

Company No: 03223028

**Amazon UK Services Limited**  
**Report and Financial Statements**

**31 December 2021**

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**Amazon UK Services Limited**

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**COMPANY INFORMATION**

**DIRECTORS**

Phaedra Andrews  
Mark Atkin  
Jonatan Gal  
Stuart Morgan  
Alexander Simpson

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED OFFICE**

1 Principal Place  
Worship Street  
London  
England  
EC2A 2FA

**AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
England  
SE1 2AF

## **Amazon UK Services Limited**

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### **DIRECTORS' REPORT**

for the year ended 31 December 2021

The directors of Amazon UK Services Limited ("the Company") present the annual report containing their Directors' Report, the Strategic Report and the financial statements for the year ended 31 December 2021.

### **DIRECTORS**

The directors who served the Company during the year and to the date of this report were as follows:

Phaedra Andrews  
Mark Atkin  
Jonatan Gal (appointed 3 May 2021)  
Stuart Morgan  
Alexander Simpson

No directors held any interest in the share capital of the Company during the year.

### **DIVIDEND**

The directors do not recommend the payment of any dividends (2020: £nil).

### **QUALIFYING THIRD PARTY INDEMNITY PROVISION**

Qualifying third party indemnity provisions are in place to indemnify all directors and officers of the Company.

### **EMPLOYEES**

The Company is committed to providing equal opportunities for everyone who works at the Company and anyone who applies to work for the Company.

All applications for employment from disabled persons are fully and fairly considered. In the event an employee becomes disabled, it is the Company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the Company that the training, career development and promotion opportunities for disabled persons should, as far as possible, be the same as for other employees.

The Company's aim is to ensure that all employees achieve their full potential and that employment decisions and actions are not taken on discriminatory grounds.

The directors and management of the Company ensure that all employees in the UK have the opportunity to contribute to aspects of its business. The directors encourage employees to provide feedback through email, at team meetings and through anonymous channels. Management keeps employees aware of the commercial progress of the Company's business and expects employees to ask questions, suggest improvements and raise concerns. Such dialogue is encouraged and celebrated, as it is vital to the existence of a healthy, enterprising and rewarding workplace. The result of employee engagement is referenced in the Strategic Report.

Employees are encouraged to participate in the performance of Amazon.com, Inc. and its subsidiaries, which include the Company, through ownership of Amazon.com, Inc. shares.

### **HEALTH AND SAFETY**

The Company considers that the health and safety of its workforce is very important. The Company has adopted health and safety policies that enable its business to operate in accordance with the Health and Safety at Work etc. Act 1974 and applicable regulations made under this legislation. These policies apply to all employees and anyone working for the Company in any of its business units or who are visiting any of the Company's premises, and are regularly reviewed and revised, as appropriate, to take into account changes in circumstances or in legal requirements.

## Amazon UK Services Limited

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### DIRECTORS' REPORT (continued)

for the year ended 31 December 2021

#### ENGAGEMENT WITH CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The directors of the Company strive to have a positive impact on customers, employees, small businesses and communities. Led by the directors, Amazon's employees are committed to learning and inventing on behalf of customers and supporting businesses and entrepreneurs to grow sales and reach new customers. The result of engagement with customers, suppliers and other stakeholders is referenced in the Strategic Report.

#### FINANCIAL RISK MANAGEMENT

The Company engages in basic financial instruments as part of its operations. We do not hold or issue derivative financial instruments for trading purposes or in our risk management activities. Policies for managing risks are summarised below.

##### *Liquidity risk*

Liquidity risk is the risk that we will not meet future financial obligations due to a shortage of funds. Our financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance our operations. Our surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

##### *Credit risk*

Credit risk arises from cash and cash equivalents, as well as credit exposures to external customers, including outstanding receivables. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or specific industry sectors. We only deposit cash with major banks with high quality credit standing and limit exposure to any one counter-party.

##### *Interest rate risk*

We do not hold any financial assets or liabilities that are subject to significant risk as a result of changes in interest rates. Therefore, any changes in interest rates at the reporting date would not affect the result for the year.

#### CORPORATE GOVERNANCE ARRANGEMENTS

The Company is a subsidiary of Amazon.com, Inc., a NASDAQ publicly listed company that is subject to the listing requirements of The NASDAQ Stock Market, including its corporate governance requirements. Amazon.com, Inc. is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. As a subsidiary of Amazon.com, Inc., the Company abides by and applies these guiding principles. The directors of the Company consider that these principles and the corporate governance arrangements described herein, together with the recent changes to UK corporate law that the Company abides by, cover the key areas in the UK's corporate governance framework. As such, the directors of the Company have decided to comply with Regulation 14 of The Companies (Miscellaneous Reporting) Regulations 2018 for the financial year ending 31 December 2021 via a tailored statement of its corporate governance arrangements as outlined below instead of formally adopting a recognised code of corporate governance.

