

WHEREAS: In August 2019, the Wall Street Journal published an extended article entitled *"Amazon Has Ceded Control of Its Site. The Result: Thousands of Banned, Unsafe or Mislabeled Products"* examining the ability of the company to prevent sale on its site of unsafe and toxic products. Wall Street Journal investigators found 4,152 items for sale on Amazon's site that "had been declared unsafe by federal agencies, are deceptively labeled or are banned by federal regulators." While Amazon responded to the investigation and removed or revised labeling for many of the identified products, new items with the same policy violations continued to appear for sale on Amazon.

Other recent investigations of products sold on Amazon.com have found instances of products that violated the company's Restricted Products Policy,[\[1\]](#) contain hazardous substances,[\[2\]](#)[\[3\]](#) or are sourced from unethical or unsafe factories[\[4\]](#). Additionally, Amazon is facing litigation in the state of Pennsylvania for the sale of unsafe products, as well as fines from the EPA for selling unregistered pesticides.

The Journal noted that people who shop on Amazon.com see it as if it were an American big-box store but in practice it has evolved like a flea market, with "limited oversight over items listed by millions of third-party sellers, many of them anonymous, many in China, some offering scant information."

As stockholders, we feel this situation poses significant risks and liability to our company. While Amazon is exerting control over the content and safety of its private label brands, the safety of products from third-party sellers on the site is jeopardizing Amazon's reputation.

Amazon.com is incorporated in the state of Delaware. As fiduciaries, our company's board is responsible for stewardship of business performance and long-term strategic plans, while reviewing specific risk factors. A recent decision in the Delaware Supreme Court, *Marchand v. Barnhill*, No. 533, 2018 (Del. June 19, 2019), confirmed that directors may be liable for failure to ensure that a reasonable information and reporting system exists on material risks.

Although Amazon issues sustainability reports and has published a blog post[\[5\]](#) responding to the Journal article discussing its existing management systems for detecting safety breaches in products sold, the Journal's investigation demonstrated significant weaknesses in Amazon's oversight of third-party sales.

We believe that information regarding Amazon's efforts to manage ESG risks and ensure the safety of products sold on its site, including disclosure of board oversight, implementation of company policies and processes, and whether and how Amazon is extending policies such as its Chemical Policy to include third-party

products, will help investors more accurately evaluate the company's long-term financial and sustainability risks.

RESOLVED: Shareholders request that the Board of Directors issue a report to shareholders, at reasonable expense and avoiding proprietary information, on the process and effectiveness of board oversight of ESG risks associated with third-party sellers on Amazon's website, including the board's assessment of any progress, policies and trends toward reducing the presence of unsafe products for sale on the site.

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[1] <https://www.washingtonpost.com/technology/2019/08/06/google-amazon-prohibit-firearm-parts-listings-its-easy-find-them-anyway/>

[2] <https://saferchemicals.org/2019/10/24/toxic-tv-binge-hazardous-flame-retardant-chemicals-uncovered-in-best-buy-amazon-tvs/>

[3] <https://www.sierraclub.org/articles/2019/11/toxic-trade-online-retailers-are-selling-mercury-filled-skin-lighteners>

[4] <https://www.wsj.com/articles/amazon-sells-clothes-from-factories-other-retailers-shun-as-dangerous-11571845003>

[5] <https://blog.aboutamazon.com/company-news/product-safety-and-compliance-in-our-store>