Egan-Jones Proxy Services

Research Report

Company		Ticker Symbol	CUSIP
AMAZON.COM, INC.		AMZN	023135106
Guideline	**Meeting Date**	**Record Date**	**Date Published**
Standard	05/26/21	04/01/21	05/21/21

(delivered to most major institutional investors and parties interested in proxy matters)

Our recommendations are received by most major investors.

Meeting Information	
Meeting Type	Annual
Meeting Date	05/26/21
Record Date	04/01/21

Items & Recommendations

We recommend that clients holding shares of AMAZON.COM, INC. vote:

Item	Egan-Jones Recommendation	Management Recommendation
1A - 1J – Election of Directors	FOR, WITH EXCEPTION OF Jonathan J. Rubinstein; Thomas O. Ryder	FOR ALL
2 – Ratification of Auditor	AGAINST	FOR
3 – Advisory Vote on Executive Compensation	FOR	FOR
4 – Shareholder Proposal Requesting a Report on Customer Due Diligence	FOR	AGAINST
5 – Shareholder Proposal Requesting a Mandatory Independent Board Chair Policy	FOR	AGAINST
6 – Shareholder Proposal Requesting Additional Reporting On Gender/Racial Pay	FOR	AGAINST
7 – Shareholder Proposal Requesting a Report on Promotion Data	AGAINST	AGAINST
8 – Shareholder Proposal Requesting a Report on Packaging Materials	AGAINST	AGAINST
9 – Shareholder Proposal Requesting a Diversity and Equity Audit Report	FOR	AGAINST
10 – Shareholder Proposal Requesting an Alternative Director Candidate Policy	FOR	AGAINST
11 – Shareholder Proposal Requesting a Report on Competition Strategy and Risk	AGAINST	AGAINST
12 – Shareholder Proposal Requesting an Additional Reduction in Threshold for Calling Special Shareholder Meetings	AGAINST	AGAINST
13 – Shareholder Proposal Requesting Additional Reporting On Lobbying	AGAINST	AGAINST
14 – Shareholder Proposal Requesting a Report on Customer Use Of Certain Technologies	AGAINST	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

Governance Rating Score Summary

The Egan-Jones Governance Rating is based upon data sourced from FactSet Research Systems Inc., the company's public filings, reputable news sites, as well as other regulatory disclosures such as those found at the SEC and FASB

Ticker	**AMZN**
Company name	**AMAZON.COM,INC.**

Board Rating

Item	**TRUE/FALSE**
CEO and Chairman Separate	FALSE
Annual Director Elections	TRUE
All Classes of Stock Have Equal Voting Rights	TRUE
Compensation Committee with All Independents	FALSE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	FALSE
Non-binding Compensation Vote on Agenda	TRUE
Two Thirds of Directors on Board are Independent	TRUE
Over-boarded CEO Director	FALSE
Over-boarded Board Chair	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 2.10 12/15/2017
Sub Total	60.00
Performance Adjustment	35.53
Total	95.53
Final Board Score	***Good***

Compensation Rating

CEO Total Comp($)	1,681,840
CEO Salary ($)	81,840
TSR (%)	76.05
Market Capitalization ($M)	1,638,235.80
Wealth Creation ($M)	1245902.51
Wealth Creation/CEOPAY	740797.29
Raw Score (pre adjustments)	Superior
Final Score	***Superior***
Rating Model Version	VER 3.10 1/22/2021
High CEO Total Compensation	Not Relevant
CEO Salary Under $1 Million Limit	Positive Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	26,608,000
Total Fees	30,903,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Needs Attention
Version	VER 1.11 1/22/2021
Final Score	***Needs Attention***

Governance Rating

Overall Score	***Needs Attention***

Items 1A - 1J

Election of Directors

Director Name	Nominee	Key Committee Membership	Attendance (<75%)	Position CEO/Chair	Director Since	Diverse director	Classification	Footnotes	EJP recommendation
	1	2	3	4	5	6	7	8	9
Jeffrey P. Bezos	Yes		No	CHIEF EXECUTIVE OFFICER; CHAIRMAN	1994		Inside Director		FOR
General (Ret.) Keith B. Alexander	Yes	A	No		2020		Independent Outside Director		FOR
Jamie S. Gorelick	Yes	N	No		2012	Yes	Independent Outside Director		FOR
Daniel P. Huttenlocher	Yes	C	No		2016		Independent Outside Director		FOR
Judith A. McGrath	Yes	C	No		2014	Yes	Independent Outside Director		FOR
Indra K. Nooyi	Yes	A	No		2019	Yes	Independent Outside Director		FOR
Jonathan J. Rubinstein	Yes	N	No		2010		Affiliated Outside Director	F6	WITHHOLD
Thomas O. Ryder	Yes	C	No		2002		Affiliated Outside Director	F6	WITHHOLD
Patricia Q. Stonesifer	Yes	N	No		1997	Yes	Independent Outside Director		FOR
Wendell P. Weeks	Yes	A	No		2016		Independent Outside Director		FOR

2021 Footnotes # **Egan-Jones Explanation**

F6 **Affiliation - Over-tenured director - Member of a Key Board committee**

According to Egan-Jones' Proxy Guidelines a director whose tenure on the Board is 10 years or more is considered affiliated, except for diverse nominees. We believe that key Board committees namely Audit, Compensation and Nominating committees should be comprised solely of Independent outside directors for sound corporate governance practice.

