WORK, RIGHTS, AND RISKS AT AMAZON

January 23, 2020
Agenda

- Introduction
- Amazon’s Labor Model
- Working at Amazon
- Investor Engagement
- Questions
Speakers

**Spencer Cox** is an instructor in Geography, Environment, and Society at University of Minnesota. His Ph.D. dissertation explores Amazon’s impact on working-class communities in the US. He worked in Amazon sortation centers from 2017 to 2019.

**Hiba Aly** worked at Amazon’s JFK8 fulfillment center on Staten Island, NY, until November 2019. She was terminated after she circulated a petition asking for more break time and buses to help workers get to work.

**Fredric Nyström** is the director of responsible investment at Öhman, a Swedish asset manager, since 2014. He has 16 years of responsible investment experience, including at GES, and is active in the Amnesty Business Group.

**Paloma Muñoz Quick** is the director of the Investor Alliance for Human Rights at ICCR.
Work hard, make rate, or you’re history

The work experience at Amazon
The retail factory
Amazon and deindustrialization


**Table 1: Manufacturing Growth Rates, 1950–2017**

<table>
<thead>
<tr>
<th></th>
<th>Output</th>
<th>Productivity</th>
<th>Employment</th>
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<tbody>
<tr>
<td>USA</td>
<td>1950–73</td>
<td>4.4%</td>
<td>3.1%</td>
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<tr>
<td></td>
<td>1974–2000</td>
<td>3.1%</td>
<td>3.3%</td>
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<td></td>
<td>2001–17</td>
<td>1.2%</td>
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**Table 2: Manufacturing and GDP Growth Rates, 1950–2017**

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The only job in town

Deindustrialization has led to weak demand for labor in suburban and rural areas. Many depend on logistics jobs, and increasingly Amazon, for employment.

Amazon further weakens the labor market through loss of other retail and warehouse work. Options for work are slim, in particular for full-time work.

Amazon fulfillment centers do not increase overall county employment

Change in overall county employment before and after opening an Amazon fulfillment center, using state-specific time fixed effects model

Monopoly profits and workers’ declining share

Monopoly firms increase market share through developing proprietary innovations, economies of scale, predatory pricing (loss leading), and resource control.

Increases in market share leads to increased value-capture by monopoly firms, but less of this value returns to workers.
Automation and innovation

Monopoly rents allow Amazon to invest in proprietary information and communication technologies and industrial robotics.

From the perspective of workers, this leads to increased productivity in the retail factory from management surveillance (high rates and pace of work), but stagnant wages relative to productivity gains.
Economic Deindustrialization and Stagnation Drive:

- Under- and Unemployment
- Workers with minimal bargaining power at work
- Willingness to accept extremely difficult work conditions
- Intense pressure to keep jobs that offer some semblance of social benefits
- Low job stability
Hyperexploitation and the Rate

- Digital Surveillance and Algorithmic Management

- A culture that prioritizes efficiency and productivity above all else

- Tiering of the Workforce (temps, seasonal, full-time work, glass-ceiling career ladders)
Body breaking work

‘Making rate’ drives workplace injuries, with a total injury rate of 10.6 per 100 workers, which is…

Twice as high as other warehouse workers, and three times as much as other workplaces.

Injuries are severe, with 89% of workers being forced out of work due to injury, a rate 6x higher than the average private sector employer.
Productivity Above All Else

Injury rate *doubles* during holiday season as productivity demands and new workers skyrocket.

Official health data *underrepresents* total injuries.

This chart shows the trend of sum of number of weekly recordable injuries throughout the year. All data in the sample is included for all years 2014-2018. Sample includes OHSA 300 logs for 2 facilities for 2014, 5 facilities for 2015, 7 facilities for 2016, 8 facilities for 2017 and 11 facilities for 2018.
Of workers stated that work at Amazon *negatively* impacts their mental health, with 66% saying it increases stress, and 51% saying it increased anxiety.

