

# Amazon Shareholders Want To Force 'The Everything Store' To Accept A Racial Reckoning

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**Amazon is facing unprecedented pressure from activists and investors to measure its impact on civil rights through a formal audit as some minority workers complain they have faced discrimination and retaliation. The company says it has “initiated numerous programs to assess and address racial justice considerations.”**

In May 2020, Amazon walked in lockstep with hundreds of other corporations in voicing solidarity with the Black community after the death of George Floyd and the nationwide protests that followed. “The inequitable and brutal treatment of Black people in our country must stop,” the company tweeted.

Since then, a Black warehouse worker who allegedly was called “not smart or articulate” by Amazon’s general counsel has filed a lawsuit seeking class status, alleging discrimination against Black and Latino workers. The company has come under criticism from civil rights groups over its facial recognition software and home surveillance products over claims they disproportionately target Black communities. A news report in February cited internal company data in reporting that Amazon's Black employees are evaluated more harshly than non-Black colleagues and are promoted less often.

And this week, five current and former employees filed lawsuits against Amazon alleging racial and gender discrimination, claiming that they faced retaliation from white managers after they spoke up.

These events are among a growing list of factors cited by institutional shareholders at Amazon who are pushing the company to undertake a third-party audit to measure the company’s impact on civil and human rights, equity and diversity issues — an effort that, if successful, could have wide-ranging repercussions around race in Silicon Valley and the technology industry more broadly.

“The sheer scale of Amazon, and the sheer scale of what needs to happen in this audit, is going to be daunting for any company,” says Anna Tavis, an associate professor of human capital management at New York University’s School of Professional Studies. But, if Amazon is forced to move ahead, the result could provide a much-needed roadmap for improved management of diversity issues across the entire industry, she says: “That’s when the dominoes will start falling.”

In a statement to Forbes, an Amazon spokesperson said the company “has initiated numerous programs to assess and address racial justice considerations across key aspects of our operations that we believe fully address the objectives of this proposal.” The spokesperson added: “We believe diversity and inclusion are good for business—and more fundamentally—simply right. Like many companies and institutions, we have more work to do on diversity, equity, and inclusion, but we are on the right path, and we understand our impact.”

In the past, such audits have been prompted by public relations crises — and revealed failures to monitor hate speech at Facebook, racial bias at Starbucks, and discrimination on Airbnb’s platform, prompting those companies to make changes. But as the one-year anniversary of Floyd’s death approaches, shareholders are for the first time intensifying efforts to force major companies to measure how their public statements of support for the Black community compare with the reality of their business practices.

The proposal for a racial equity audit at Amazon was made by the \$250 billion New York Common Retirement Fund, which valued its Amazon stake at \$3 billion at the end of 2020. Shareholders will vote on it at Amazon’s annual meeting on May 26.

At least one other major shareholder of the company, BlackRock, which has a 3.6% stake in Amazon valued at \$63 billion, has signalled support for racial equity audits. When faced with its own shareholder proposal for a racial equity audit, the asset manager conceded to the proposal and said last month it would agree to an audit. Two proxy advisory firms — Glass Lewis and ISS — have also recommended that Amazon shareholders vote in favor of the audit. Other Amazon shareholders, while taking no public position on the push for an audit, made broad calls for racial equality after Floyd’s death. (Vanguard declared that “we stand united with the black community and lend our voice to the call for meaningful and systemic change” and Fidelity said it “stands against racism and discrimination wherever it exists.”)

While a shareholder vote in favor of an audit at Amazon would be non-binding, it would send a clear message to the company’s board that would be hard to ignore — a situation Amazon is fighting to avoid.

In March, Amazon unsuccessfully appealed to the Securities & Exchange Commission, requesting that the agency intervene and block the proposal from being added to the shareholder ballot. Then in its April proxy filing, Amazon urged shareholders to vote against the proposal, stating that it was already doing enough to meet the demands of the proposal.

In addition to donating \$10 million to civil rights groups last year, Amazon partnered with a consulting firm to identify human rights risks of its business, in line with the UN Guiding Principles on Business and Human Rights. (It has released no update on when the report will be finished or what details will be disclosed.) The company also said it would double the

number of U.S. Black employees in senior roles this year — directors and vice presidents — from 2020 figures, among other commitments. And this week, Amazon announced it would extend a moratorium on the sale of its facial recognition software to police.

With a global workforce of more than 1.3 million employees, Amazon's own figures indicate it has a ways to go, starting at the top: its 2020 diversity figures show that just 3.8% of senior leaders — vice president or higher — were Black, up from 1.5% in 2018. These disparities were further highlighted by internal figures reported by Recode that showed Black Amazon employees are promoted less frequently and are scrutinized more harshly than non-Black peers. “We disagree with this characterization of Amazon's culture and believe that it misrepresents the facts and is based on the views of a small number of individuals,” an Amazon spokesperson said in response to Recode's findings.