Item 2

Ratification of Auditor

Recommendation:

At Egan-Jones Proxy Services we review relevant factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the ratification of the appointment of independent auditors. We believe that auditor rotation every seven years, a ratio of non-audit fees and total fees not exceeding 50%, a lack of significant and material disciplinary actions taken against the Company's Auditor and any financial interest of the auditor in or association with the Company are the minimum criteria that should be taken into consideration in ensuring the auditor's independence.

The sum total of our evaluation can be found in the Auditor Rating we give this auditor. Generally and absent other negative factors, we suggest a score of ***Neutral*** or higher. This audit firm has earned a grade of ***Needs Attention*** and thus, has failed to pass our model.

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should not support the ratification of the auditors. **Therefore, we recommend a vote AGAINST this Proposal.**

**See scoring details on top of the report.*

Background:

While ratification of auditors is one of the most common proposals submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensuring shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 -Fees

	Current Fiscal Year		Prior Fiscal Year
Audit Fees	$ 26,608,000		$ 22,486,000
Audit Related Fees	$ 4,200,000		$ 2,966,000
Non Audit and Tax Fees	$ 95,000		$ 181,000
Total Fees	$ 30,903,000		$ 25,633,000

Exhibit 2- Fees

	Relevant Ratios		Note
Total Fee Increase/Decrease	20.6%		
Non-Audit Related Fees divided by Total Fees (Current FY):	0.3%		Should not be higher than 50%

Board Auditor Choice: **Ernst & Young, LLP**

Ernst & Young, LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been disciplinary actions taken against this firm and its employees; however, we do not believe this to be unusual for such a large company with numerous employees, in most of these cases.

Securities Exchange Act of 1934 Release No. 78872/ September 19, 2016	**Ernst & Young LLP penalty**	**Firm's audit partner penalty**
Auditor independence failures due to close personal relationships between the firm's audit partner Ernst & Young LLP, Gregory S. Bednar, CPA and client personnel from January 2012 to March 2015.	$4.975 million	$45.000 Gregory S. Bednar, CPA was suspended from appearing and practicing before the SEC as an accountant, which includes not participating in the financial reporting or audits of public companies. The SEC's order permits Bednar to apply for reinstatement after three years.
Securities Exchange Act of 1934 Release No. 78873/ September 19, 2016		
Pamela J. Hartford, CPA caused auditor independence rule violations at Ernst & Young from March 2012 to June 2014, maintaining a romantic relationship with client financial executive. Ernst & Young partner named Michael T. Kamienski, CPA, who supervised Hartford on the audit, became aware of facts suggesting the improper relationship yet failed to perform a reasonable inquiry or raise concerns internally to Ernst & Young's U.S. independence group.	$4.366 million	$25.000 Pamela J. Hartford, CPA and Michael T. Kamienski, CPA were suspended from appearing and practicing before the SEC as accountants, which includes not participating in the financial reporting or audits of public companies. The SEC's order permits Hartford and Kamienski to apply for reinstatement after three years.
Securities Exchange Act of 1934 Release No. 79109/ October 18, 2016		
Violations of the federal securities laws and improper professional conduct by Ernst & Young LLP, Craig R. Fronckiewicz, CPA, and Sarah E. Adams, CPA while serving as the external auditor, coordinating (i.e., signing) partner, and tax partner, respectively, for Weatherford International plc f/k/a Weatherford International Ltd.	$ 11.8 million	Craig R. Fronckiewicz, CPA, and Sarah E. Adams, CPA were suspended from appearing and practicing before the SEC as accountants, which includes not participating in the financial reporting or audits of public companies. The SEC's order permits Fronckiewicz to apply for reinstatement after two years and Adams can apply after one year.
PCAOB Release No. 105-2012-001/February 8, 2012		
Violations of PCAOB rules and auditing standards related to E&Y's audits of the December 31, 2005, 2006, and 2007 (the "relevant time period") financial statements of Medicis Pharmaceutical Corporation and subsidiaries (collectively, "Medicis" or "the Company") and a consultation concerning Medicis's accounting for product returns (the "Product Returns Consultation") stemming from Ernst & Young LLP, Jeffrey S. Anderson, CPA, Ronald Butler, Jr., CPA, Thomas A. Christie, CPA, and Robert H. Thibault, CPA Audit Quality Review of the December 31,2005 Medicis audit in 2006 (the "2006 AQR").	$ 2 million	$ 100,000 Jeffrey S. Anderson, CPA and Robert H. Thibault, CPA were barred from being associated with a registered public accounting firm and Ronald Butler, Jr., CPA, and Thomas A. Christie, CPA were censured.

Item 3

Advisory Vote on Executive Compensation

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should support the current compensation policies put in place by the Company's directors. Furthermore, we believe that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value. **Therefore, we recommend a vote FOR this Proposal.**

Background:

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally, and absent other negative factors, a score of *Neutral* or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of ***Superior*** in compensation and thus passes our quantitative tests.

Given the disclosure on its executive compensation practices, and based on our qualitative review of the Company's compensation, we do not find any issues, positive or negative, that would be relevant enough for Egan-Jones to change our recommendation determined by the compensation rating for this Company.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

**See scoring details on the top of the report.*

Item 4

Shareholder Proposal Requesting a Report on Customer Due Diligence

Recommendation:

We believe that approval of the proposal is in the best interests of the Company and its shareholders.**We recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing Amazon's process for customer due diligence, to determine whether customers' use of its products or services with surveillance or computer vision capabilities or cloud products contributes to human rights violations.

