

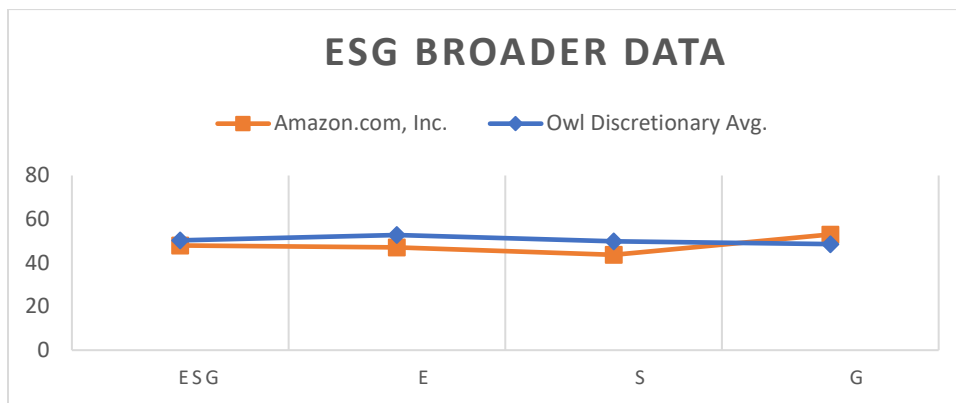
Amazon

The similarities between Amazon and Wal-Mart with respect to ESG issues at similar stages of growth are quite striking. Amazon is now 24 years old and is quite identical to Wal-Mart in the early 1980s (it was founded in 1962.) Both have ridden an obsession with pleasing its shoppers with low prices, large selection, and improved accessibility to extremely high levels of customer loyalty. Each company was also judged to be a very good employer. Wal-Mart went through a long phase shortly after in which it lost sight of fair treatment of its workers, local communities, and suppliers in its quest for market share and low prices. Amazon is at a similar crossroads as it finds itself slipping behind its peers on ESG issues.

Despite its rapid growth, Amazon has been delinquent in funding efforts on measuring and reporting its ESG impacts. It did not hire a director of sustainability and social responsibility until 2014. While it now makes some information available through its website, it still seems to be at an early stage of measuring and communicating the impact of its growth. For example, the company receives an F grade from the Carbon Disclosure Project for its work on Climate Change. This is likely due to not disclosing any information to them. In 2015, Amazon’s AWS division received a D grade from Greenpeace for its lack of transparency around the use of renewable energy to power its servers. While it says it has a target of 100% renewable energy, it is impossible to track any progress towards this goal as the company doesn’t release any energy or carbon data.

Wal-Mart was included in the original *100 Best Companies to Work for in America* in 1984. Amazon is ranked #5 in this current list, as well as being selected by LinkedIn as the best employer in the country. Yet the company increasingly finds itself in confrontations with its hourly workers. Amidst protests, it did just agree this past month to raise its minimum wage to \$15 per hour for all U.S. full-time, part-time, seasonal and temporary employees. These workers do have to give up the potential to earn any bonuses and stock awards, which some have said effectively negates the wage increase. Warehouse workers across Europe went on strike on Prime Day this year as they are demanding better pay and working conditions. Amazon has rejected any collective bargaining agreement with its workers in Germany. Amazon also faced criticism in October after an anti-union video leaked. It trained managers in its Whole Foods stores on how to suppress worker organizing.

As with Wal-Mart, Amazon is increasingly facing criticism that its size and low costs are threatening the health of local communities and businesses.



Source: OWL SHARES

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