Physical exhaustion, management mistreatment, and persistent pain are listed as primary causes. 189 suicide calls were reported from 2014-2019 in the US.

In Germany, Ver.di estimates the rate of illness-related absence is up to 20%, compared to a standard average of 4.8% across all industries.
Demands to control the rate

While many are choosing to resist, the vast majority vote with their feet and leave. Turnover in US facilities averages 2-3% per week, or over 100% per year.

From Minneapolis to Poland, Amazon workers are demanding more control over the pace of work. Management indifference to workers’ pain and the lack of care for workers’ wellbeing is producing organized resistance.
What happens when workers organize?

Management targets actors who speak out. Documented cases include:

- Increasing surveillance of workers who speak out
- Moving workers to isolating and demanding work
- Breaking up social groups who form in departments, driving isolation
- Increasing use of *contracted* work, including temps, seasonal workers, and fixed term contracts, which attacks workers sense of security
Part-Time Work

Amazon seeks to control more of the ‘last-mile’ of the supply chain, largely by expanding *part-time* work in its just-in-time (JIT) production systems.

Delivery center workers are all part-time and are kept under 30 hours per week. They are not given health insurance, paid-time off, or access to the same education benefits as full time workers. There is no *functional* reason for this.

Delivery drivers, and Amazon ‘flex’ drivers are miscategorized and subcontracted, leading to wage theft.
91% of Sacramento delivery center workers surveyed say they want full-time work and are fighting now for part-timers to receive PTO.
Hiba Aly

Former Amazon warehouse employee
An integrated ESG-research & engagement process

**Integration**
Takes into account and assesses the risks and opportunities linked to sustainability issues in the corporate analysis.

**Exclusions**
Excludes companies that are considered unethical, e.g., weapons and tobacco, or companies that violate international norms & conventions.

**Engagement**
Concrete dialogues with portfolio companies with the ambition to achieve material improvements in corporate behaviour. Engage on our own or collaborating with other investors. Voting AGMs.
Öhman corporate ESG rating

ESG risk assessment

Material impact on one or more SDGs

Involved in serious incidents

Öhman ESG-rating

Negligible risk
Low risk
Medium risk
High risk
Severe risk

Engagement potential?
The business case for engaging with Amazon

- Better risk management
- Value creation - protects the brand
- Improved licence-to-operate
- Increased demand from investors
- Increased regulatory risk
Engagement log

2019-01-31
• Letter from Öhman to Amazon IR

2019-02-13
• First response from Amazon – no new information

2019-02-15
• Öhman joins IAHR

2019-02-18
• Follow up questions sent to Amazon

2019-03-12
• Reminder sent to Amazon

2019-07-08
• Collaborative letter to Amazon

2019-08-13
• Reminder to Amazon

2019-08-30
• Response from Amazon – more will come

2019-09-23
• Update from Amazon – mainly about climate

2019-11-06
• Öhman files a resolution

2019-11-15
• Amazon publish Global Human Rights principles

2019-12-11
• ICCR/IAHR meeting with Amazon
Q&A
Amazon “Big Tent” Investor Coalition

- Engaging Amazon on ESG issues since Spring 2018
- Diverse group of investors
  - Faith-based, SRI, union funds, public pensions, asset managers, foundations, NGOs, & employees
- This season coalition members filed 14 resolutions
- Addressing multiple company-wide ESG risks:
  - Human rights policies & due diligence
  - Labor rights compliance
  - Board level oversight of health and safety
  - Gender pay and promotion equity
  - Specific timeline for zero carbon footprint
  - Potential civil rights violations of facial recognition
  - Potential human rights violations of surveillance products
  - Food waste
  - Hate speech promotion on ecommerce platforms
  - Diversity and inclusion in executive team
  - Independent board chair
  - Disproportionate environmental and health harms to communities of color due to pollution from delivery logistics and other operations
- Welcome new members
- Monthly strategy calls and listserv
THANK YOU

For further information, please contact
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