Amazon's surveillance and cloud products may exacerbate systemic inequities, compromise oversight, and contribute to mass surveillance. Amazon Web Services (AWS), the top cloud provider with 2019 revenue of $35 billion, serves all U.S. intelligence agencies, and international governments.

In 2019, the UN Special Rapporteur on freedom of opinion and expression recommended "an immediate moratorium on the global sale and transfer of private surveillance technology until rigorous human rights safeguards are put in place."1

"Know Your Customer" due diligence mitigates clients' risks and human rights impacts,2 and informs decisions around which business to pursue or avoid. It can reveal whether "the technologies provided by the company will be used to facilitate governmental human or civil rights or civil liberties violations."3 In 2020, the Department of State offered due diligence guidance for companies on foreign sales of "products or services that have surveillance capabilities," including to consider if "the end-user will likely misuse the product or service to carry out human rights violations."4

Inadequate due diligence around surveillance and cloud products presents material privacy and data security risks. Negative perceptions about Amazon's ties to U.S. government surveillance may impact competitiveness with other governments.

Amazon's surveillance technologies perpetuate human rights impacts, including systemic racism, even if used according to Amazon's guidelines:

Amazon's work with U.S. Immigration and Customs Enforcement (ICE) and Palantir drew employee and customer protests over ICE's human rights abuses.

Ring's 1,600 police partnerships threaten civil rights and civil liberties, and may threaten sales.5 Police disproportionately seek surveillance footage from Black and brown communities. Lawmakers have requested information on police partnerships. Civil rights groups asked Congress to investigate Amazon's "surveillance empire." 6 Senator Markey's 2019 Ring investigation found "no oversight/compliance mechanisms" protecting privacy.7

Despite content moderation, racist speech is rampant on Ring's Neighbors application, and users disproportionately labeled people of color as "suspicious." 8

After police murdered George Floyd, Amazon announced a yearlong moratorium on Rekognition sales to police. While it is unclear how this impacted existing customers, Amazon facilitated increased police surveillance: Ring established 280 new police partnerships following Floyd's killing.9 In 2020, Amazon reported increased police requests for customer data.

Amazon lacks systems to effectively monitor customer use of its technologies. AWS's top executive said: "I don't think we know the total number of police departments that are using facial recognition technology."10 Jackson, Mississippi police used Ring footage for real-time surveillance without Amazon's involvement.11

Despite potential misuse and lack of effective oversight, Amazon continues releasing surveillance products (home drone, vein scanner) with civil liberties concerns.

1https://www.ohchr.org/EN/Issues/FreedomOpinion/Pages/SR2019ReporttoHRC.aspx

2https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Phase%204_%20Impact%20prevention%2C%20mitigation%20and %20remediation_n.pdf

3https://www.eff.org/deeplinks/2018/07/should-your-company-help-ice-know-your-customer-standards-evaluating-domestic

4https://www.state.gov/key-topics-bureau-of-democracy-human-rights-and-labor/due-diligence-guidance/

5https://gizmodo.com/dont-buy-anyone-a-ring-camera-1840070640

6https://thehill.com/policy/technology/471903-civil-rights-groups-press-for-congressional-investigation-into-amazons

â€‹â€‹7https://www.markey.senate.gov/news/press-releases/senator-markey-investigation-into-amazon-ring- doorbell-reveals-egregiously-lax-privacy-policies-and-civil-rights-protections

8https://media-alliance.org/2020/11/ringing-alarm-bells/

9https://mediajustice.org/news/mediajustice-finds-280-new-amazon-police-partnerships-since-george-floyd-killing-launches-campaign-for-black-brown-and-allied-holiday-shoppers-to-sever-ties-with-online-giant/

10https://www.youtube.com/watch?v=RVVfJVj5z8s&t=5007s

11https://www.bbc.com/news/technology-54809228

Item 5

Shareholder Proposal Requesting a Mandatory Independent Board Chair Policy

Recommendation:

We believe that there is an inherent potential conflict, in having an Inside director serve as the Chairman of the board. Consequently, we prefer that companies separate the roles of the Chairman and CEO and that the Chairman be independent to further ensure board independence and accountability. **After reviewing the tenets of the proposal and in accordance to Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board to adopt a policy to require that the Chair of the Board shall be an independent director who has not previously served as an executive officer of the Company.

This policy should be implemented so as not to violate any contractual obligations, with amendments to the Company's governing documents as needed. The policy should also specify the process for selecting a new independent Chair if the current Chair ceases to be independent between annual meetings of shareholders. Compliance with the policy may be excused if no independent director is available and willing to be Chair.

Since the occurrence of the financial crisis, the clamor for independent chairman proposals has is usually formulated either as a proposal to separate the roles of CEO and chair or as a proposal that the chairman be an independent director. Lehman Brothers and Bear Stearns used to have a combined chairman and CEO post, a fact which has led to criticism of the dual role.

It has been a prevalent practice for large companies to have the CEO and chair positions combined. According to Spencer Stuart (http://www.corpgov.deloitte.com/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/USEng/Documents/Nominating-Corporate%20Governance%20Committee/Board%20Composition%20and%20Recruitment/SpencerStuartBI%202013_04Nov2013-lowres.pdf) , in 2013, 25% of S&P 500 boards have a truly independent chair, a non-executive director or a former executive director, compared with 16% five years ago – a proof that splitting the dual role has become a business trend since the mid-2000's. This reflects the views of certain shareholders that having the CEO or any top executive serve as chairman could be detrimental to the whole board's independence. The CEO's main role is to manage the company, with the board serving as a lookout to the management. As a result, the chairman, being the one who runs the board, should be accountable to the shareholders. When the two roles are combined, there is a possibility of lack of independent oversight and minimal accountability in the board room that could put a company's long-term health and profitability and the interests of shareholders at risk.