The Board of Directors of the Company comprises five directors who are responsible for the control and direction of the Company, operating within the guidelines of Amazon.com, Inc., the Company's ultimate beneficial owner. The size and structure of the Board is appropriate for the Company's strategic needs and challenges. Pursuant to section 173 of the Companies Act 2006, the directors of the Company ensure that they exercise independent judgement and objectivity, in addition to the other duties under the Companies Act 2006. The Company is accountable to its shareholder and its primary purpose is to build long-term, sustainable shareholder value, which it does through promoting and embracing Amazon.com, Inc.'s mission "to be Earth's most customer-centric company" and identifying opportunities to create and preserve value.

The Board takes decisions throughout the financial year on important matters to the Company. Details of principal risks considered are included in the Company's Strategic Report. Each director of the Company ensures that other existing and planned future commitments, including employment responsibilities and service on the boards of other entities, do not materially impede with their service as a director of the Company.

## Amazon UK Services Limited

### DIRECTORS' REPORT (continued)

for the year ended 31 December 2021

### CORPORATE GOVERNANCE ARRANGEMENTS (continued)

The Board believes that there is a balance of skills, backgrounds, experience and knowledge, with individual directors of the Company having sufficient capacity to make a valuable contribution, in order to promote the Company's and Amazon.com, Inc.'s values and culture and to contribute to the long-term sustainable success of the Company.

As a subsidiary of Amazon.com, Inc., the Company is also required to abide by and enforce the provisions of Amazon.com, Inc.'s Code of Business Conduct and Ethics (which can be found here: <https://ir.aboutamazon.com/corporate-governance/documents-charters/code-business-conduct-and-ethics>) and related policies and procedures.

### STREAMLINED ENERGY AND CARBON REPORTING

This statement is made in compliance with the UK Streamlined Energy and Carbon Reporting policies under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The statement does not reflect Amazon's internal guidelines for disclosing such data in its Sustainability Report.

UK energy use data and associated Greenhouse gas emissions for the periods 1 September 2020 to 31 August 2021 and 1 September 2019 to 31 August 2020.

	2021	2020
Energy consumption used to calculate emissions (kWh)	611,967,951	487,153,288
Scope 1 emissions in metric tonnes CO <sub>2</sub> e from activities for which the Company own or control		
Gas combustion	43,057	30,242
Scope 2 emissions in metric tonnes CO <sub>2</sub> e		
Purchased electricity	85,224	79,399
Total Scope 1 and Scope 2 emissions in metric tonnes CO <sub>2</sub> e	128,281	109,641
Intensity Ratio <sup>1</sup>		
Grams of carbon dioxide equivalent (CO <sub>2</sub> e) per sq. metre of operational buildings of the Company	42,768	45,049

<sup>1</sup>Our carbon intensity ratio, measured as grams of carbon dioxide equivalent (CO<sub>2</sub>e) per sq. metre of operational buildings of the Company, is used to benchmark our performance year over year, as it provides a relative comparison between annual performance metrics against our building growth. In 2020, we reported a carbon intensity ratio for the Company of 44,890 grams of CO<sub>2</sub>e per sq. metre of operational buildings (aggregated across several Amazon entities).

#### Quantification and reporting methodology

Scope 1 emissions come from the combustion of natural gas at our sites, and Scope 2 emissions come from the generation of purchased energy, or the electricity used to power Amazon facilities. Scope 2 emissions are location-based method emissions. Amazon does not report consumption and emissions data in relation to its subcontracted transportation fleet, as these do not meet the definitions of Scope 1 and Scope 2 emissions under the SECR.

Our measurements take the amount of activities conducted (such as electricity purchased) multiplied by its appropriate emissions factor (e.g., grams CO<sub>2</sub> per kilowatt-hour (kWh) of electricity used), to provide a representative value for the carbon dioxide emissions associated with each activity. Emissions have been calculated using carbon conversion factors published by International Energy Agency (IEA), World Resources Institute (WRI), US EPA and/or other industry sources.

To present data as accurately as possible, we have adjusted the reporting data period to reflect the 12 month period, 1 September 2020 to 31 August 2021, improving the amount of actual energy consumption provided due to lag in receiving electricity billing data. Where actual data was not available, reasonable estimates have been used. Such estimates are compiled by comparing historical data and to facility operations of similar type and size.

## Amazon UK Services Limited

### DIRECTORS' REPORT (continued) for the year ended 31 December 2021

#### STREAMLINED ENERGY AND CARBON REPORTING (continued)

##### *Measures taken to improve energy efficiency: Energy and Carbon Reduction*

During 2019, Amazon announced The Climate Pledge with Global Optimism, and became the first signatory. The Climate Pledge calls on signatories to be net zero carbon across their businesses by 2040 — a decade ahead of the Paris Accord's goal of 2050. Since then, Amazon has continued to make significant strides forward on a number of key initiatives. Please refer to the Section 172(1) Statement in the Strategic Report for additional information on the strategic importance of the pledge.

As part of The Climate Pledge, Amazon is on a path to powering our operations with 100% renewable energy by 2025. Also, "Shipment Zero" is our goal to deliver 50% of Amazon shipments with net-zero carbon by 2030.

