



Pensions & Investment
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AMAZON VOTE A SEISMIC SHIFT ON TAX TRANSPARENCY

Having a vote on tax transparency at the Amazon.com, Inc. AGM on 25 May 2022 was a success in itself. The outcome of the vote represents further success for PIRC's campaign on fair tax.

21% of independent shareholders voted in favour of the shareholder proposal on tax transparency, filed by the OIP Investment Trust and the Greater Manchester Pension Fund (GMPF), with the support of PIRC. This was the first such shareholder resolution to have been successfully upheld by the US Securities and Exchange Commission (SEC). Amazon had initially challenged the proposal at the SEC, but the regulator found in favour of investors, in a historic first for shareholder proposal on tax. It was also the highest ever vote on a tax proposal globally that did not have the support of management.

[The proposal requested](#) that the "Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard."

Supporters of the proposal included Glass-Lewis, ISS-SRI, [Norges Bank](#) (representing the Norwegian sovereign wealth fund), [New York City Comptroller](#), the Ethos Foundation, Legal and General Asset Management, ACTIAM, Vision Super, CAIPERS and British Columbia Investment Managers – as well as advisors Morningstar Sustainalytics.

Investors with \$3.6 trillion in assets under management wrote to the SEC back in March in support of the proposal. The strong, international support reflects the global nature of this issue – it affects government around the world – and the concerted global action required to bring about much needed change. It demonstrates that tax is no longer a niche sustainability issue but a core part of investor due diligence and good corporate governance.

Dr Katie Hepworth, Responsible Tax Lead, PIRC said:

"This vote represents a seismic shift in investor expectations on tax transparency. It puts all companies on notice to disclose country-by-country tax and financial information, especially those multinationals in sectors that have historically singled out for tax avoidance: tech and pharma. Amazon has repeatedly shown itself to be out of step with investor expectations on tax, and as a company that is afraid of investor and community oversight.

A company's tax practices should work to uphold the integrity of the national and global tax systems and contribute to the societies in which they operate. To preserve long-term value

for the company and its various stakeholders, companies must align their tax approach to their overall business and sustainability strategies, and not just seek to optimise the amount of taxes paid.

Amazon is one of a handful of companies whose aggressive tax planning practices has driven global regulatory reform on tax. Investors need to be provided with tax disclosures that will allow them to assess the risks from these reforms, and understand the governance systems that Amazon has in place to manage these risks over time.”

Séamus Finn, Missionary Oblates/OIP Trust (lead filer) said:

“Responsible and sustainable corporations should want to create a record and a reputation for doing their fair share. We call on Amazon to join with leading companies and investors to contribute to a global economy that works for all.

In the 21st century the issues of transparency, accountability, and accuracy in reporting by public corporations have attracted new levels of scrutiny by those who rely on this information to make decisions when deciding where to deploy their assets and which companies to include in their portfolios and thereby trust with their money.

The world is challenged on numerous fronts by not only pandemics, wars and social and environmental catastrophes. Confidence in many longstanding institutions that societies have come to rely on, including those that operate in the financial and political sector, is at its lowest level in generations. Greater transparency is the first step that public companies like Amazon can take to rebuild confidence in these institutions.”

Tom Harrington, Greater Manchester Pension Fund (co-filer) said:

“This is a significant and much-needed vote in favour of stewardship and good governance. Amazon should heed the message from its investors and commit to real transparency in its tax practices.

Tax is central to a company’s sustainability approach and is often a good indicator of governance practices too. No company exists independently of the society in which it operates, and the taxes that they pay contribute to the maintenance of infrastructure and social services on which they and others rely.

The public sector is directly affected by spending limitations and the resultant societal consequences. Lockdowns have only exacerbated the pressure on public spending. It is vital that Amazon commits to transparency and paying taxes in full where profits are earned, particularly as a company that saw increased business during lockdowns.

The Greater Manchester Pension Fund is committed to using our voice to engage companies on their tax planning approach. It fits with our values and aims to ensure long-term sustainability for the company, in the interests of our beneficiaries and wider society.”

Support for the Resolution:

Glass-Lewis statement before the AGM results were announced.

“We recognize that issues of tax avoidance can be extremely controversial and have received increasing attention from governments and regulators. As a result, we believe a best effort should be made by companies to manage this issue in way that considers all stakeholders. In this case, we believe that the scrutiny paid to the Company's taxes on a global basis could lead to regulatory and reputational risk. Although the Company has provided some level of disclosure on this matter, we believe that additional reporting in line with the GRI Tax Standard would provide shareholders with understandable information on which they are able to base assessments of the Company's tax-related risks. Moreover, given the Company will be required to disclose much, but not all, of this information according to recent EU regulations, we do not view the production of the requested disclosure as a significant burden to the Company. Moreover, because this proposal is precatory in nature, we do not believe that providing the requested disclosure risks the Company's disclosure of competitively sensitive information. Accordingly, we believe that support for this proposal is warranted at this time. **We recommend that shareholders vote FOR this proposal.**”

PIRC supported the filing of the tax transparency proposal as the first action in its collaboration with the Centre for International Tax Accountability and Research (CICTAR). For more information about the initiative, see: <https://cictar.org/cictar-pirc-collaboration/>. For more information contact:

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