March 31, 2023

Jamie S. Gorelick
Chair, Nominating and Corporate Governance Committee
Shareholder-Board Communications
c/o Secretary
Amazon.com, Inc.
P.O. Box 81226
Seattle, WA 98108-1226

Dear Ms. Gorelick,

We write to express our deep and ongoing concern that the composition of Amazon's Board of Directors has not kept pace with the company's evolving strategy and risks, particularly with respect to the Board's capacity to oversee the management of its 1.6 million workers globally. We request a meeting with you to discuss investors' concerns regarding the Board's oversight of Amazon's human rights and human capital management, and the need for new board members with expertise in these areas.

Since 2017, Amazon's global workforce has increased by one million workers, yet according to the company's disclosure, the Board has only added one director who possesses human capital management expertise and experience. During this period, the company has also grown in size and complexity—including acquiring companies in many varied sectors and launching a delivery service that may now deliver more packages in the U.S. than UPS and FedEx.[1]

We write as long-term institutional shareholders, holding approximately 110 million Amazon shares valued at more than $11.3 billion (as of 1/31/23), with an interest in the company's long-term performance. Some of us have previously expressed strong concerns with Amazon's unusually high injury rates and employee turnover, as well as management's interference with workers' rights to freely associate and bargain collectively. We refer you to our letters in the Appendix. Over several years, Amazon's directors have failed to respond to engagement requests on these topics, which does little to lessen our concerns.

Given the size of Amazon's workforce, and its materiality to the company, we believe that Amazon's Board should promptly add new directors with the relevant human capital management and human rights expertise to complement the skills, experience, and diverse perspectives necessary to oversee Amazon's evolving business strategy and risks. The Board can accomplish this goal by either replacing incumbents or expanding the size of the Board.

To this end, we would be happy to engage the Nominating Committee on potential candidates, and look forward to better understanding the skills, experience and/or other attributes that the Committee deems most important for new directors to possess.

Board Renewal

Constructively scrutinizing and challenging company management regarding Amazon's human capital management practices requires directors with an informed understanding of its human capital risks, including those related to its human rights commitments. One director with a human capital

[1] https://www.businessinsider.com/amazon-surpassing-ups-fedex-by-2022-dave-clark-2021-11

management background is a step in the right direction, but it is not sufficient, particularly at a time of increased investor and regulatory scrutiny of Amazon's labor practices.

After multiple efforts to engage privately and constructively with current board members about these concerns, a group of investors, including several of the undersigned, publicly opposed the election of Board nominees Judith McGrath and Daniel Huttenlocher at Amazon's 2022 annual meeting. McGrath, who was opposed by approximately 27% of unaffiliated votes cast, is the only person ever to be elected to Amazon's Board with support from less than 75% of independent shareholders. Amazon shareholders' unprecedented number of votes against McGrath underscores shareholders' requests for prompt Board renewal.

Subsequent Developments Further Underscore Need for Board Action

Shareholders have no reason to believe that the Board's oversight of Amazon's labor practices has demonstrably improved since the May 2022 annual meeting. In fact, the developments outlined below regarding Amazon's employee turnover, injury rates, and response to worker organizing have further undermined investor confidence in the Board's collective expertise and oversight.

Employee Turnover: According to an Amazon document leaked in October 2022, high levels of attrition across all levels within Worldwide Consumer Field Operations costs Amazon an estimated $8 billion annually.[2]

Health and Safety: Since December 2022, the U.S. Occupational Safety and Health Administration (OSHA) has cited Amazon twice for failing to: (1) properly record work-related injuries and illnesses at six warehouses in five states;[3] and (2) keep workers safe at the same six warehouses due to work processes that were designed for speed but not safety, resulting in serious worker injuries.[4] These citations not only reflect consequential breakdowns in Board oversight of human capital management and compliance, they also may indicate that management's disclosure of already unusually high injury rates underreport—to Amazon's directors, shareholders and lenders, among others—the full extent of Amazon's health and safety problems and therefore understate the legal risks and liabilities the company may be facing. In fact, the U.S. Attorney for the Southern District of New York recently launched a civil investigation into whether Amazon made false representations to lenders about injuries and its safety record to obtain credit.[5]

Alleged interference and refusal to bargain: National Labor Relations Board (NLRB) decisions since last May suggest that contrary to Amazon's human rights commitments, Amazon management has continued to interfere with workers seeking to unionize and avoid negotiating collective bargaining agreements when workers vote for a union.

