INVESTOR BRIEF

Amazon.com, Inc. and the COVID-19 Pandemic

Please note that this brief is for informational purposes only, and is not intended to provide, and should not be relied on for investment, legal, tax or accounting advice. Trustees should consult their own advisors and investment professionals to evaluate the merits and risks of any investment.
INTRODUCTION

The coronavirus (“COVID-19”) pandemic is having profound implications for Amazon.com Inc. (“Amazon”) and its workforce. The company’s explosive growth has accelerated as a result of COVID-19 public health restrictions, creating new stress on the company’s operations.¹ With millions of households living in quarantine, Amazon’s online retail and grocery home delivery service, its Amazon Web Services, and its Amazon Prime Video are seeing surging demand as more households order goods online, telecommute, and turn to online entertainment.²

The flood of orders presents Amazon with increased challenges in managing its growing workforce. In the US alone, the company has hired 100,000 full and part-time workers in response to the COVID-19 pandemic and plans to hire 75,000 more.³ How the company responds to the public health crisis will have a lasting impact on Amazon’s corporate reputation and its relationship with its workforce. This investor note describes some of the workforce risks that Amazon faces as a result of the COVID-19 pandemic.
WORKER AND COMMUNITY PROTECTION

The World Health Organization has made a series of recommendations to employers to reduce the risk of COVID-19 transmission in the workplace. These include enhanced workplace cleaning and hygiene practices, handwashing and use of hand sanitizers, and encouraging sick workers to stay at home. Public health authorities have also encouraged employers to establish social distancing practices such as telework, staggered shifts, and increased physical space between employees, as well as to implement engineering controls such as sneeze guards and air filters, and to provide personal protective equipment.

While many of Amazon’s headquarters employees in Seattle, USA have been able to work from home to practice social distancing in response to the COVID-19 epidemic, delivery drivers and workers in Amazon’s warehouses must come to work to complete their tasks. As a result, Amazon worker safety is a matter of public health. As one group of U.S. Senators put it in a letter to Amazon CEO Jeff Bezos:

“Any failure of Amazon to keep its workers safe does not just put their employees at risk, it puts the entire country at risk. The virus that causes COVID-19 can live for up to 24 hours on cardboard and up to three days on plastic and stainless steel.”

Another letter to Amazon from U.S. legislators noted, “Even prior to the dire global health crisis, these facilities have a proven record of high health and safety standard violations.” The letter asked Amazon to provide details about its plans for warehouse closures and sanitization when employees test positive for COVID-19, training for workers on COVID-19 risk factors, the provision of personal protective equipment to employees, additional time for personal hygiene, and implementation of engineering controls such as high-efficiency air filters, increasing ventilation rates, or negative pressure ventilation.
AMAZON’S RESPONSE TO COVID-19

Amazon says it has tried to make its workplaces safer by providing its workers with personal protective equipment, implementing social distancing policies and improving sanitization. An Amazon spokesperson said that the company has been cautious about informing Amazon workers about cases of COVID-19 out of privacy concerns. News reports say many workers have been afraid to come to work, and attendance in mid-March was down as much as 30 percent.

On March 11, 2020, Amazon announced that all employees diagnosed with COVID-19 or placed into quarantine will be eligible to receive up to two-weeks of paid leave. However, Amazon workers in the U.S. have reported confusion regarding implementation of the new policy and difficulty accessing paid leave benefits in part because of the limited availability of COVID-19 testing and difficulty documenting quarantine orders.

COVID-19 paid leave benefits were granted to part-time employees after Amazon workers pressured the company. But Amazon’s paid leave policy does not apply to independent contractors such as Amazon Flex delivery drivers. For those workers, Amazon is offering the “ability to apply for grants approximately equal to up to two-weeks of pay if diagnosed with COVID-19 or placed into quarantine by the government or Amazon.” The grants are issued through a relief fund that Amazon opened with a $25 million initial contribution and for which it is accepting donations from the public.