On the contrary, many companies believe that having an independent chairman is not a one-size-fits-all approach. Opponents of the proposal argue that there is no solid evidence that link a higher shareholder return with having an independent chair. As a matter of fact, this shareholder proposal failed to win majority support at large companies. For example, Walt Disney has split the chairman/CEO roles in 2005, but in 2012, it recombined the roles. In 2013, Disney shareholders rejected a proposal to separate the roles with a 65% "against" vote. Also, JPMorgan Chase CEO Jamie Dimon gained shareholder support to remain as chairman, against a proposal to split the roles after the bank has posted the "London Whale" trading loss. Also, the decision to maintain a combined Chair/CEO role or have an independent chairman should be also based on the specific circumstances of a corporation, the independence of its directors, and the leadership provided by its CEO. Moreover, proponents should take into account the current leadership structure and governance practices of a company which include but is not limited to the following:

· Having a Lead Independent Director

· Majority of the board is comprised of independent directors

· Independent directors comprise the key board committees

· Independent directors meet frequently in executive sessions that are presided over by the Lead Independent Director with no members of management present.

Item 6

Shareholder Proposal Requesting Additional Reporting On Gender/Racial Pay

Recommendation:

We believe that approval of the proposal is necessary and warranted in the Company. Pay disparities by gender in companies, in our view, could bring operational risks and reputational damage that is detrimental to shareholder value. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests Amazon to report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female median earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

An annual report adequate for investors to assess performance could, with board discretion, integrate base, bonus and equity compensation to calculate:

- percentage median gender pay gap, globally and/or by country, where appropriate
- percentage median racial/minority/ethnicity pay gap, US and/or by country, where appropriate

Pay inequity persists across race and gender. Black workers' hourly median earnings have fallen 3.6 percent since 2000, representing 75.6 percent of white wages. The median income for women working full time in the United States is 80 percent that of men. Intersecting race, African American women make 62 cents, Native women 60 cents, and Latina women 54 cents. At the current rate, women will not reach pay equity until 2059, African American women until 2130, and Latina women until 2224.

Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional income and contributed 0.15 percent to United States GDP per year. PwC estimates closing the gender pay gap could boost Organization for Economic Cooperation and Development (OECD) countries' economies by 2 trillion dollars annually.

Diversity is linked to superior stock performance and return on equity. Actively managing pay equity is associated with improved representation. Of note, 26.5 percent of Amazon employees are black, but black employees represent only 8.3 percent of leadership. Women account for 43 percent of Amazon's workforce, but only 28 percent of managers.

Item 7

Shareholder Proposal Requesting a Report on Promotion Data

Recommendation:

We believe that approval of the proposal is not in the best interests of the Company and its shareholders.**We recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests Amazon to prepare a public report, as soon as practicable, disclosing promotion velocity rates at Amazon. Promotion velocity is defined as the time it takes from the date of hire to promotion, or between one promotion and the next. The report should provide promotion velocity rates by title and level for different gender and racial identities. It should be prepared at reasonable expense and may exclude confidential information.

The Company is committed to increasing gender and racial/ethnic diversity and are continuing to invest in its efforts to bring more women and employees from underrepresented racial/ethnic groups into leadership positions at Amazon. The Company knows that diversity, equity, and inclusion matter and recognize that the advancement of diverse employees begins with proactive recruitment, retention, and development. The Company seeks individuals from all backgrounds to join the teams, and it encourages people to bring their authentic, original, and best selves to work. The Company tracks representation of women and employees from underrepresented racial/ethnic groups because it knows that diversity helps the Company build better teams that are obsessed over its global customer base. The reported gender and racial/ethnic group pay statistics demonstrate that Amazon pays the employees comparably when analyzing the work of people performing the same jobs. When evaluating 2020 compensation in the United States, including base compensation, cash bonuses, and stock, the reported data demonstrates that women earned a dollar for every dollar that men earned performing the same jobs, and racial/ethnic minorities earned 99.2 cents for every dollar that white employees earned performing the same jobs. To provide greater transparency, the Company has committed to publishing the consolidated 2020 EEO-1 Report. In support of the Company's commitment to diversity, it has hundreds of professionals in a central diversity, equity, and inclusion organization and in teams embedded in the businesses who are devoted full-time to promoting diversity, equity, and inclusion goals, initiatives, and mechanisms. The Company also has teams in every business and in executive recruiting dedicated to hiring diverse talent, and it participates in events and partnerships with groups like AnitaB.org, GEM Consortium Fellows, AfroTech, Lesbians Who Tech, and the American Indian Science and Engineering Society. The Company also ran a virtual summit, "Represent the Future," in October 2020 that centered on Black, Latinx, and Native American talent (students and professional), and the Company is investing in internal and external programs to assist diverse leaders to advance into more senior roles. The Company builts "We Power Tech" to make the future of technology more accessible, flexible, and inclusive.

