

## Policy to Include Hourly Associates as Director Candidates

**RESOLVED:** Shareholders of Amazon.com, Inc. (“Amazon”) urge the board to adopt a policy of promoting significant representation of employee perspectives among corporate decision makers by requiring that the initial list of candidates from which new board nominees are chosen (the “Initial List”) by the Nominating and Governance Committee include (but need not be limited to) hourly Associates. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

**WHEREAS:** There is growing consensus that the employees on corporate boards can contribute to the long-term sustainability of a company.

Policymakers have noted that maintaining the status quo of corporate governance contributes to “stagnant wages, runaway executive compensation and underinvestment in research and innovation.”<sup>1</sup> The business community makes similar observations: the Business Roundtable, which counts Amazon among its members, recently announced that it is reevaluating the purpose of a corporation to align with stakeholders’ interests and to generate shared prosperity for business and society, because investing in employees and communities offers “the most promising way to build long-term value.”<sup>2</sup>

New research suggests that employee representation grows the value of a company in several ways. According to the National Bureau of Economic Research, giving workers formal control rights raises capital formation and increases female representation.<sup>3</sup> In Germany, the “co-determination” model of shared governance has been lauded as a check against short-termist capital allocation practices.<sup>4</sup>

Legislators are supportive of this notion as well. Nearly one-third of Senate Democrats support an initiative led by Senators Tammy Baldwin<sup>5</sup> and Elizabeth Warren which would codify employee representation on boards, as they acknowledge that modern corporate governance needs to be accountable to and inclusive of a wider array of interests, notably employees.<sup>6</sup> Additionally, polling demonstrates substantial public support (over 53%) across party lines for employee representation.<sup>7</sup> The UK recently adopted a rule mandating that boards engage with employees to enhance worker voice in the boardroom, which may include appointing a non-executive employee as director.<sup>8</sup>

The Amazon board lacks representation from the hourly Associates who thoroughly understand the company’s daily operations. Women and racial minorities, which constitute a large percentage of Amazon’s hourly associates, are also comparatively underrepresented at the board level, which remains predominantly male and white.<sup>9</sup> Amazon has been publicly excoriated for mistreating workers— including criticism over dehumanizing working conditions, anti-union activities, and placing significant strain on

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<sup>1</sup> <https://www.nytimes.com/2019/01/06/opinion/warren-workers-boards.html>

<sup>2</sup> <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

<sup>3</sup> <http://economics.mit.edu/files/17273>

<sup>4</sup> <https://prospect.org/labor/codetermination-difference/>

<sup>5</sup> <https://www.baldwin.senate.gov/>

<sup>6</sup> <https://www.wsj.com/articles/companies-shouldnt-be-accountable-only-to-shareholders-1534287687;>

<https://www.baldwin.senate.gov/press-releases/reward-work-act-2019>

<sup>7</sup> <https://www.dataforprogress.org/blog/2018/12/14/employee-governance>

<sup>8</sup> <https://www.pinsentmasons.com/out-law/analysis/corporate-governance-employee-voice-workplace-reporting>

<sup>9</sup> <https://www.seattletimes.com/business/amazon/amazon-more-diverse-at-its-warehouses-than-among-white-collar-ranks/>

taxpayers by forcing their employees to rely upon food stamps.<sup>10</sup> Employees have described workplace conditions as “hellish.”<sup>11</sup> Because protecting the company’s reputation and ability to retain its workforce factor heavily into shareholder value, the Board should ensure that it has worker representation so that it may assess and address these risks directly.

We urge shareholders to vote for this proposal.

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<sup>10</sup>[https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297); <https://time.com/5629233/amazon-warehouse-employee-treatment-robots/>;

<sup>11</sup> <https://nypost.com/2019/07/13/inside-the-hellish-workday-of-an-amazon-warehouse-employee/>