In addition to demanding paid sick leave, Amazon workers around the globe have protested to demand safer working conditions. The UNI Global Union’s Amazon Alliance of trade unions in 22 countries has called on the company to give its workers the necessary personal protective equipment, handwashing breaks, and required space for social distancing. The Alliance has also noted that the “crisis can be an opportunity for Amazon to learn that social dialogue and collective bargaining are vital tools that modern societies and companies use to protect workers’ health and save people’s lives.”
EUROPE

Amazon workers across Europe protested workplace safety and heavy workloads after several workers were diagnosed with COVID-19. Workers at Amazon fulfillment centers near Milan and Florence in Italy have staged strikes for enhanced safety measures in response to the COVID-19 pandemic. At a facility near Milan, union representatives complained that the company had not implemented proper hygiene and social distancing, including not making adaptations to conform to the 1 meter of social distancing required by the Italian government at entrances, locker rooms, briefings, and security check points. Workers ended a two-week strike after Amazon agreed to a safety and health committee.

In France, a Nanterre tribunal ordered Amazon to limit deliveries to essential goods while it conducted a more thorough assessment of coronavirus contagion risks with staff representatives or face a fine of EUR 1M per day. The court said that Amazon had disregarded its obligation of safety for the health of employees and temporarily prohibited Amazon from delivering non-essential goods. The court said Amazon could return to normal operations after it evaluated the risks linked to Covid-19 with staff representatives and put in place appropriate safety measures. In response, Amazon chose to shut down six warehouses that employ 10,000 workers and ceased all deliveries for at least five days starting April 16. Amazon’s French managing director said that the company has appealed the court decision and that there is no confirmed reopening date. The company said that it would use warehouses outside of France to serve its French clients.

In March, Spanish union Comisiones Obreras (CC.OO) filed a request with the Labour Inspectorate (Inspección de Trabajo y Seguridad Social) to review Amazon’s health and safety response to the pandemic after the company announced its first three COVID-19 cases in two Spanish warehouses. In San Fernando de Henares near Madrid, a labor ministry team carried out a 10-hour inspection and ordered Amazon to correct deficiencies within two days. Those measures included accommodating physical distance between workers, disinfecting facilities where workers have been diagnosed with COVID-19, providing personal protective equipment, and providing daily updates on confirmed and presumed cases.

In Germany, workers told media that equipment was not adequately sanitized and physical distancing measures were not always followed.

In the UK, GMB Union representatives reported that workers at various Amazon fulfilment centres worked in crowds of 200-300 people and had to reuse equipment without available hand sanitizer. The national office of the GMB Union wrote to Amazon requesting emergency procedures to protect workers and contractors, but Amazon did not reply. “Amazon refuses to recognise trade unions and they will not communicate with us,” said a union representative.
UNITED STATES

As of April 5th, there had been cases of COVID-19 at more than 50 of Amazon’s facilities in the U.S. At least three Amazon warehouse employees have been fired for “violating internal company policies” after they had advocated for better working conditions during the COVID-19 pandemic. A member of the U.S. House of Representatives requested that the Occupational Safety and Health Administration investigate the dismissal of two workers at a warehouse in Minnesota who had filed a whistleblower complaint. Amazon also dismissed two user experience designer employees who, as leaders of Amazon Employees for Climate Justice, had advocated that the company do more to reduce its climate impact. The two were fired after they circulated an invitation to an online meeting between Amazon white-collar employees and Amazon warehouse workers to share concerns about working during the COVID-19 pandemic. The company said it dismissed the two for “repeatedly violating internal policies.”

Amazon fired a worker who led an employee walkout at a fulfilment center in Staten Island, NY to demand a temporary closure of the facility for cleaning after a coworker was diagnosed with COVID-19. The worker was fired for allegedly violating the company’s quarantine rules after having come into contact with a sick employee. The company’s general counsel reportedly described the fired worker as being “not smart, or articulate” in an internal company email. The New York State Attorney General said in a statement, “it is disgraceful that Amazon would terminate an employee who bravely stood up to protect himself and his colleagues,” and she called on the National Labor Relations Board to investigate the firing. The New York City Mayor ordered the city’s Human Rights Commission to launch a civil investigation.

