

A Win for Shareholders in Effort to Halt Sales of Amazon's Racially Biased Surveillance Tech

S.E.C. Ruling Advances Two Shareholder Proposals Targeting Amazon's Rekognition



April 4, 2019 — In a major victory for investors, the Securities and Exchange Commission (SEC) ruled late yesterday that Amazon must give shareholders an opportunity to consider and vote on two separate shareholder resolutions that address major business risks posed by the sale of Amazon's facial recognition technology to government agencies.

The SEC's ruling comes amidst mounting criticism of the Amazon technology, "Rekognition," as racially biased. Only yesterday (4/3), the [New York Times reported](#) that at least 25 prominent artificial-intelligence researchers, including experts at Google, Facebook and Microsoft, have signed a letter calling on Amazon to stop selling its facial-recognition technology to law enforcement agencies because it is biased against women and people of color.

The *Times* said the letter "reflects growing concern in academia and the tech industry that bias in facial-recognition technology is a systemic problem. Some researchers — and even some companies — are arguing the technology cannot be properly controlled without government regulation."

The two shareholder resolutions, which were filed with Amazon in December, focus on the business risks to the company from sales of Rekognition. One resolution asks Amazon to [halt sales](#) of Rekognition to government unless the board "concludes the technology does not pose actual or potential civil and human rights risk;" the [other resolution](#) requests the board commission an independent study of Rekognition regarding the extent to which the technology may "endanger, threaten, or violate" privacy or civil rights.

The SEC's decision means the shareholder resolutions will be voted on at the Company's annual meeting, which is expected to be held in coming months; an exact date has not been announced.

This victory for shareholders comes despite Amazon's relentless attempt to exclude the proposals from the ballot. The company first sought to use the SEC's "no-action" process to keep the proposals from being put to a

vote by shareholders. When that request was [denied by the SEC staff last week](#), Amazon filed a last-minute appeal to the full SEC commission. That [request was denied](#) late yesterday (4/3).

Rekognition, which is marketed by Amazon Web Services, performs image and video analysis of faces, including identifying and tracking people and their emotions. Tests of the technology have raised concerns that it is biased, inaccurate and dangerous. In one test, Rekognition technology [disproportionately misidentified African-American and Latino members of the U.S. Congress](#) as people in criminal mug shots, incorrectly matching 28 members of Congress with people who had been arrested, amounting to a 5 percent error rate among legislators -- and an even higher one among members of color.

The shareholder resolution echoes concerns of over 70 civil rights and civil liberties groups, hundreds of Amazon's own employees, and 150,000 people who signed a petition — all seeking to end sales of Rekognition to government agencies.

Reports indicate Amazon sold Rekognition to law enforcement in at least two states, pitched the technology to Immigration and Customs Enforcement (ICE), and that the FBI is now testing it. Investors are concerned that Amazon's technology will be used by local and federal government agencies to justify the surveillance, exploitation and detention of individuals seeking to enter the U.S., posing human rights risk

The shareholder resolutions were filed separately by the Sisters of St. Joseph of Brentwood, represented by the Tri-State Coalition for Responsible Investment, and Harrington Investments Inc.

Mary Beth Gallagher, Executive Director, Tri-State Coalition for Responsible Investment: We encourage fellow investors to vote in favor of the two resolutions on Rekognition due to the potential human rights impacts of selling facial recognition technology to governments. Shareholders are deeply concerned by the serious chilling effect of surveillance on immigrant communities and on all of us, including the ways in which this technology can be used by government to instill fear, prevent people from accessing the services they need, and perpetuate racism. Proponents believe it is in Amazon's best interest to fully assess potential risks to rights holders, shareholders, and the company's ability to maintain the trust of its stakeholders, before continuing sales of Rekognition to governments. The SEC's decision to side with shareholder proponents when the company aggressively challenged both of the facial recognition resolutions signals a victory for shareholder rights, as the Commission agreed with our view that the risks of selling Rekognition to governments are significant enough to be brought to the attention of and voted on by all shareholders.

John Harrington, President, Harrington Investments: "I think the SEC staff made the appropriate ruling in allowing shareholders, as important stakeholders, to have an opinion on how much risk our company is taking in becoming a major component of an ever-growing surveillance infrastructure. I continue to be fearful that Amazon will encourage the expansion of public intimidation of people of color, immigrants, and democracy advocates throughout the world, including ordinary consumers who will also be continually monitored and subjected to privacy invasion solely intended to maximize private sector financial gain. On the other hand, perhaps the SEC staff recognized that they too will be subjected to round-the-clock surveillance by both the public and private sector security apparatus."

Michael Connor, Executive Director, Open MIC: "Shareholders - especially large institutional shareholders - need to press Amazon on this critical issue by raising their concerns with management and voting their shares. There's a lot at stake."

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