To achieve these goals, we are focused on advancing renewable energy in the UK and driving efficient operations. In April 2021, we announced our largest renewable energy project in the UK, a 350MW wind farm off the coast of Scotland. In September 2021, Amazon completed construction of our largest roof-top solar project in Europe, a 3.5MW project on the roof of our fulfilment centre in Dartford. These initiatives support our efforts to advance the use of renewable energy for Amazon sites in the UK.

Amazon designs and operates buildings that prioritize energy efficiency, low maintenance costs and modular design. The Company offices are certified by leading building environmental standards, which means, among other features, that they are equipped with energy efficient technologies such as LED lighting, advanced building management systems and high efficiency heating and cooling systems.


#### DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the Company.

On behalf of the Board

  
Phaedra Andrews  
Director

Date: 7 February 2022

## **Amazon UK Services Limited**

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### **STRATEGIC REPORT (continued)** **for the year ended 31 December 2021**

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the provision of fulfilment and corporate support services to other Amazon group undertakings. The business is expected to continue in this capacity for the foreseeable future.

#### **GENERAL BUSINESS REVIEW**

Turnover and headcount have increased as the Company continues to support the growth of the Amazon group. Administrative expenses have increased by 25% in 2021 to £5,863,009k (2020: £4,702,936k) as the Company opened new fulfilment centres and further expanded its UK delivery network. This, together with equity funding received and loans from other group undertakings drawn during the year, resulted in an increase of net current assets of 896% to £946,301k (2020: 94,990k). The Company made an operating profit for the year of £229,201k (2020: profit of £143,982k). The operating results are stated after a share based award expense of £108,846k (2020: £78,459k).

#### **ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS**

The key performance indicator for the Company is the control of administrative expenses. As part of the budgetary process, targets are set with respect to administrative expenses, including headcount growth and capital expenditure, in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfilment centre optimisation, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2021, and subsequent filings. There are no identified material adverse impacts to the Company due to the COVID-19 pandemic.

#### **FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

#### **SECTION 172(I) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

Section 172 of the Companies Act 2006 (the "Act") defines the general duties of the directors of a company to promote the success of that company. It is noted that the directors of the Company are under a duty to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder and, in doing so, to have regard (amongst other matters) to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and the environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly between the members of the Company.



**STRATEGIC REPORT (continued)**  
for the year ended 31 December 2021

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

The Company operates in the UK as part of Amazon.com, Inc.'s global business ('Amazon'). Amazon has a number of key stakeholder groups which include; customers, our people, suppliers, selling partners, and the communities in which we operate. Amazon's mission, as presented in its group annual report is:

*"We seek to be Earth's most customer-centric company. We are guided by four principles; customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. In each of our segments, we serve our primary customer sets, consisting of consumers, sellers, developers, enterprises, content creators, advertisers and employees."*

As a Board, we strive to take decisions for the long term, with the aim of understanding and respecting the views and needs of our stakeholders, and our shareholder to whom we are accountable. The Company operates within the global Amazon framework. Whether decisions are taken at a global or country level, specific actions taken by the directors in discharging their responsibilities under section 172 include, but are not limited to, measures designed to support:

- engagement with customers;
- workforce engagement;
- commitment to an inclusive workplace;
- support for our local communities and our response to the ongoing COVID-19 pandemic;
- environmental and sustainability initiatives; and
- ensuring a socially responsible and ethical supply chain.

Further details of the work carried out across the UK can be viewed via the Amazon Economic Impact Hub (<https://www.aboutamazon.co.uk/economic-impact>).

As a Board, we recognise our responsibility to protect and enhance the reputation of the Company and maintain high standards of business conduct. Customers, policymakers and the media have clear pathways to raise any potential issues with Customer Service, Public Policy or Public Relations teams. These teams have each established a clear escalation mechanism to raise these issues with the Board, address the problem at hand and agree on a response to the relevant stakeholder.

***Engagement with customers***

Amazon customers are able to engage with Amazon through a number of physical and digital channels. We gather customer experience insights, including via customer service and social media, to help us deliver the best possible customer experience. An example of a way in which feedback from customers was acted upon by Amazon was in connection to the support we provide for our small business customers selling on Amazon. We heard from our small business customers that, amidst the COVID-19 pandemic, it continued to be important to have access to information and resources which supported the growth of their digital sales channels. The directors and management of the Company have continued to support the Amazon Small Business Accelerator, a free package of support, online learning and bootcamp events to help them start and grow online. In June 2021, we launched a series of new online bootcamps with the Department for International Trade. In November 2021, we announced that we had supported over 400,000 businesses in the UK through the programme. More than 65,000 UK-based Small and Medium Sized Enterprises sell on our marketplace, with over 65% taking advantage of our global reach to export from the UK.

The directors and management also supported the introduction of two Fulfilment by Amazon (FBA) programmes in the UK – FBA Liquidations and FBA Grade and Resell – designed to make it easier for businesses selling on Amazon to resell customer-returned items or overstock inventory while also giving more products a second life.

