



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

EUROFER

Data : 26/03/2020

Prot. : 21029/2020



3241595000000312722

**Fondo Pensione Nazionale a Capitalizzazione
per i Lavoratori delle Ferrovie dello Stato**

EUROFER

Via Bari, 20
00161 Roma
Italy

Rome, March 24, 2020

Amazon.com Inc.

P.O. Box 81226

Seattle, WA 98108-1226 – USA

To the kind attention of:

Mr Dave Fildes, Director, Investor Relations

Mr Dan Perlet, Director of Corporate Communications, North America

ESG engagement letter

Dear Mr Fildes and Mr Perlet,

Fondo Pensione EUROFER is the pension fund for employees of the Italian State Railways, established in March 2002 as a non-profit organization with the goal of ensuring the associated workers their standard of living during retirement, thanks to an additional contribution pension plan, complementary to the public one.

As of December 31st, 2019, over 75,000 active workers from 117 companies were members of the fund with assets under management of €1,153,779,296 a portion of which is invested in shares of your Company.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

With this letter, we bring to your attention specific aspects of the ESG profile the Company with the aim of creating a positive, constructive and long-term dialogue to foster a progressive improvement of the management of business risks, including non-financial risks, to whom EUROFER pays special attention in the interest of its beneficiaries.

The requests we would like to ask with this letter are:

- **Set Greenhouse Gas Reduction Policy with targets in line with Paris Goals**
- **Publish a Report on Human Rights Impact Assessment for products**
- **Publish a Report on impacts of food waste from Company operations**

Set Greenhouse Gas Reduction Policy with targets in line with Paris Goals

EUROFER, in line with a similar request from the ICCR investors' network¹, invites the Company to adopt a policy with quantitative, company-wide goals for managing greenhouse gas (GHG) emissions, considering the objectives and timelines of the Paris Climate Agreement, and annually report, at reasonable cost and omitting proprietary information, on its plans to achieve these targets and the progress made.

Amazon's GHG emissions result from its massive warehouse and logistics operations, data centers and servers, corporate facilities, and owned and subcontracted delivery fleets. Amazon does not disclose any quantitative data regarding its operational GHG emissions, nor has it adopted forward-looking goals to manage GHG emissions.

The GHG management goals requested are intended to be integrated with other goals the Company has adopted. Well over 60% of Fortune 100 companies have already set GHG emissions targets², presumably while taking into consideration other corporate goals and policies.

Examples of companies with GHG reduction goals include: Apple, Johnson & Johnson, General Motors, AT&T, Procter & Gamble, JP Morgan Chase, McDonald's, and Microsoft.

Amazon's peers that have set GHG management goals include: Walmart, Target, Google, Best Buy, Otto, and Oracle.

EUROFER believes that it is appropriate for shareholders to request that Amazon set goals for managing GHG emissions because such goals help to mitigate a critically important issue for civil society and businesses — climate change.

¹ See <http://www.iccr.org/about-iccr>

² See <https://www.worldwildlife.org/press-releases/report-fortune-500-companies-accelerating-renewable-energy-energy-efficiency-efforts>

Scientists expect that failure to mitigate climate change will lead to additional sea level rise, more extreme weather, mass migration, and public health impacts from heat waves, fires, and changing disease vectors. To manage such risks, representatives from approximately 195 countries adopted the Paris Climate Agreement, which aims to limit the increase in global average temperature — and the most devastating social impacts of climate change — by reducing GHG emissions.

Investors are concerned about climate impacts on individual companies as well as portfolio-wide risks related to changing regulations and costs associated with extreme weather events. Large institutional investors such as BlackRock and State Street Global Advisors have publicly and privately called on companies to address climate change. A State Street white paper published in 2017 states: “We view establishing company-specific GHG emissions targets as one of the most important steps in managing climate risk”³.

Publish a Report on Human Rights Impact Assessment for products

EUROFER, in line with a similar request from the ICCR investors’ network, request that the Board of Directors commit to conducting and making available to shareholders Human Rights Impact Assessments for at least three food products Amazon sells that present a high risk of adverse human rights impacts. The Assessment should specify the standards used, identify and assess actual and potential adverse impacts associated with the product and describe how the findings will be integrated in order to prevent and/or remedy impacts.

The Assessments should be prepared at reasonable cost and should omit proprietary information.

There is increasing recognition that company risks related to human rights violations, such as reputational damage, project delays and disruptions, and litigation, can adversely affect shareholder value.

Risks may exist for companies even if they are retailers or distributors of a product.

To manage such risks effectively, companies must assess the risks to shareholder value posed by human rights impacts in their supply chain. The United Nations Guiding Principles on Business and Human Rights urge that “business enterprises should carry out human rights due diligence” or Assessments⁴. The assessments recommended by the Guiding Principles use a statement to define human rights expectations; cover impacts created directly by the company or indirectly through the activities of a third-party partner; and involve consideration of affected stakeholders’ views, either through direct engagement or by consulting experts.

