

WHEREAS: Studies suggest that companies that integrate environmental, social, and governance (ESG) factors into business strategy reduce reputational, legal, and regulatory risks and improve long-term performance.

A leading group of companies has integrated sustainability metrics into executive pay incentive plans, among them Unilever and Walmart. Guidance from the UN Principles for Responsible Investment (2012) states that including ESG factors in executive incentive schemes can help protect long-term shareholder value.

Diversity, inclusion, and equity are key components of business sustainability and success:

- McKinsey research shows that companies in the top quartiles for gender and racial/ethnic diversity were more likely to have above-average financial returns (“Diversity Matters,” McKinsey & Company, 2015).
- In a 2013 Catalyst report, diversity was positively associated with more customers, increased sales revenue, and greater relative profits.

Yet technology companies have not seized this opportunity. Underrepresented people of color hold just 9 percent of technical roles in the sector (Intel/Dalberg, 2016). Women hold 36 percent of entry-level tech jobs and just 19 percent of C-suite positions (“Women in the Workplace,” McKinsey, 2016).

The tech diversity crisis creates challenges for talent acquisition and retention, product development, and customer service. These human capital risks are playing out at Amazon. Bloomberg Businessweek argued that, among the major tech companies struggling with diversity and inclusion, “Amazon is one of the bigger sinners” (“Amazon Has a Rare Chance to Get More Diverse Fast, Bloomberg Businessweek, 2018).

Amazon has taken steps to address diversity. However, challenges are mounting as Amazon remains predominantly white and male, especially in leadership roles.

- Among Amazon’s top 105 executives in 2016 (according to the most recent EEO-1 report made available), just 22 percent were women, and only one executive was an underrepresented person of color.
- In 2018, Bloomberg Businessweek reported “[o]f the 10 people who report directly to Chief Executive Officer Jeff Bezos, all are white, and only one ... is a woman.”

- In January 2019, CNBC reported: “Almost all of the executives at the top of Amazon’s consumer-facing businesses, like retail, cloud and hardware, are white men.”

Investors seek clarity regarding how Amazon drives improvement and how that strategy is supported by executive accountability. Clearly disclosed, comprehensive links among sustainability, diversity, and executive compensation would enhance Amazon’s approach.

Peers such as Microsoft, Intel, and IBM have already set diversity goals and begun linking parts of compensation to such goals. Amazon should consider changing to keep pace with leaders and to strengthen human capital management.

RESOLVED: Shareholders request the Board Compensation Committee prepare a report assessing the feasibility of integrating sustainability metrics, including metrics regarding diversity among senior executives, into performance measures or vesting conditions that may apply to senior executives under the Company’s compensation plans or arrangements. For the purposes of this proposal, “sustainability” is defined as how environmental and social considerations, and related financial impacts, are integrated into long-term corporate strategy, and “diversity” refers to gender, racial, and ethnic diversity.