**STRATEGIC REPORT (continued)**

for the year ended 31 December 2021

**SECTION 172(1) STATEMENT – DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

*Workforce engagement*

We continue to invest and support the employee experience and to take steps to cultivate a positive work environment. There is an established policy of consistent, honest and open communication with all employees regularly in person, virtually, at team meetings and All Hands, and of regularly seeking employee feedback through both anonymous and open channels. We use real-time feedback channels including Voice of the Associate Boards in our fulfilment centres and company-wide pulse surveys to seek and address feedback. This communication is encouraged and celebrated, as it is vital to the existence of a healthy, enterprising and rewarding workplace. During 2021, we consulted employees through anonymous internal surveys on safety measures in place across the business as well as our return-to-office policy amidst the COVID-19 pandemic. Amazon also introduced two new Leadership Principles during 2021 – Strive to be Earth's Best Employer and Success and Scale Bring Broad Responsibility. These principles describe how we do business, how our employees lead, and how we keep the customer at the centre of our decisions. The directors and management of the Company, hold themselves and our employees accountable to the Leadership Principles every day.

In 2021, the directors and management created 25,000 new permanent roles across Amazon's UK corporate offices and operations network. In addition to this, Amazon will invest £10 million over three years to train up to 5,000 employees in new skills and support the Government's investment programme. Amazon believes everyone should have the opportunity to learn new skills and build their career and the training will be offered through Amazon's Career Choice programme, which covers the course fees for Amazon employees interested in pursuing a future career outside of the Company. As part of this programme, Amazon supported the training of more than 400 employees to become HGV truck drivers amidst a shortage of drivers in the UK haulage industry. Amazon also created 1,000 new full-time apprenticeship roles in 25 different schemes to match a diverse range of skillsets and ambitions – from automation engineering to broadcast production, robotics to safety technician. In September 2021, we hosted a Career Day in the UK, where candidates participated in over 3,000 one-on-one career coaching sessions. In total, we received 30,000 job applications for 2,500 jobs across corporate, technology and operations in the UK.

*Commitment to an inclusive workplace*

The directors champion diversity, equity and inclusion as not only the right thing to do for our people, but to improve how we deliver for, and innovate on behalf of, our customers. We honour and respect the differences that each person brings. In 2021, we established three people priority taskforces in the UK focused on Future of Work, Mental Health & Wellbeing, and Diversity, Equity and Inclusion to advise leadership and drive initiatives across the organisation to help create a more inclusive workplace. The directors and management participate in Amazon's UK People and Culture Forum. This group meets regularly to review employee feedback and potential policy changes in order to create a diverse and inclusive workplace culture. Amazon has 13 affinity groups, which bring employees together across businesses and locations around the world. With director and Company sponsorship, these groups play an important role in building internal networks for creating a community, advising Amazon business units, leading in service projects, and reaching out to communities across the country.

Directors and senior management worked with Amazon's internal affinity groups and external charity partners in 2021 to deliver the following key initiatives:

- On International Women's Day, Amazon in the UK hosted a variety of panel discussions and guest speakers, for small businesses and our employees to celebrate and learn about the social, economic, cultural and political achievements of women. We also supported the #ChangeAGirlsLife campaign by The Princes Trust. During March 2021, Amazon donated £5 for each Kindle, Fire TV, Fire Tablet, and Echo device sold and 15% of the purchase price for certain products from selected women-owned small businesses, to the charity.
- With the support of Amazon's affinity group, Glamazon, Amazon celebrated Pride Month in June 2021, initiatives included events and workshops for Amazon employees, charitable donations and curated content for Alexa, Amazon Music and Audible.
- In partnership with the Royal National Institute of Blind People (RNIB), a charity in the UK, we introduced several new features with Alexa, including: providing the ability for customers to call the RNIB Helpline through Alexa, giving Talking Books customers access to over 34,000 audio books and designing a feature called Show and Tell which helps blind and partially sighted customers identify common household grocery items using the Echo Show.

## Amazon UK Services Limited

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### STRATEGIC REPORT (continued) for the year ended 31 December 2021

#### SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)

##### *Commitment to an inclusive workplace (continued)*

- With the support of Amazon's affinity group, Black Employee Network UK (BEN UK), Amazon celebrated Black History Month in October 2021 with a host of activities available to customers and employees alike – including specially curated content for Alexa, Audible, Prime Video and Amazon Music. Amazon was a flagship partner of Black Tech Fest in 2021, an initiative developed to celebrate Black culture, inclusive technology and equality, and to help more Black young people to take their first steps into the technology industry.
- BEN UK worked with Conscious Youth, a youth-led social enterprise, to support on a range of workshops and provide access to education programmes, including AWS Educate and Amazon Future Engineer. BEN UK also supported the #Merky Foundation's first ever Christmas event. The foundation provides funding to organisations and movements that are committed to addressing racial inequality in the UK.
- Amazon and Amazon Web Services (AWS) renewed our commitment to serving personnel, reservists, veterans and families by jointly re-signing the UK government's Armed Forces Covenant. In 2021, we also launched the Amazon UK Consumer Military Internship (ACMI) offering six month paid internships in a corporate role for those transitioning from the Armed Forces.
- Ahead of Remembrance Day, we worked with the Royal British Legion to set up a storefront on our Amazon UK website to support the Poppy Appeal – all the proceeds from the store went directly to the charity.