Workers at a facility in Queens, NY also walked off their jobs when they learned that a coworker had been diagnosed with COVID-19 but Amazon had not closed the facility for cleaning. Amazon then shut the facility for a day and paid workers for their missed shifts. Similar Amazon worker walkouts took place in Chicago, IL and Detroit, MI. Workers in Detroit protested Amazon’s continued shipment of non-essential items that increase workloads and reduce the ability to implement social distancing. Grocery workers at Amazon’s Whole Foods Market subsidiary have also engaged in work stoppages. To protest their working conditions, approximately 300 workers across more than 40 Amazon facilities in California, Texas, Wisconsin, Florida and New York, among other states, signed a pledge not to work April 21, 2020. They took unpaid time off and alerted Amazon of their absence via the company’s app.

Over 5,000 people have signed an Amazon workers’ petition calling on the company to suspend its disciplinary rate-based write-ups to allow for proper workstation and package sanitation. For example, a worker in a US warehouse expressed concerns that Amazon’s productivity targets do not allow sufficient time for workers to make the 2-3 minute walk to the bathroom to wash their hands.
WHAT INVESTORS CAN DO

Amazon has continued to grow its operations during the COVID-19 pandemic. In doing so, the company faces many challenges. One of those challenges is keeping its workforce, its customers, and the communities it serves safe. Another is increased public and investor scrutiny. Amazon investors are encouraged to consider the following:

1. **Upholding responsibilities under international norms and frameworks:** Under the OECD Guidelines for Multinational Enterprises, investors with minority shareholdings in companies that cause or contribute to adverse human rights impacts have a responsibility to mitigate the adverse impacts using investment stewardship tools.55

2. **Managing operational, regulatory, and reputational risks:** During this global pandemic, Amazon’s health and safety standards in its warehouses and delivery network are crucial to maintaining the company’s social license to operate. As Amazon is perceived to be providing an important service in jurisdictions where customers are temporarily dependent on online shopping, enhanced health and safety standards are a matter of protecting public health. The company’s willingness to implement measures that will protect the health of its workforce will help the company manage the operational, regulatory, and reputational risks that have been created by COVID-19. Investors should satisfy themselves that in maintaining its social license to operate, Amazon is rigorously implementing best practice work health and safety law and guidance, including as outlined in this Brief, in each jurisdiction where it operates and in its supply chains.

Investors may engage (a) individually or collectively with Amazon and/or (b) with their asset managers with respect to COVID-19 health and safety risks to Amazon’s workforce and the public.

To aid with that engagement, we invite investors to consider the following workforce best practices for COVID-19. These recommendations aim to ensure that companies reduce the risk of COVID-19 transmission to their workforces, their customers, and the communities they serve. By adopting these best practices, companies can help mitigate the public health crisis, build employee and customer goodwill, and position themselves for success during and after the COVID-19 pandemic.

Please contact the CWC if you have any questions as this situation continues to evolve rapidly.

"Governor Phil Murphy attends the grand opening of Amazon’s fulfilment center on September 24, 2018, in Edison,” Governor Phil Murphy (Photographer Edwin Torres). Photo taken on September 24, 2018. Licensed under a Creative Commons Attribution-NonCommercial 2.0 Generic (CC BY-NC 2.0). Retrieved from https://www.flickr.com/photos/govmurphy/44174686684.
WORKFORCE BEST PRACTICES FOR COVID-19

The COVID-19 pandemic has created an urgent need for companies to adopt best practices to protect their workers, their customers and the communities they serve. We encourage companies to adopt the following recommended policies and practices that were developed in consultation with occupational and public health experts:

- **Workers’ Rights** – Employers must not retaliate against workers who raise or take collective action to address workplace health and safety concerns or the terms and conditions of their employment. Employers must not discriminate against workers who report illness. Employers should engage in dialogue with trade unions and workers and their representatives to implement and monitor workplace health and safety procedures. Employers should establish a workforce consultation mechanism or a joint labor/management committee for occupational safety and health issues to be considered and remedied, and they should respect the right of employees to refuse unsafe work.

