

---

[1] Jon Lukomnik and James P. Hawley, Moving Beyond Modern Portfolio Theory: Investing That Matters (Routledge, 2021).

[2] https://theshareholdercommons.com/wp-content/uploads/2022/09/Climate-Change-Case-Study-FINAL.pdf

[3] https://www.sierraclub.org/maine/blog/2021/06/maine-becomes-first-state-pass-law-divest-fossil-fuels; https://www.texastribune.org/2022/08/24/texas-boycott-companies-fossil-fuels; https://www.nj.com/news/2022/10/nj-could-divest-its-92b-pension-fund-from-fossil-fuels-what-it-means-financially-and-for-climate-change.html; https://www.pionline.com/esg/california-bills-call-calpers-calstrs-divest-fossil-fuels-company-climate-disclosure.

[4] https://www.institutionalinvestor.com/article/b1wpqrffxtkn7c/New-York-s-State-Pension-Fund-Announces-Plan-to-Divest-From-21-Oil-and-Gas-Companies; https://www.opb.org/article/2022/11/16/oregon-treasurer-wants-state-pension-fund-divest-fossil-fuels; https://www.ai-cio.com/news/chicago-teachers-pension-fund-to-reorientate-portfolio-to-fully-offset-fossil-fuel-investments/.

[5] https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/final-rule-on-prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights

[6] https://www.cnn.com/2023/01/27/investing/biden-esg-lawsuit/index.html

In short, retirement plans' climate risk is a matter of significant social policy debate.

2. The Proposal's focus on the Plan's default investment alternative does not alter the conclusion that the Proposal focuses on a significant policy issue.

Staff Legal Bulletin No. 14L recognizes that the social policy "exception" to Rule 14a-8(i)(7) is "essential for preserving shareholders' right to bring important issues before other shareholders by means of the company's proxy statement." In determining whether the exception is applicable, the Staff "consider[s] whether the proposal raises issues with a broad societal impact such that they transcend the ordinary business of the company." *Id.*

As the Staff determined last season, the Plan's investments in high carbon fossil fuel companies raise issues of significant social import, deserving of shareholder attention. *See Amazon.com, Inc. (Raphael)* (Apr. 8, 2022) (proposal seeking assessment of how Amazon's high carbon 401(k) retirement plan aligns with its climate action goals "transcend[ed] ordinary business").

The Company Letter attempts to claim that the current Proposal is distinguishable from the 2022 proposal because instead of focusing on the Company's values alignment it instead seeks to directly examine the ***climate risk*** associated with investing in high carbon companies, including 401(k) retirees.

Financial decisions across the economy, including the substantial investment of Amazon employees' retirement monies in companies that are fueling the climate crisis, is a significant public policy issue. This Proposal, in particular, focuses on a core mechanism by which retirement plans contribute to the climate crisis: the investment of a majority of plan assets into a default alternative that is significantly exposed to high-carbon companies and which thereby exacerbate climate risk.

At least since the 2009 publication of Staff Legal Bulletin 14E and the 2010 Climate Guidance, it has become clear that proposals requesting analysis of *financial impacts* of climate policy on a company are not excludable under Rule 14a-8(i)(7). This became apparent in the Staff's determinations in no-action requests regarding two shareholder proposals in *Goldman Sachs* (February 7, 2011 and March 1, 2011), finding that climate proposals at that financial institution were not excludable as relating to ordinary business, regardless of whether they sought analysis of the firm's risk *to the climate* (March 1, 2011) or of the *climate-related risks to the firm* (February 7,2011). Goldman Sachs argued for exclusion by claiming that disclosure of business risks related to climate change pertained to matters of the company's ordinary business operations. The Staff found both proposals non-excludable because they focused on the "significant policy issue of climate change." Likewise, in *PNC Financial Services Group, Inc.* (February 13, 2013), the proposal asked a bank to assess the greenhouse gas emissions resulting from its lending portfolio and its exposure to climate change risk in its lending, investing and financing activities.

The Company relies heavily, as it did last season, on *FedEx Corp.* (July 7, 2016). *FedEx* remains distinguishable. There, the Proposal asked the Board to direct company management to include a fossil fuel-free alternative in its 401(k) plan. The current Proposal, like last season's, does not ask the board to change company retirement plan options, but instead to assess and report on the climate risk created by the current allocations.

Moreover, the Company's statement that the climate focus of the Proposal is only "tangential" and does not transcend ordinary business is unpersuasive. Unlike *Amazon.com, Inc.* (avail. April 10, 2018), in which Staff found that a proposal "focuse[d] primarily on the economic and routine operational aspects of food waste" did not rise to the level of a significant policy issue, the Proposal here does not merely focus on the routine investment choices of the Company's default funds. Rather, it focuses on the issue of climate change and the systemic climate risk caused by investors, including company employees, investing billions of employee retirement dollars in high carbon companies over time. Climate impact and risk has consistently been found to be a significant public policy issue.

The Company has chosen a default option that invests heavily in high carbon companies, including fossil fuels. These investments exacerbate growing climate risk faced by the planet and employees' retirement accounts. Ensuring that the Company is managing this climate risk, including the climate risk which redounds across portfolios and creates climate risk to employee retirement funds, is properly a matter for shareholder consideration. A proposal asking for a report on the management of this risk is not excludable under Rule 14a-8(i)(7) because it transcends the Company's ordinary business.[7]

C. The Proposal Does Not Micromanage the Company.

In evaluating a proposal for micromanagement, the critical issue is whether the proposal seeks "a reasonable level of detail" without crossing the line into a level of granularity that drills down too far either for investor comprehension or management discretion.

From this it is evident that the present Proposal does not micromanage. The Proposal requests a report disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk in the Company's default retirement options; the details of such a report are left in the discretion of board and management. The Proposal also invites, but does not require, disclosure of further metrics, and discussion of any action the company is taking to reduce the problematic impacts.

The focus of the proposal on protection of younger employees against the long-term risks of climate change to their retirement accounts is a well-recognized issue across the economy and across the investment community. Investors will have no problem comprehending the focal question posed by the Proposal. The requested report will be relevant and useful to investors in understanding whether and how this company is aligning the substantial risks of climate change against its employee beneficiary interests, and thereby getting transparency into an important

[7] The Company also raises some practical objections to the Proposal. For example, it suggests the Proposal is inappropriate because management, and not the Board, governs the Plan. *See* Company Letter at 4. This argument was raised and answered last season. *See Amazon.com, Inc. (Raphael*) (Apr. 8, 2022) (proponent response at 9).

issue with implications for employee retention and loyalty and reputational risk, among others.[8]

CONCLUSION

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2023 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,

Sanford Lewis

[8] It could also provide investors with important insights that could prove relevant to their broader investment strategies, i.e. whether they may need to adjust their own investment strategies to better address these systemic risks.