The effect of these and other initiatives has ultimately led to Amazon being:

- Ranked by LinkedIn in the Top 25 on its UK Top Companies 2021 list, which is designed to help professionals identify the best places to grow their careers.
- Ranked second in Fortune's World's Most Admired Companies list for 2021.

##### *Support for our local communities and our response to the ongoing COVID-19 pandemic*

As the COVID-19 pandemic continued in the UK, the directors and management have continued to implement and enhance a series of preventative and protective health measures. We have invested millions of pounds in additional safety measures since the start of the COVID-19 pandemic. We implemented more than 150 new measures – from masks to hand sanitisers, social distancing to temperature checks – to help our people stay safe. We also provided testing for all our front-line operations employees in the UK and built our own lab in Manchester to provide additional testing capacity to what the Government is already offering. As of December 2021, the Manchester lab had processed more than 1,400,000 tests and we have continued to invest in additional testing capabilities, including variant analysis. This innovation is aiding the Government's efforts to track and implement the most appropriate transmission response based on a specific variant.

During 2021, we continued to take a number of steps to support our communities and those directly and indirectly impacted by the COVID-19 pandemic.

- As part of a new study looking at the long-term effects of COVID-19, Amazon delivered, free of charge, over 100,000 antibody test kits to volunteers on behalf of UK Biobank, a large-scale biomedical database and research resource.
- We expanded our long-standing partnership with the charity, Magic Breakfast to reach more children at risk of hunger, as school restrictions were implemented due to the COVID-19 pandemic. Since the start of the COVID-19 pandemic, Amazon has distributed more than five million free healthy breakfast packs to children across the UK who normally receive these meals at school, delivering directly to homes during school closures.
- As the COVID-19 cases surged in India in May 2021, we used our logistics network to purchase, airlift and deliver critical medical equipment identified by the Government of India and local charities, including ventilators from the UK.
- We worked with Teach First to donate over 10,000 Fire Tablets to schools most in need and ensure more children across the UK have access to the technology they need for home schooling and learning in the long term.

At Amazon, we know success and scale bring broad responsibility – and as such, we believe we have a duty to positively contribute to the local communities where we operate in the UK. Harnessing Amazon's unique spirit of innovation, limitless grit, and infinite heart, we contributed to several initiatives which support Amazon's commitment to be a force for good in the UK.

**STRATEGIC REPORT (continued)**

for the year ended 31 December 2021

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

*Support for our local communities and our response to the ongoing COVID-19 pandemic (continued)*

- We continued to provide free STEM (Science, Technology, Engineering and Mathematics) resources to help students learn how to code via Amazon Future Engineer, improve their maths skills and develop their career aspirations with online Class Chats to 'meet an Amazonian'.
- In February 2021, together with Teach First, Amazon Future Engineer also supported the training of 50 secondary school computer science teachers and the development of a further 200 Teach First careers leaders, to help bring skilled computing teachers to schools serving disadvantaged communities across the UK.
- Amazon worked with Royal Academy of Engineering to expand the Amazon Future Engineer bursary scheme. The updated scheme offers 15 awards worth £5,000 a year for up to four years to students progressing from A Levels or technical education courses to university for the 2021/22 academic year.
- Amazon has continued to receive a large number of requests from across the UK for charitable donations through our Public Policy, Public Relations, Amazon in the Community and Customer Service teams during the COVID-19 crisis. In the UK, we approved donations to hundreds of different national and regional charities in communities where our people live and work, including the British Red Cross, Barnardo's, Teach First, NHS Charities Together and Mind.
- The directors continued to support our relationship with charity partner, In Kind Direct to donate products to charities in need. In 2021, these donated essential goods and consumer products have reached over 1,500 charities and 250,000 people every single week.
- Through our charity initiative "Amazon Smile", we continued to donate to our customers' favourite charitable organisations and offered a 'double donation' promotion ahead of Prime Day.

*Environmental and sustainability initiatives*

In 2019, Amazon co-founded The Climate Pledge with Global Optimism, an organisation leading on global sustainability policy, calling on signatories to be net zero carbon by 2040 – a decade ahead of the Paris Agreement. Companies that sign The Climate Pledge agree to three principle areas of action:

- Measure and report greenhouse gas emissions on a regular basis;
- Implement decarbonisation strategies through real business changes and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies;
- Neutralise any remaining emissions with additional, quantifiable, real, permanent and socially beneficial offsets to achieve net zero annual carbon emission by 2040.