- **Only Essential Goods and Services** – To protect public safety, businesses should restrict activity to the provision of essential goods and services, such as food, medicine, household cleaning, and personal hygiene.

- **Independent Expertise** – Employers should hire independent certified occupational safety and health experts to advise them on best practices for the prevention of infection in each of their specific operating environments.

- **Workplace Infection Control Plan** – With the participation of impacted workers, employers should develop a written infectious disease control plan with requirements for hazard assessment, engineering controls such as high-efficiency air-filters and clear plastic “sneeze” guards, administrative controls such as adjusting work schedules and providing regular paid breaks for employees to wash their hands and clean their workstations, adequate personal protective equipment, and employee training in all safety and health controls.

- **Personal Protective Equipment** – After instituting engineering and administrative controls, employers should provide adequate personal protective equipment such as respiratory protection, gloves, and eye protection, as recommended by occupational safety and health experts.

- **Sanitization and Tracing** – The employer should regularly sanitize workplaces, locker rooms, rest rooms, and break rooms. Where workers are infected or suspected of infection, employers should inform other employees who have been in contact, allot them paid time off to self-isolate, and offer testing; and employers should immediately close, ventilate, clean, and disinfect all affected areas or facilities for as long as necessary.

- **Social Distancing** – Employers should separate workstations to allow for physical distancing and adopt social distancing best practices and procedures, including staggered shifts, telework, and limiting contact with customers. Pregnant and immunocompromised workers should be offered alternative work arrangements to accommodate their underlying health conditions.

- **Productivity Targets** – Employers should relax productivity quotas for workers and suspend disciplinary write-ups to allow time for proper physical distancing, sanitization, and personal hygiene practices.
• **Paid Leave** – Employers should provide paid sick leave to encourage sick workers to stay home, paid leave for quarantined workers, paid leave at any temporarily closed facilities, and family leave options to provide for childcare due to school closings or to care for sick family members. Paid sick leave should not be contingent on COVID-19 testing results.

• **Health Insurance** – In countries without universal health systems, employers should provide affordable health insurance to all employees and offer employer-paid health insurance for laid off employees. This insurance should cover COVID-19 testing and care.

• **Contingent Workers** – Employers should ensure that part-time workers, temporary workers, independent contractors, and subcontracted workers receive all the same protections and benefits that are offered to full-time company employees.

• **Supply Chains** – Timely and prompt payments to suppliers will help retain suppliers' workforces and ensure that a stable supply chain is in place for business operations going forward. Companies should encourage and support their suppliers to adopt best practices for protecting their workforces from COVID-19.

These recommendations aim to ensure that companies reduce the risk of COVID-19 transmission to their workforces, their customers, and the communities they serve. By adopting these best practices, companies can help mitigate the public health crisis, build employee and customer goodwill, and position themselves for success during and after the COVID-19 pandemic.
Endnotes


3 Dave Clark, “Amazon ramps hiring, opening 100,000 new roles to support people relying on Amazon’s service in this stressful time,” Amazon.com, March 16, 2020, Updated April 13, 2020, https://blog.aboutamazon.com/operations/amazon-opening-100000-new-roles.


30 Ibid.


43 Ibid.


About the Committee on Workers’ Capital (CWC)

The Global Unions’ Committee on Workers’ Capital (CWC) is an international labour union network for dialogue and action on the responsible investment of workers’ retirement savings. A joint initiative of the International Trade Union Confederation (ITUC), the Global Union Federations (GUFs), and the Trade Union Advisory Committee to the OECD (TUAC), the CWC has brought trade union representatives and worker-nominated trustees from across the world together since 1999. The pension fund board members who participate in the CWC network oversee the retirement savings of millions of workers.

For more information on the CWC: info@workerscapital.org.

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