As the owner of online grocer Amazon Fresh and grocery chain Whole Foods Markets, Amazon’s business model exposes the Company to significant human rights risks from food suppliers. More generally, food suppliers have experienced increasing downward pricing pressures recently,

³ See <https://www.ssga.com/investment-topics/environmental-social-governance/2017/perspectives-on-effective-climate-change-disclosure.pdf>

⁴ See http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf (pag. 17)

including from Whole Foods policies. Such pressures may lead them to commit human rights violations such as using child or forced labor.

As well, concerns have been raised about specific products. For example, research by several organizations has highlighted human rights abuses in the shrimp industry in Southeast Asia⁵, and Whole Foods sells shrimp produced there. The Department of Labor has identified dozens of common food products, including palm oil, cocoa and bananas, that are produced using forced or child labor in some countries.

Many human rights are addressed in Amazon's Supply Chain Standards, including forced labor, child labor and freedom of association and anti-discrimination. Amazon describes supplier- and site-specific audits, but does not disclose or indicate that it performs any human rights impact assessment for product types across suppliers.

EUROFER believes that such assessments would allow Amazon to identify potential impacts earlier and take steps to prevent them, as well as allowing more timely remedy of actual impacts. Leading companies such as Coca-Cola⁶ and Mondelez International⁷ have produced human rights impact assessments focused on high-risk products in their supply chains.

Publish a Report on impacts of food waste from Company operations

EUROFER, in line with a similar request from the ICCR investors' network, request the Company to issue an annual report, at reasonable cost and omitting proprietary information, on the environmental and social impacts of food waste generated from its operations given the significant impact that food waste has on societal risk from climate change and hunger.

The report should clarify the specific approaches used to mitigate food waste, which parts of Amazon's operations are best to target and why.

The guidelines to draft the report should include:

- **Conducting evaluations to determine the causes, quantities, and destinations of food waste;**
- **Estimating greenhouse gas (GHG) emissions reductions that could be achieved or amounts of food redistributed to the food insecure if the Company reduced the generation of food waste;**
- **Assessing the feasibility of setting goals to reduce food waste and progress made towards meeting these targets.**

⁵ See <https://www.npr.org/sections/thetwo-way/2018/01/23/579898348/rights-abuses-still-widespread-in-thailands-fishing-industry-report-says>

⁶ See <https://www.coca-colaitalia.it/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/brazil-sugar-industry-child-labor-forced-labor-land-use.pdf>

⁷ See <https://www.cocoalife.org/progress/gender-assessment-report-care-international-in-cote-divoire>

Despite one in seven U.S. households struggling to afford regular, healthy meals, 40 percent of all food produced in the U.S. is wasted, generating devastating social and environmental consequences. Decomposing food in landfills generates 23 percent of U.S. methane emissions, exacerbating climate change. Wasted food production is responsible for consuming 25 percent of U.S. freshwater, 19 percent of fertilizer, and 18 percent of cropland.

Project Drawdown⁸ cited food waste reduction as the third most impactful tactic in reducing global GHG emissions.

According to the U.N. Food and Agriculture Organization, ending food waste would preserve enough food to feed 2 billion people — more than twice the number of undernourished people in the world.

Industry peers such as Hello Fresh, Kroger, Walmart, Wegmans, Ahold USA, and Weis Markets disclose or have committed to quantitative disclosure of food waste levels, set targets for food waste reduction, and publish information on progress towards these goals.

Action to reduce food waste is even more imperative for online grocery retailers because they may be more susceptible to high rates of food waste given complex distribution systems and the inability to rely on solutions employed by conventional retailers. Amazon has captured 30% of U.S. online grocery spending, outpacing its peers. Amazon invested heavily in its Amazon Fresh and Amazon Direct online grocery services, and spent USD 13.7 billion to acquire Whole Foods, thereby increasing the Company's exposure to products with greater rates of food waste and spoilage.

The Sustainability Accounting Standards Board cites food waste management as material to food distributors' operating performance, recommending disclosure of the aggregate amount of food waste generated and the percentage diverted from landfills⁹.

EUROFER believes that strengthened disclosure of food waste reduction efforts could help Amazon meet its social and environmental goals, combat climate change and hunger, and bolster its brand reputation in a rapidly changing market.

We trust you would take into consideration our requests as a stimulus towards achieving greater consensus from all your stakeholders.

We look forward to your kind reply to our requests. We are keen to analyze carefully any further documentation that you may provide us concerning the highlighted points.

⁸ Project Drawdown is a global research organization that identifies, reviews, and analyzes the most viable solutions to climate change, and shares these findings with the world. See: <https://www.drawdown.org/solutions/food/reduced-food-waste>

⁹ See https://www.sasb.org/wp-content/uploads/2015/09/CN0401_Food-Retailers-Distributors_Standard-c.pdf



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

Thanking you for your attention and waiting for your kind reply.

Kind regards,

Avv. Antonella D'Andrea, Chairman
Fondo Pensione EUROFER