The directors and management are committed to delivering and driving initiatives to achieve The Climate Pledge. Since signing The Climate Pledge, Amazon has continued to make significant strides forward on a number of key initiatives, including:

- Amazon was the first signatory, with over 200 other organisations now signed to The Climate Pledge, with 62 from the UK including household names like ASOS, BT, Sainsbury's, Selfridges and Unilever.
- So far, thanks to the dedication of directors and thousands of employees across the organisation – we have a Sustainability Ambassadors programme with over 1,150 members across the UK. The grassroots Ambassadors programme consists of sustainability-minded employees, working to expand the efforts of our global teams that manage Amazon's environmental and social impact.
- We are the largest corporate buyer of renewable energy in the UK, and globally. In April 2021, we announced our latest renewable energy project – a new 350 MW wind farm off the coast of Scotland – our largest in the country. It was also the largest corporate renewable energy deal announced by any company in the UK at the time. In October 2021, we also announced that Amazon's first Scottish Wind Farm project became operational. Amazon is purchasing 100% of the power output from this 50 MW wind farm, which is expected to deliver 168,000 megawatt hours of clean energy annually.
- At Dartford, we completed the largest ever solar roof top installation of any Amazon site in Europe, beating the previous record held by an Amazon neighbouring fulfilment centre in Tilbury.
- We are investing in a variety of solutions to decarbonise our freight transportation network and last year we launched compressed natural gas (CNG) tractors, which are fuelled by renewable natural gas sourced from landfills and dairy farms.

**STRATEGIC REPORT (continued)**  
for the year ended 31 December 2021

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

*Environmental and sustainability initiatives (continued)*

- During 2021, we grew the number of Climate Pledge Friendly badged products in Europe to 100,000 and added nine new certifications to our website, including: EU Organic, Fair For Life, Natrue, Soil Association Certification, and Carbon Trust Carbon Neutral Certification. Climate Pledge Friendly is a programme launched in 2020, which uses sustainability certifications to highlight products that support our commitment to help preserve the natural world.
- In September 2021, Amazon announced a €20 million allocation for nature-based projects to improve environmental conditions in the communities where we operate across Europe, as part of its Right Now Climate Fund.
- In October 2021, we launched a new e-cargo bike trial in London as we continued to expand our micro-mobility fleet across Europe.
- In October 2021, as part of the United Nations Climate Change Conference in Glasgow, we announced that we had helped mobilise \$1 billion to protect the world's tropical rainforests, together with the governments of the UK, Norway and the United States as part of the LEAF Coalition.
- In the UK, as of December 2021, we have more than 1,000 electric vehicles on the road.

More information about Amazon's commitment to sustainability can be found on our sustainability website (<https://sustainability.aboutamazon.co.uk/>).

*Ensuring a socially responsible and ethical supply chain*

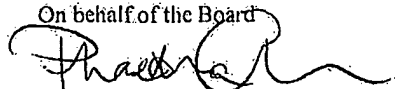
The directors and management are strongly committed to conducting business in a lawful and ethical manner, including engaging with suppliers who respect human rights, provide safe and inclusive workplaces, and promote a sustainable future. A strong, trusted supply chain is integral to our success and each year Amazon shares the latest information about our programmes and partnerships. This includes an interactive supply chain map that provides details on suppliers of Amazon-branded apparel, consumer electronics, food and beverage, and home goods products and last year Amazon continued to expand the map to include additional suppliers and product categories.

Amazon maintains policies that require suppliers in our manufacturing supply chain and suppliers supporting the Company's operations to comply with our Supply Chain Standards. Our standards are derived from the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, the Core Conventions of the ILO, and the ILO Declaration on Fundamental Principles and Rights at Work. To ensure our policies and programmes incorporate these internationally recognised human rights standards, we conduct formal benchmarking with industry peers and multi-stakeholder organisations to continually improve our programmes.

Our suppliers are expected to consistently monitor and enforce our standards in their own operations and supply chain, as well as make improvements to meet or exceed our expectations.

Throughout 2021, we have strengthened our efforts to identify and prevent the risk of modern slavery. We enhanced our partnerships with industry associations and non-profit organisations to develop best practices in combating forced labour. We support the UK modern slavery helpline, Unseen, by investing in their efforts to provide immediate and long-term assistance to potential victims of modern slavery and to ensure the helpline's continued growth. The helpline provides direct response and services to potential victims of modern slavery, as well as trainings and programming to support victims. We are also an official corporate sponsor of Truckers Against Trafficking (TAT), an organisation dedicated to combating human trafficking in the trucking industry, and began incorporating TAT training modules into trainings for our internal fleet of drivers to teach them how to identify and respond to potential victims of human trafficking. Annually, directors and management review and publish a Modern Slavery Statement which assesses our risks, outlines our efforts and sets commitments.