Reporting on promotion statistics in the manner requested by the proposal would not advance the deep commitment to diversity, equity, and inclusion, or provide the information the managers and leaders need to make promotion decisions. Because promotion velocity can be affected by a combination of factors, including prior work experience and education, individual performance, time in role/level, and job scope, the proposed analysis would be uninformative and possibly misleading. Without relevant controls for these factors, simply comparing the speed with which different races and genders are promoted by title and level will not produce useful information about racial or gender disparities.

Rather than relying on misleading or unhelpful measures of promotion velocity, Amazon focuses on maintaining a process for vetting promotions that is robust, balanced, and considers a broad variety of perspectives. For example, managers promote employees based on a range of peer feedback and how an employee meets expectations for the next level. Manager training instructs managers on how to write effective promotion justifications that rely on consistent criteria to gauge an employee's knowledge, skills, and experience necessary to successfully perform at the next level. This manager training links managers to further content on how to recognize and interrupt potential unconscious biases in decision making. The promotion process also supports fairness by considering employees on their own merits, not comparing them to others.

The Company is making progress increasing diversity among the leadership. For example, in 2020, the Company sets and achieved a goal to double the number of Black directors and vice presidents at the Company, which was accomplished through external hiring as well as internal promotions, and it is committed to doubling representation again in 2021. Further, the Company has launched Rise, a leadership development program for Black leaders across all businesses. Additionally, the Company is collaborating with Management Leadership for Tomorrow ("MLT"), which partners with more than 150 leading companies, social sector organizations, and universities to strengthen recruitment and retention of Black, Latinx, and Native American talent. The Company is one of the initial twelve launch employers participating in the MLT Black Equity at Work Certification Program, which is a clear and comprehensive new standard that requires employers to assess and make meaningful progress toward achieving Black equity internally while supporting Black equity in society.24 This program includes developing and implementing a rigorous plan to increase Black employee representation at every level of the organization.

The Company also works to develop diverse leaders internally through training and mentoring. The Company has Leaders' Workshops within the annual AmazeCon and Conversations on Race and Ethnicity (CORE) conferences, to help the leadership understand and build their team's culture of inclusion. At AmazeCon, the largest global internal conference, Amazonians examine the intersection of gender with race, sexual orientation, disability status, veteran status, and other dimensions of diversity. This conference has included diversity-oriented talks from academics and external leaders on technology, entrepreneurship, entertainment, and leadership and includes Amazon-specific training programs focused on personal and team development. In addition, the employees have multiple opportunities to seek mentoring relationships, including Company-sponsored mentoring programs, and affinity group-organized mentor pairings focused on various communities. Through the mentoring platform, employees are able to select preference for mentors, including by gender. Each month, over 500 new mentorship connections are made across the Company. Furthermore, in 2016 the Company launched an initiative in India for women-only delivery stations, aimed at empowering women and transforming their lives. Through this initiative, the Company engaged with women in India to open new employment and leadership opportunities for women in an area where they were not applying for traditional roles.

The Company also knows that the American workforce is changing—there is a greater need for technical skills in the workplace than ever before, and a huge opportunity for people with the right skills to move into better paying jobs. In the United States, Amazon already leads the way in pay with a $15 starting wage and offers competitive benefits to the employees, like comprehensive healthcare and parental leave for both parents (birth parents are eligible for up to 20 weeks of leave and partners up to six). In 2019, Amazon announced it will invest $700 million in upskilling training programs designed to provide the employees access to the education and training they need to grow their careers. This initiative will provide 100,000 Amazon employees with access to training programs in high-demand areas like medicine, cloud computing, and machine learning. The Company is also now offering graduate-school-level training for the employees through Machine Learning University, a program designed to give current Amazon employees the chance to develop expertise in machine learning, growing critical skills in an area of rapidly expanding professional opportunities within Amazon.

In addition to the internal efforts, the Company recognizes that there is an opportunity to build a strong diversity pipeline in technology-skilled employees, and the Company is investing in building out the next generation of talent for the industry and expanding the opportunities for students from underrepresented backgrounds. For example, the Company has deep partnerships with Historically Black Colleges and Universities, Hispanic Serving Institutions, women's colleges, and tribal colleges. The Company also brings college students to Amazon's campus for programs like the Amazon Finance Diversity Leadership Summit to learn from the finance and accounting leaders, and to interview for finance internships at Amazon.

The recruiting efforts extend to building the next generation of technical leaders by providing broader access to STEM education. The Company has committed $50 million to support computer science and STEM programs for underserved and underrepresented communities. The Amazon Future Engineer program is a comprehensive childhood-to-career initiative to inspire, educate, and train children and young adults from underprivileged, underrepresented, and underserved communities to pursue careers in computer science. Amazon Future Engineer has also invested an additional $20 million in organizations that promote computer science and STEM education across the United States. The Company also established a program called AWS InCommunities that builds long-term and innovative programs that will have a lasting impact in individual communities around the world. AWS sponsors Girls' Tech Day, a workshop emphasizing science, technology, engineering, the arts, and mathematics ("STEAM") for school-age girls and young women—designed to inspire future builders, showcase tech careers and women in the technology workforce, and introduce girls in underserved areas to STEAM. The Company aims to inspire more than 10 million kids each year to explore computer science through coding camps and online lessons, fund introductory and Advanced Placement courses in computer science for over 100,000 young people in 2,000 high schools in lower income communities across the United States, award 100 students from underserved communities pursuing degrees in computer science four-year $10,000 annual scholarships, and offer internships at Amazon to provide students work experience.

