

# Activists say Amazon misled shareholders about warehouse working conditions

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When the investment firm BlackRock voted against an independent audit of the working conditions at Amazon's warehouses, it was relying on false and misleading information from the company, one activist

group is arguing in a new complaint with the Securities and Exchange Commission.

The Strategic Organizing Center, a coalition of labor unions that has criticized Amazon's treatment of workers in the past, is accusing Amazon and CEO Andy Jassy of making false and misleading statements about the safety of its warehouses and the injury rates among workers. That's harmful to shareholders, the group argues, because investors are relying on information that is creating an "illusion" about Amazon's business model.

On Thursday it asked the SEC to investigate and take action against the [company](#).

"We don't think (Amazon) will change its behavior unless regulators like the SEC step in and require it to do so," said Michael Zucker, the executive director of the Strategic Organizing Center. "This is not just about technical securities disclosure issues, but it's about the real lives of working people and how they are harmed by the company's failings."

The SOC and Amazon have repeatedly published conflicting numbers on injury rates at Amazon facilities. The company says the rate of injury at its warehouses has decreased over time while the activist group says conditions for warehouse workers are getting more dangerous.

Amazon says its Lost Time Incident rate, a measure of how many injuries per 100 workers resulted in time off, improved about 40% in 2020, according to a report it published this January. The SOC says those numbers are outdated. Analyzing data Amazon submitted to the Occupational Safety and Health Administration, it found the injury rate went up 20% in 2021.

While the activist group is looking at data submitted to OSHA, Amazon

says it uses data from the Bureau of Labor Statistics, which generally lags behind while the agency analyzes numbers. BLS will likely release data for 2021 in November 2022.

"There is no merit to this complaint," an Amazon spokesperson said Thursday. "Amazon relies on the most recent, credible, independently verified safety data from the Bureau of Labor Statistics."

"There are some groups framing the data to further their own agenda," the spokesperson continued. "But these 'reports' are rarely, if ever, verified by neutral, authoritative sources like the Bureau of Labor Statistics."

Jassy has told shareholders in April that Amazon's injury rate is "misunderstood" and that the company is actually "about average" with its peers in the warehouse and delivery industries.

The SOC has said that Amazon is "cherry-picking" data from the industry to skew the average. Amazon also leaves out a big chunk of its workforce from its calculations, the SOC says, by not including delivery drivers who work as independent contractors. Injury rates among Amazon's delivery drivers increased 38% in the past year, an SOC analysis found.

Amazon has "repeatedly made "false and misleading statements ... by cherry-picking and distorting data to create the illusion that Amazon's business model is less dangerous than it is in reality," the SOC wrote in a letter to the Securities and Exchange Commission Thursday.

Those allegedly [false statements](#) are causing investors, like BlackRock, to vote against investigations that could shed more light on working conditions at Amazon's warehouses, the SOC argues. A shareholder proposal that requested a report on injury rates at Amazon's warehouses

garnered support from 44% of shareholders at Amazon's annual meeting in May.

BlackRock said it voted against the proposal because Amazon's own report was "sufficiently robust" and a third-party audit "would not provide additional information that we would find helpful to our understanding." It said Amazon's injury rates were "peer-aligned," while acknowledging that it had higher rates than other large public companies like Home Depot, Lowe's and Walmart.

Amazon's board of directors recommended shareholders vote against the proposal because the company has already taken steps to "research, invest and apply data and insights to improve safety in our workplaces," it wrote in a proxy statement.

"The full Board regularly oversees and reviews reports from management on various aspects of our business, including related risks and strategies for addressing them," it wrote. "The Board's oversight of our activities encompasses workplace safety."

Zucker from the Strategic Organizing Center said the group is asking Amazon to make a "corrective disclosure" that acknowledges it has made misleading statements and gets the "correct information out."

"This will allow us to continue to lobby shareholders for reform," he said, which in turn will put "added pressure on the company to be more accountable."

This isn't the first time Amazon and its leadership have been accused of misleading investors this year. In May, a shareholder sued Amazon's top leaders, including Jassy and Jeff Bezos, claiming they made false statements about how the company uses customers' biometric information.

Federal securities regulators are also already looking at Amazon. The SEC is investigating how Amazon has disclosed some details of its business practices and how the company uses third-party-seller data for its own private-label business. Amazon has been accused of using the data to give its own products an unfair boost over competitors and using its ranking systems to feature company products over those of third-party sellers.

The Strategic Organizing Center filed its complaint with Gurbir Grewal, the director of the Securities and Exchange Commission's division of enforcement, on Thursday. That division works on hundreds of investigations each year to determine whether individuals or entities violated federal security law for things like misrepresenting information, insider trading or stealing customers' funds. The investigations are usually not public unless the agency brings charges against the accused group.

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