On behalf of the Board



Phaedra Andrews  
Director

Date: 7 February 2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON UK SERVICES LIMITED**

### **Opinion**

We have audited the financial statements of Amazon UK Services Limited for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the procedures set out below:

- We assessed the risk around going concern at the planning and year-end phases of the audit and confirmed our understanding of management's concern assessment process as well as the review process over the going concern assessment.
- We obtained the company's going concern assessment, which was prepared by management and obtained board approval for the going concern assessment. We had discussions with senior management to understand the inputs to the assessment and their key considerations. The key considerations are the reliance of the company on the support and success of the Amazon.com, Inc group and the willingness of the wider Amazon group to continue trading arrangements during the going concern period.
- We challenged the extent of reliance of the company on key contractual arrangements and obtained evidence that these arrangements are expected to remain in place during the going concern assessment period, being the period to February 2023.
- We assessed the adequacy of the going concern review period, considering whether a longer review period would be appropriate.

- We obtained the going concern assessment of the Amazon.com Inc group auditor (EY Seattle), and had discussions with the group audit team to understand their basis for concluding that the group is a going concern. We considered group forecasts, the accuracy of historical forecasts, cash headroom, and other commitments the group may have that could impact on its ability to continue as a going concern.
- We read board meeting minutes to determine whether there was any information contradictory to the directors' use of the going concern basis of accounting.
- We challenged management as to the appropriateness of the disclosure with respect to the use of the going concern assertion in the company's financial statements, following which additional information was included.
- The audit engagement partner increased his time directing and supervising the audit procedures on going concern. Based on the knowledge we obtained during our audit, we did not identify any other conditions that had not already been considered by management in their going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern to February 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the report and financial statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.



We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

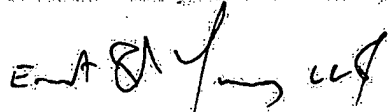
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax legislation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection, anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management. We determined whether there were deficiencies within the company's control environment, including entity level controls such as those relating to ethical behaviour and fraud prevention and deterrence, through observations during our audit procedures and discussions with the auditor of the company's ultimate parent, Amazon.com Inc. We read correspondence with relevant authorities.
- We read board minutes to identify non-compliance with laws and regulations, and we read significant contracts and agreements impacting the company in the financial year.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override and by assuming operating expenses to be a fraud risk. We incorporated data analytics into our testing of the source of entries recorded within operating expenses accounts and tested specific transactions to determine the completeness of operating expenses. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Zishan Nurmohamed (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

09/02/2022

Amazon UK Services Limited

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	2	6,092,210	4,846,918
Administrative expenses		(5,863,009)	(4,702,936)
OPERATING PROFIT	3	229,201	143,982
Interest receivable	6	315	579
Interest payable	7	(25,381)	(16,727)
PROFIT BEFORE TAXATION		204,135	127,834
Tax on profit	8	(10,820)	(9,170)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		193,315	118,664

**Amazon UK Services Limited**

**BALANCE SHEET**

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	4,212,961	2,950,088
<b>CURRENT ASSETS</b>			
Debtors:			
amounts falling due within one year	10(a)	1,980,928	918,934
amounts falling due after one year	10(b)	117,614	107,471
Cash at bank and in hand		—	567
		2,098,542	1,026,972
<b>CREDITORS: amounts falling due within one year</b>	11(a)	(1,152,241)	(931,982)
<b>NET CURRENT ASSETS</b>		946,301	94,990
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,159,262	3,045,078
<b>CREDITORS: amounts falling due after more than one year</b>	11(b)	(1,857,571)	(766,171)
<b>PROVISIONS FOR LIABILITIES</b>	12	(244,646)	(176,018)
<b>NET ASSETS</b>		3,057,045	2,102,889
<b>CAPITAL AND RESERVES</b>			
Share capital	13	170,366	170,366
Share premium	13	1,225,802	1,025,802
Capital contribution reserve	13	450,000	—
Share based awards reserve	17	547,905	439,059
Retained earnings		662,972	467,662
<b>SHAREHOLDER'S FUNDS</b>		3,057,045	2,102,889

Approved by the Board



Phaedra Andrews  
Director

Date: 7 February 2022

Company Number: 03223028

Amazon UK Services Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Capital contribution £'000	Share based awards £'000	Retained earnings £'000	Total shareholder's funds £'000
At 1 January 2020	170,366	725,802	—	360,600	348,998	1,605,766
Shares issued	—	300,000	—	—	—	300,000
Share based awards	—	—	—	78,459	—	78,459
Profit for the year	—	—	—	—	118,664	118,664
At 31 December 2020	170,366	1,025,802	—	439,059	467,662	2,102,889
Shares issued	—	200,000	—	—	—	200,000
Asset transfers from group undertakings	—	—	—	—	1,995	1,995
Capital contribution reserve	—	—	450,000	—	—	450,000
Share based awards	—	—	—	108,846	—	108,846
Profit for the year	—	—	—	—	193,315	193,315
At 31 December 2021	170,366	1,225,802	450,000	547,905	662,972	3,057,045

## Amazon UK Services Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

#### 1. ACCOUNTING POLICIES

##### *Statement of compliance*

Amazon UK Services Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Principal Place, Worship Street, London, England, EC2A 2FA.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

##### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pound sterling, which is the functional currency of the Company, and are rounded to the nearest thousand pounds sterling (£'000).