The retention and development efforts are further fostered by the 12 employee-led Affinity Groups, which engage employees across hundreds of chapters around the world. These include Amazon People with Disabilities, Amazon Women in Engineering, Asians@Amazon, the Black Employee Network, Body Positive Peers, Families@Amazon, glamazon, Indigenous@Amazon, Latinos@Amazon, Warriors@Amazon, Women@Amazon, and the Women in Finance Initiative. The focus on diversity, equity, and inclusion has been independently recognized by the Human Rights Campaign's Corporate Equality Index; the NAACP Equity, Inclusion, and Empowerment Index; the Disability Equality Index; and the 2019 American Foundation for the Blind Helen Keller Achievement Award.

Item 8

Shareholder Proposal Requesting a Report on Packaging Materials

Recommendation:

We believe that approval of the proposal is not in the best interests of the Company and its shareholders.**We recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the board of directors to issue a report by December 2021 on plastic packaging, estimating the amount of plastics released to the environment due to plastic packaging attributable to all Amazon operations**,** and beginning with the manufacture of the plastic source materials, through disposal or recycling, and describing any company strategies or goals to reduce the use of plastic packaging to reduce these impacts.

As a founding member of The Climate Pledge, a commitment to be net-zero carbon by 2040—10 years ahead of the Paris Agreement—Amazon is committed to protecting the planet. Amazon has made other long-term commitments to sustainability through programs such as Shipment Zero, a commitment that 50% of all Amazon shipments will be net-zero carbon by 2030, and renewable energy programs that have put the Company on a path to powering our operations with 100% renewable energy by 2025—five years ahead of our original target of 2030. The Company recognizes the importance of reducing plastic waste by promoting reusable and recyclable packaging. Amazon has made progress in four primary areas in our efforts to reduce our use of plastics: (1) plastics in packaging for products manufactured by other companies that it sells to our customers (where the Company can make the biggest impact), (2) plastics in packaging to the extent it repackages a product for delivery, (3) plastics in Amazon devices and our private label products, and (4) plastics in physical stores, primarily Whole Foods Market and its use of plastic shopping bags and plastic straws.

Item 9

Shareholder Proposal Requesting a Diversity and Equity Audit Report

Recommendation:

We believe that a company's success depends upon its ability to embrace diversity. As such, we believe that adoption of this proposal is in the best interests of the Company and its shareholders**As such, in accordance with the Egan-Jones' Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal the Board of Directors to commission a racial equity audit analyzing Amazon's impacts on civil rights, equity, diversity and inclusion, and the impacts of those issues on Amazon's business. The audit may, in the board's discretion, be conducted by an independent third party with input from civil rights organizations, employees, communities in which Amazon operates and other stakeholders. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Amazon's website.

Recent events, including the murder of George Floyd, have galvanized the movement for racial justice and equity. That movement and the disproportionate impacts of the COVID-19 pandemic have focused the attention of media and policymakers on systemic racism, racial violence, and inequities throughout society. Companies would benefit from assessing the risks of products, services and overall corporate practices that are or are perceived to be discriminatory, racist, or increasing inequalities.

In May 2020, Amazon tweeted its solidarity with the fight against systemic racism.1 But some of Amazon's actions have been criticized as inconsistent with that pledge:

- After a Black warehouse worker led a walkout over safety concerns, he was fired and subsequently described by Amazon's General Counsel as "not smart or articulate." The employee has since filed a lawsuit alleging discrimination against Black and Latino workers.
- Amazon's disproportionately Black and Latino warehouse workers are paid low wages and exposed to dangerous working conditions, including exposure to COVID-19.4 Amazon has also been criticized by employees, lawmakers, and regulators for biased promotion practices, discriminatory employee surveillance, and hiding workplace injury rates.
- Amazon's fulfillment and distribution facilities, and the air pollution they cause, are disproportionately located in nonwhite neighborhoods.â€‹
- A class action lawsuit has been filed by employees alleging Whole Foods punished employees for wearing Black Lives Matter masks on the job.

â€‹Amazon has faced criticism regarding its products and services:

- Ring doorbell cameras and its app Neighbors have been criticized for leading users to disproportionally tag people of color as suspicious.â€‹
- Allegations that AWS's facial surveillance technology violates civil rights by disproportionately surveilling people of color, immigrants, and civil society organizations.â€‹
- Reports assert inconsistent implementation of policies prohibiting the sale of products on Amazon's platform that promote hatred.

â€‹â€‹Following controversies, Facebook and Starbucks conducted civil rights and equity audits that assisted each company to identify, prioritize, and implement improvements. These efforts provide an emerging model for such audits, typically conducted by a third party, in collaboration with experts in civil rights, and input from an array of stakeholders.

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Item 10

Shareholder Proposal Requesting an Alternative Director Candidate Policy

Recommendation:

We believe that approval of the proposal will provide a more meaningful way of electing directors.**We recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that urges the board to adopt a policy of promoting significant representation of employee perspectives among corporate decision makers by requiring that the initial list of candidates from which new board nominees are chosen (the "Initial List") by the Nominating and Governance Committee include (but need not be limited to) hourly Associates. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

There is growing consensus that the employees on corporate boards can contribute to the long-term sustainability of a company.

Policymakers have noted that maintaining the status quo of corporate governance contributes to "stagnant wages, runaway executive compensation and underinvestment in research and innovation." The business community makes similar observations: the Business Roundtable, which counts Amazon among its members, recently announced that it is reevaluating the purpose of a corporation to align with stakeholders' interests and to generate shared prosperity for business and society, because investing in employees and communities offers "the most promising way to build long-term value."