After rejecting Amazon's election objections earlier this year, the NLRB certified the union and ordered the company to bargain with the union over a contract. Further delaying the process, Amazon has said it will appeal the decision.[6] In fall of 2022, the NLRB also: (1) ruled that CEO Andy Jassy violated federal labor laws when he said that employees could be negatively affected by unions;[7] and

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[2] https://www.engadget.com/amazon-attrition-leadership-ctsmd-201800110.html
[3] https://www.osha.gov/news/newsreleases/national/12162022
[4] https://www.osha.gov/news/newsreleases/national/01182023;
https://www.dol.gov/newsroom/releases/osha/osha20230201-0
[5] https://www.businessinsider.com/investigation-sdny-amazon-hid-injuries-defraud-lenders-2023-1
[6] https://www.nytimes.com/2023/01/11/business/amazon-staten-island-union.html
[7] https://www.cnbc.com/2022/10/27/nlrb-says-amazon-ceo-andy-jassy-violated-labor-laws.html#:~:text=Amazon%20CEO%20Andy%20Jassy%20violated%20labor%20law%20when%20he%20made,they%20voted%20in%20a%20union.

(2) won a federal court order requiring Amazon to tell workers in Staten Island that they cannot be fired for unionizing.[8]

Even if management's alleged interference in worker organizing and refusal to bargain had been deemed lawful, these actions may violate Amazon's Human Rights Policy commitments to the United Nations Guiding Principles on Business and Human Rights (UNGPs). Consistent with the UNGPs' expectations, Amazon discloses that "when there are gaps in governance or conflicting legal requirements, it follows the UNGPs and seeks ways to honor the principles of internationally recognized human rights."

The UNGPs define internationally recognized human rights to include the eight International Labour Organization (ILO) Conventions. The ILO Conventions, which include freedom of association and the recognition of collective bargaining, are considered "enabling rights" because they can foster respect for other human rights like gender equality, heathy and safety, and other decent working conditions. Noninterference is a core tenet of freedom of association under the UNGPs. In *A Guide for Business* issued jointly with the UN Global Compact, the ILO refers to noninterference as follows: "Employers should not interfere in workers' decision to associate, try to influence their decision in any way, or discriminate against either those workers who choose to associate or those who act as their representatives."[9]

Amazon's reported conduct is in apparent misalignment with its public commitments to freedom of association and collective bargaining rights. It also stands in stark contrast to leading corporate practice in response to workers interested in forming or join a union as Amazon peer Microsoft demonstrated in 2022.[10]

Institutional investors expect that boards manage human capital management risks such as those related to interfering with employees' right to freedom of association.[11] This requires directors who understand the internationally recognized human rights standards underlying, and referenced in, Amazon's human rights commitments.

In sum, investors are concerned that Amazon's human capital management practices create significant reputational, legal, and operational risks that may negatively impact long-term shareholder value. We believe that the Board can meaningfully strengthen its oversight with new directors who possess relevant human capital management and human rights expertise and experience. Our hope is to engage with you constructively as you constitute a board that has the diversity of expertise and perspectives to effectively oversee Amazon's labor practices and represent the long-term interests of shareholders.

Please contact Michael Garland, Assistant Comptroller for Corporate Governance and Responsible Investment, in the New York City Office of the Comptroller (212-669-2517;

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[8] https://www.nlrb.gov/news-outreach/news-story/nlrb-region-29-wins-federal-court-order-requiring-amazon-to-cease-and

[9] https://www.unglobalcompact.org/library/261

[10] In 2022, Microsoft adopted companywide Principles that recognize the importance of employer noninterference, and subsequently entered into a "labor neutrality agreement" with the Communication Workers of America under which Microsoft will take a neutral approach when employees covered by the agreement express interest in joining a union.

[11] For example, in its 3rd quarter 2022 Asset Stewardship Report, State Street reported that it expects boards to manage the risks associated with undermining an employee's right to freedom of association and asked impacted companies about how they respect this right in practice. See https://www.ssga.com/library-content/products/esg/firm-level-asset-stewardship-report-q3-2022.pdf

mgarlan@comptroller.nyc.gov) to schedule a meeting. We look forward to meeting with you in the near future.

Sincerely,

Brad Lander
New York City Comptroller

Michael W. Frerichs
Illinois State Treasurer

Erick Russell
Connecticut State Treasurer

Staffan Hansén, CEO – AP3

Thomas Lee
Executive Director and Chief Investment Officer – NYSTRS

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