Charlotte Newman, a current employee in Amazon's corporate Washington D.C. office, who filed a lawsuit in March alleging racial discrimination and sexual harassment, says that her experience mirrors that of many Black employees at Amazon: She was hired into a role lower than the one advertised and waited more than two years for a promotion, while her white counterparts were paid more for doing similar work. “I don't stand alone in the things I've experienced,” she says. (In a response to *Forbes*, the Amazon spokesperson said the company does “not tolerate discrimination or harassment of any kind” and that it imposed “additional training requirements for those in [Newman's] reporting line.” In its response to Newman's complaint, Amazon said that Newman was hired at the lower level because she had less experience than was required for the advertised role.)

Amazon's factory-level employees, where workers are majority non-white and start at \$15 an hour, according to company figures, have also been outspoken about racial inequities. Courtenay Brown, an employee at the Amazon Fresh Fulfillment Center in Avenel, New Jersey, who has been vocal about her experience at Amazon, says that she recently turned down a permanent supervisor role; while trying out for the position she says she was made to do the work of two people. When she asked for help, she says her superiors “looked at me as if I was crazy and overreacting.” But when her white counterpart, leading another team, asked for more assistance, she says the manager enlisted her to identify people to help him. “They broke their back to help him,” she says. (The Amazon spokesperson said the company “works hard to foster a culture where inclusion is the norm for each and every one of our...employees, and these anecdotes do not reflect our values.”)

Recent reports of Amazon's CEO Jeff Bezos's wealth have reinforced the image of wide disparities at the company: After Bezos's net worth increased \$73 billion during the pandemic, according to Forbes estimates, this month it was revealed he was buying a superyacht, rumored to cost more than \$500 million.

BlackRock is one of 8 major financial institutions, in addition to Johnson & Johnson and Amazon, facing shareholder-led racial equity proposals this year. Early signs indicate growing support from investors for companies to detail and justify their policies, but so far

none of the measures has been approved by a majority of shareholders. At Wells Fargo, 13% of shareholders voted for the racial equity audit, while 29% voted in favor at Goldman Sachs. After CitiGroup unsuccessfully appealed to the SEC to block a racial equity proposal, 39% of shareholders voted in favor. “Companies tell us ‘trust us,’” says Dieter Waizenegger, executive director at CtW Investment Group, one of the investors who worked on the proposals. “And we tell them, ‘show us.’”

| Amazon is “waiting for something horrible to happen, or a PR crisis”

For investors, racial equity audits could also dampen the risk of public relations crises. In 2017, Facebook was under intense pressure after it disclosed that it had provided data to Cambridge Analytica, a firm that used the data to tailor messages for political clients. The company hired an outside firm in 2018 to work with civil rights leaders, lawyers and other experts to assess how its business impacted civil rights. The audit, published last summer, found that Facebook had repeatedly prioritized free speech at the detriment of allowing hate speech and misinformation to spread, including posts by President Trump that amounted to “significant setbacks for civil rights.” While executives didn’t adopt all of the recommendations of the audit, Facebook did commit to hiring more civil rights experts and began removing fear-driven ads and other posts that spread disinformation about the 2020 census. “As hard as it has been to have our shortcomings exposed by experts, it has undoubtedly been a really important process for our company,” Facebook COO Sheryl Sandberg wrote in a blog post at the time. “We would urge companies in our industry and beyond to do the same.”

Jade Ogunnaike, a senior campaign manager at Color of Change, one of the civil rights groups that called on Facebook to conduct the audit, says she fears that Amazon won’t act on an audit unless it’s forced to. “Doing a racial equity audit would be a sign of great corporate responsibility and a sign of leadership, but instead they are waiting for something horrible to happen or a PR crisis,” she says.

Color of Change, which previously partnered with Airbnb to consult on its audit, recently launched a petition calling for Google to conduct a racial equity audit after a series of events, including the firings of a prominent AI researcher and her colleague, a complaint from the National Labor Relations Board alleging acts of intimidation to prevent workplace activism and illegal surveillance of employees. Hundreds of Google employees have since formed the Alphabet Workers’ Union. In a statement, Google said: “There is always more to be done, and as we continue to make steady progress on our racial equity commitments, we welcome feedback from Color of Change.”

For now, Amazon appears to be betting that it can move forward without an audit, says Newman, who is now the Head of Underrepresented Startup and Business Development at Amazon Web Services. “Without some outside pressure, or great deal of awareness, Amazon is comfortable with doing the bare minimum as it relates to diversity and equity.”