New research suggests that employee representation grows the value of a company in several ways. According to the National Bureau of Economic Research, giving workers formal control rights raises capital formation and increases female representation. In Germany, the "co-determination" model of shared governance has been lauded as a check against short-termist capital allocation practices.

Legislators are supportive of this notion as well. Nearly one-third of Senate Democrats support an initiative led by Senators Tammy Baldwin5 and Elizabeth Warren which would codify employee representation on boards, as they acknowledge that modern corporate governance needs to be accountable to and inclusive of a wider array of interests, notably employees.6 Additionally, polling demonstrates substantial public support (over 53%) across party lines for employee representation.7The UK recently adopted a rule mandating that boards engage with employees to enhance worker voice in the boardroom, which may include appointing a non-executive employee as director.

The Amazon board lacks representation from the hourly Associates who thoroughly understand the company's daily operations. Women and racial minorities, which constitute a large percentage of Amazon's hourly associates, are also comparatively underrepresented at the board level, which remains predominantly male and white. Amazon has been publicly excoriated for mistreating workers – including criticism over dehumanizing working conditions, anti-union activities, and placing significant strain on taxpayers by forcing their employees to rely upon food stamps. Employees have described workplace conditions as "hellish." Because protecting the company's reputation and ability to retain its workforce factor heavily into shareholder value, the Board should ensure that it has worker representation so that it may assess and address these risks directly.

Item 11

Shareholder Proposal Requesting a Report on Competition Strategy and Risk

Recommendation:

We believe that the approval of this proposal would result in the Company incurring unnecessary costs and expenses by duplicating efforts that are already underway and providing additional reports with information that is already available to shareholders. **As such, in accordance with Egan-Jones Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Proposal.

Background:

The shareholders are being asked to act on a proposal that requests the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in Amazon's public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information.

The Company seeks to be Earth's most customer-centric company and believe that the guiding principle of customer obsession is one of the greatest strengths. The Company seeks to offer the customers a comprehensive selection of products, low prices, fast and free delivery, easy-to-use functionality, and timely customer service. By focusing obsessively on customers, the Company is internally driven to improve the services, add benefits and features, invent new products, lower prices, increase product selection, and speed up shipping times—*before* it has to. The business operates in diverse segments that are intensely competitive and rapidly evolving. The Company faces a broad array of competitors, large and small, from around the world. The Company accounts for less than 1% of the almost $25 trillion global retail market and less than 4% of retail in the United States. Nevertheless, as a large and innovative company offering a wide range of consumer and business products and services around the world, the Company expects to be scrutinized and are regularly subject to actual and threatened claims, litigation, reviews, investigations, and other proceedings, including proceedings by governments and regulatory authorities, involving a wide range of issues, including competition matters. The outcomes of these types of investigations and other legal proceedings are inherently unpredictable and subject to significant uncertainties.

The Board has oversight of competition risks and regularly oversees and reviews presentations from management on various aspects of the business, including related risks and tactics and strategies for addressing them. In addition, as reflected in its charter, the Audit Committee of the Board is responsible for overseeing management of risks related to legal and regulatory matters and the compliance policies and procedures. The full Board and the Audit Committee have been kept apprised of the various investigations relating to competition matters and have provided, and will continue to provide, deep and thoughtful oversight. The Board takes all this information into account when overseeing and making important decisions regarding the Company's strategy.

The Company also does not believe that the proposal's request for additional information on the Board's role in the policy activities in this area is necessary because it describes the Board's oversight of the Company's public policy activities in the annual U.S. Political Engagement Policy and Statement. Specifically, the Audit Committee of the Board annually reviews the Company's U.S. Political Engagement Policy and Statement, related procedures, and a report on all of the Company's campaign contributions and lobbying expenses, including donations made to trade associations or social welfare organizations, which are designed to align with and support the Company's long-term strategy by promoting the interests of the Company and the customers.

By its very nature, much about the Company's strategy and how it seeks to compete effectively in the many, varied, and dynamic global market segments in which it operates is confidential, competitively sensitive, and proprietary, and thus, would not be within the scope of the report called for by this proposal. Moreover, competition and antitrust laws are but one area of legal compliance that are important and impactful to the Company and are among many of the risks that are important to and overseen by the Board.

Item 12

Shareholder Proposal Requesting an Additional Reduction in Threshold for Calling Special Shareholder Meetings

Recommendation:

We do not believe it is appropriate to enable holders of below 25% of the common stock to have an unlimited ability to call special meetings for any purpose at any time**After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests Amazon.com Inc the Board of Directors to take the steps necessary to amend the bylaws and each appropriate governing document to give holders with an aggregate of 20% net long of the outstanding common stock the power to call a special shareowner meeting. This proposal does not impact the Board's current power to call a special meeting.

As a result of targeted activism in the last few years, more than half of the S&P 500 companies now allow shareholders to call special meetings (Davis Polk & Wardwell LLP, 2011). Annual meetings are important matters for the investors. Annual meetings usually take place sometime in the spring, during "annual meeting season", a few months after the December 31 fiscal year-end. Investors can also schedule a special shareholder meeting, subject to some diverse and stimulating rules, and a bit of strategy.

