

Policy to Include Hourly Employees 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 employees. The policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

WHEREAS: Amazon has been publicly excoriated for mistreating workers – including criticism over dehumanizing working conditions, anti-union activities, and straining taxpayers by paying so little that employees must rely on food stamps.¹ Employees have described workplace conditions as “hellish,”² and the NY Times observes that during the pandemic, “Amazon’s system burned through workers, resulted in inadvertent firings and stalled benefits, and impeded communication, casting a shadow over a business success story for the ages.”³ Because protecting the company’s reputation and ability to retain its workforce affect shareholder value, Amazon must urgently address these issues. Worker representation on the Board will allow it to do just that, empowering the company to address employee concerns before they become headlines.

In addition to mitigating reputational risk, employee representation can promote value creation. According to the National Bureau of Economic Research, giving workers formal control rights raises capital formation and increases female representation.⁴ In Germany, the “co-determination” model of shared governance has been lauded as a check against short-termist capital allocation practices,⁵ and a study found that employee representation on boards generated a 25% spike in productivity and increased wages.⁶

There is growing recognition that employees on boards can contribute to a company’s long-term sustainability. Nearly one-third of Senate Democrats support an initiative led by Senators Baldwin and Warren which would codify employee representation on boards, as they urge that modern corporate governance should be accountable to and inclusive of a wider array of interests, notably employees.⁷ 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.⁸ Investors have also increasingly expressed support for workers on boards, filing proposals on this topic at fifteen companies during the 2021 AGM season.⁹ Even the business community has drawn similar conclusions: the Business Roundtable, which counts Amazon among its members, stated that investing in employees and communities offers “the most promising way to build long-term value.”¹⁰

¹https://d3n8a8pro7vhm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297; <https://time.com/5629233/amazon-warehouse-employee-treatment-robots/>

² <https://nypost.com/2019/07/13/inside-the-hellish-workday-of-an-amazon-warehouse-employee/>

³ <https://www.nytimes.com/interactive/2021/06/15/us/amazon-workers.html>

⁴ <http://economics.mit.edu/files/17273>

⁵ <https://prospect.org/labor/codetermination-difference/>

⁶ <https://www.govenda.com/blog/employee-representation-on-boards/>

⁷ <https://www.wsj.com/articles/companies-shouldnt-be-accountable-only-to-shareholders-1534287687>;

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

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

⁹ Recipient companies include Amazon, Walmart, Starbucks, Disney, Citigroup, among others.

¹⁰ <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

Amazon's board lacks representation from hourly employees, 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.¹¹

We urge shareholders to vote for this proposal.

¹¹ <https://www.seattletimes.com/business/amazon/amazon-more-diverse-at-its-warehouses-than-among-white-collar-ranks/>