

**EMBARGOED:** Until 9:00am Tuesday, May 23, 2017

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## **AMAZON ASKED TO END DOUBLE STANDARD AGAINST STOCKHOLDERS**

**May 22, 2017 (Seattle)** – Investor Voice has submitted a shareholder proposal on behalf of stockholders of Amazon.com, Inc. (“Amazon”) that will be up for a vote of all stockholders on Tuesday, May 23, 2017.

The good-governance proposal calls upon the Amazon board to adopt a Simple Majority voting standard for proposals that are put forward by stockholders, and to end the practice of including abstentions in the tabulation formula – which has the invariable mathematical effect of depressing the outcome.

Currently, Amazon uses the more democratic Simple Majority standard for management’s director election, but counts votes in a more stilted and detrimental fashion against items put forward by stockholders.

Roughly a third of companies presented with this proposal thus far have changed their governing documents to adopt a Simple Majority standard, including these S&P 500 companies:

- American International Group, Inc. (AIG)
- Alexion Pharmaceuticals, Inc.
- Cardinal Health, Inc.
- ConAgra Foods, Inc.
- J.M. Smucker Company
- Plum Creek Timber, Inc. (now Weyerhaeuser)
- Simon Property Group, Inc.

Examples of Amazon’s NW peers that use a Simple Majority standard include:

- Boeing Company
- Microsoft Corporation
- Nike, Inc.
- Starbucks Corporation
- Weyerhaeuser Company

**Attached are two items:**

- A presentation that will be used to formally move the proposal at the Amazon stockholders meeting on Tuesday 5/23/17.
- The shareholder proposal itself, as printed in the Amazon proxy.

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**The SEC** promulgates rules around shareholder meetings. Given the demographics of voting (closely held shares, non-votes, etc.), the SEC has established that a 3% vote in its 1st year represents a significant enough portion of informed and independent investors to qualify a proposal for resubmission.

**Investor Voice** is a Seattle-based Social Purpose Corporation that develops and implements robust shareholder engagement strategies on behalf of institutional, individual, and non-profit investors.

On a client’s behalf, it develops and files shareholder resolutions, engages stakeholders, negotiates with company management, and submits resolutions for votes at annual meetings of stockholders.

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**Presentation for Amazon.com, Inc.  
Annual Meeting of Stockholders**

Ladies & gentleman, I am Bruce Herbert, and I stand on behalf of Investor Voice of Seattle to move Proposal #8 which requests a simple majority vote on shareholder-sponsored items.

Amazon's proxy does not list peers, though the Company response asserts that a majority of Delaware-registered peers count votes the way Amazon does. This interpretation misses the point. Amazon is headquartered in Seattle (not Delaware) and its markets are trans-national – thus, there is neither logic nor utility to an assessment that ignores all of Amazon's non-Delaware peers.

In contrast, Intel's proxy does name *its* 23 peers, and Amazon is one of them. Assuming for the moment the same peer group, a more complete assessment of Amazon's presumed peer group reveals two facts:

- #1. That a 61% majority of presumed peers use a simple-majority standard; and
- #2. Of the Company's presumed peer group, every single one that is not Delaware-chartered uses a simple majority formula.

Why does Amazon present cherry-picked data – when in fact Delaware does not mandate the Company's policies, as is implied, and Amazon is free to elect something better for shareholders, such as simple majority voting?

According to the proxy, the Board believes including abstentions is the only appropriate way to tally votes – yet this same Amazon Board applies a more lenient standard to *itself* – like Congress exempting itself from the inferior healthcare plan imposed on everyone else.

The pertinent fact is this: A preponderance of Amazon's presumed peers rely on a simple majority standard, which only counts votes cast FOR or AGAINST an item. They do so because it provides the most democratic, clear, and accurate picture of the intent of those stockholders who are both informed and decided, while excluding the ABSTAIN votes of those who have formally declined to express an opinion.

A simple-majority does not arbitrarily ascribe negative intent to every single stockholder who purposefully ABSTAINS, nor would it allow Amazon to pick winners and losers by calculating shareholder items differently from how it tallies its own director election.

**In closing:** The simple-majority standard proposed by Item 8 provides shareholders with better information about vote outcomes, allows more accurate communication between stockholders and the Board; and eliminates the second-class treatment of shareholder items relative to management's director election.

**Therefore:** Ask Amazon to end its double standard against stockholders – vote FOR item #8. Thank you.

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**RESOLVED:** Amazon.com, Inc. (“Amazon”) shareholders ask the Board to take or initiate steps to amend Company governing documents to provide that all non-binding matters presented by shareholders shall be decided by a simple majority of the votes cast FOR and AGAINST an item. This policy would apply to all such matters unless shareholders have approved higher thresholds, or applicable laws or stock exchange regulations dictate otherwise.

**SUPPORTING STATEMENT:**

This proposal seeks greater transparency, clarity, and understanding around how informed stockholders vote on shareholder proposals. In voting, the meaning of “Abstain” is defined by the Oxford English dictionary as:

*To formally decline to vote either FOR or AGAINST a proposal or motion.*

A “simple majority” formula, therefore, includes votes cast FOR and AGAINST but not abstentions. It provides the most democratic, clear, and accurate picture of the intent of shareowners who are both informed and decided, while not including in the formula the votes of abstaining voters who, by definition, have declined to express an opinion.

When abstaining voters choose to mark ABSTAIN (whether they are confused, disinterested, or lack time to become fully informed), it is apparent that their votes should be regarded as neither FOR nor AGAINST an item.

In contrast, Amazon unilaterally counts ABSTAIN votes as if AGAINST every shareholder sponsored proposal.

- **Is it reasonable for Amazon to assert it knows the will of undecided voters (and to artificially construe abstentions in favor of management)?**

Companies often imply they have no choice but to use the Delaware “default standard” (which includes abstentions). However, this nominal ‘standard’ is not mandated – it is what Delaware assigns to companies that do not proactively choose “simple majority” voting.

Research has demonstrated that the so-called ‘default standard’ systematically disadvantages shareholders: [http://bit.ly/Voting-Research\\_Corporate-Secretary](http://bit.ly/Voting-Research_Corporate-Secretary).

**How? It does this by:**

- **Depressing the appearance of support for shareholder concerns.**

The math is simple: When abstaining shareholders elect to not express an opinion but then are treated as if they voted AGAINST a proposal, the tally is lowered and management benefits (because they routinely oppose stockholder proposals).

- **Subverting vote outcomes.**

Historically, these practices have allowed companies to describe numerous true majority votes on shareholder items as, instead, having ‘failed’.

- **Distorting communication.**

Annual meeting votes offer the sole opportunity for most shareholders to communicate with Boards. Counting abstentions as de facto votes AGAINST shareholder proposals, management changes how outcomes are reported and how the public perceives support for shareholder concerns.

In contrast to how shareholder items are treated, we see that Amazon’s Director Election (where management benefits from the appearance of strong support), does not count abstentions. **Thus, management items and shareholder items do not receive equal treatment;** though the Company has complete discretion to cure such inconsistencies in its voting policies.

To avert discrepancies like these, the Council of Institutional Investors has declared: “...abstentions should be counted only for purposes of a quorum.”

**THEREFORE:** Support accuracy, fairness, and good governance at Amazon by voting FOR simple majority vote-counting on shareholder-sponsored proposals.

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