Some companies view that such right is burdensome in terms of financial expense, time and management resources. Also, such right permits a small percentage of shareholders to call a meeting that may serve their intended purposes, rather than those of the company and the majority of shareholders.

On the contrary, many investors believe that it is imperative that shareholders are given a right to timely call special meetings. A company usually requires a mandate from investors to hold a special meeting, in which the typical threshold is 25% ownership of the Company's shares. Having an ownership threshold of 25% strikes a reasonable balance between enhancing stockholder rights and protecting against the risk that a small minority of stockholders could trigger a special meeting and the resulting financial expense and disruption to the Company's business. Furthermore, special meetings should only be called to consider extraordinary events that are of interest to a broad base of stockholders and that cannot wait until the next annual meeting.

Item 13

Shareholder Proposal Requesting Additional Reporting On Lobbying

Recommendation:

We believe that it is in the best interests of the Company and the stockholders to belong to industry associations and coalitions, where the Company benefits from the general business, technical, and industry standard-setting expertise these organizations provide. We furthermore believe that the proposal seeks unnecessary line-item disclosure of lobbying expenditures. We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders**. After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the preparation of an annual report to disclose Amazon's:

1. Policies and procedures that govern lobbying (both direct and indirect) and grassroots lobbying communications.

2. Payments used for: (A) direct or indirect lobbying, and (B) grassroots lobbying communications – in each case including the amount of payment and recipient.

3. Board and management decision-making processes, and manner of oversight for making the payments described above.

For these purposes, a "grassroots lobbying communication" is one directed to the general public that:

- Refers to specific legislation or regulation,
- Reflects a view on legislation or regulation,
- Encourages the recipient to take action regarding legislation or regulation.

"Indirect lobbying" is lobbying conducted by trade associations or other organizations to which Amazon belongs. Reporting on both types of lobbying should disclose efforts at the local, state, and federal levels.

This report shall be presented to the Audit Committee and posted on Amazon's website.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company's lobbying expenditures and actions advance the company's interests and do not present risks to company value. (AFSCME Employees Pension Plan, 2014).

Shareholders encourage transparency and accountability in the company's use of corporate funds to influence legislation and regulation. Some companies do not disclose its memberships in, payments to, trade associations, or the portions of such amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to the Company's long-term interests.

Item 14

Shareholder Proposal Requesting a Report on Customer Use Of Certain Technologies

Recommendation:

In light of the Company's commitment to customer trust, privacy, and security, we believe that adopting the proposal would lead to imprudent use of the Company's resources**After reviewing the tenets of the proposal and in accordance to Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board of Directors to commission an independent study of Rekognition and report to shareholders regarding:

- The extent to which such technology may endanger, threaten or violate privacy and/or civil rights, and unfairly or disproportionately target or surveil people of color, immigrants and activists in the United States;
- The extent to which such technologies may be marketed and sold to authoritarian or repressive governments, including those identified by the United States Department of State Country Reports on Human Rights Practices;
- The potential loss of good will and other financial risks associated with these human rights issues;

The report should be produced at reasonable expense, exclude proprietary or legally privileged information, and be published no later than September 1st, 2021.

Amazon is committed to the responsible use of artificial intelligence and machine learning (AI/ML) products and services. The Company has continuously taken steps to address illegal and discriminatory use of such technology through customer contractual requirements, policies, practices, and advocacy efforts. The proponent mischaracterizes the technology and ignores the many concrete steps the Company has taken to mitigate risks of potential misuse of such technology.

The following are key developments and considerations, which are also detailed further below:

1.Amazon Rekognition is an image analysis service that can analyze objects, people, text, scenes, and activities in images and videos. Contrary to the proponent's mischaracterization, it is not a surveillance system. Amazon Rekognition allows customers to provide images or video they want to have analyzed or compared, and does not provide images or databases to customers. The service analyzes the customer's images or video and returns an output (e.g., identifying the presence of an umbrella in an image), including a confidence score indicating how accurate the service believes the output to be (e.g., 67% confidence the image contains an umbrella). Common use cases include online content moderation and detecting text and objects in images to organize photos.

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2.Amazon understands the capability of facial recognition technology to solve complex problems that benefit society, as well as the risks if the technology were to be misused. The Company has urged governments and lawmakers to regulate use of technology to ensure it is used appropriately and have proposed guidelines for effective regulatory frameworks and guardrails that protect individual civil liberties and ensure that governments are transparent in their use. In addition to these policy efforts, the Company has contractual restrictions that prohibit the use of Amazon Rekognition for anything illegal, harmful, fraudulent, infringing, or offensive, as well as specific guidance and requirements regarding public disclosure, training, and other safeguards. The Company also announced a one-year moratorium on police use of Amazon's facial recognition technology to give lawmakers time to implement appropriate rules.

3.AWS has internal mechanisms to address issues related to responsible use of Amazon Rekognition's face comparison features. For example, the Company has science and technical experts that help design, test, and audit the services for fairness and accuracy and to mitigate potential bias, and the Company dedicates significant resources to ensuring that the technology is accurate. The Company also has cross-functional experts from engineering, science, product, legal, and policy backgrounds that establish processes and procedures to drive responsible use of AWS's AI/ML services, including Amazon Rekognition, and the Company has reviewed and turned down potential customers that would violate the Acceptable Use Policy. The Company also has a mechanism to allow third parties to report potential abuses of the technology, and in the four-plus years AWS has been offering Amazon Rekognition, the Company has not received a single report of use in the harmful manner posited in the proposal.

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