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 33 Related Party Disclosures paragraph 33.1A and 33.7
- The requirements of Section 11 Basic Financial Instruments paragraph 11.39 to 11.48A
- The requirements of Section 26 Share-based payment paragraph 26.18(b), 26.19 to 26.21 and 26.23

The exemptions stated above are available to the Company as it is a member of a group where the parent of that group prepares publicly available consolidated financial statements.

##### *Going concern*

During the year ended 31 December 2021, the Company's operations generated a profit after tax and an increase to net assets, and are expected to continue to do so, through the Company's principal activity of the provision of fulfilment and corporate support services to other Amazon group undertakings. As referenced in the Strategic Report on page 7, the Company is dependent on, and contributes to, the continued success of the Amazon.com, Inc. group. The directors have concluded that the Amazon.com, Inc. group, based on its reported results, has sufficient financial resources to support the Company either by providing financial and operational services to support its activities, or by continuing its investment in the Company's operations, but only to the extent that the Company is not otherwise able. The directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future, being twelve months from the approval of the financial statements (until February 2023), and which is deemed appropriate due to the nature of the principal activities of the business. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

##### *Turnover*

Turnover, which is stated net of value added tax, represents amounts invoiced to other group companies and is attributable to the principal activity of the Company; recognised as services are provided.

##### *Tangible assets*

All tangible assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

## Amazon UK Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

#### 1. ACCOUNTING POLICIES (continued)

##### *Depreciation*

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Leasehold buildings and improvements	-	Lower of expected useful life or lease term
Plant and machinery	-	3-12 years
Office equipment	-	2-5 years
Computer equipment	-	2-4 years
Assets under construction	-	None
Freehold land	-	None

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged on all tangible assets from the date that assets are put into service.

##### *Cash at bank and in hand*

We classify all highly liquid instruments with an original maturity of three months or less as cash equivalents.

##### *Interest payable*

Interest payable is recognised using the effective interest rate method.

##### *Debtors*

Short and long term debtors are measured at transaction price, less any impairment.

##### *Creditors*

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

##### *Provisions for liabilities*

The Company makes provisions where it is probable that a transfer of economic benefits will be required to settle a present obligation. The Company applies a risk-adjusted pre-tax discount rate in order to take effect of the time value of money to arrive at the value of the provision.

##### *Leases*

###### *Finance leases*

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Assets held under finance leases are capitalised at the commencement of the lease at the lower of fair value and the present value of minimum lease payments. The assets are depreciated over the shorter of the lease term and the assets' useful life.

The capital element of lease obligations is recorded as a liability on the Balance Sheet. Lease payments are apportioned between capital repayment and finance charges, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

###### *Operating leases*

Rentals payable and lease incentives under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

## Amazon UK Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

#### 1. ACCOUNTING POLICIES (continued)

##### *Foreign currencies*

Transactions denominated in foreign currencies are initially recorded at the rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Currency translation differences are recorded in the Statement of Comprehensive Income.

##### *Taxation*

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.

##### *Current tax*

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

##### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

##### *Government grants*

Grants received are credited to the Statement of Comprehensive Income as the expenditure to which they relate is incurred.

##### *Pension costs*

The Company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

##### *Share based awards*

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 17).

##### *Significant management judgement*

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets and liabilities, income and expenses in the financial statements and accompanying notes. Significant management judgements are applied in the recognition of provisions for liabilities (note 12).

#### 2. TURNOVER

Turnover by business and geographical segment has not been disclosed because, in the opinion of the directors, it would be seriously prejudicial to the interests of the Company to do so.



# Amazon UK Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

### 3. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2021	2020
	£'000	£'000
Loss on sale of tangible assets	5,529	6,262
Depreciation of tangible assets	472,173	321,054
Operating lease charges	298,987	209,937
Auditor's remuneration - audit of the financial statements	212	171
Net gain on foreign currency translation	(7,323)	(184)
Government grant income	—	(22)

### 4. STAFF COSTS

	2021	2020
	£'000	£'000
Wages and salaries	2,028,772	1,338,364
Social security costs	205,823	136,265
Staff pension contributions	54,448	35,757
Equity settled share based awards (note 17)	108,846	78,459
	<u>2,397,889</u>	<u>1,588,845</u>

The monthly average number of employees during the year was as follows:

	2021	2020
	No.	No.
Management and administration staff	<u>51,059</u>	<u>33,675</u>
	<u>51,059</u>	<u>33,675</u>

### 5. DIRECTORS' REMUNERATION

	2021	2020
	£'000	£'000
Aggregate remuneration in respect of qualifying services	<u>962</u>	<u>795</u>
Value of Company pension contributions to money purchase schemes	<u>35</u>	<u>27</u>

**Amazon UK Services Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2021

**5. DIRECTORS' REMUNERATION (continued)**

	2021 No.	2020 No.
Members of money purchase pension schemes	5	4
Directors who received share based awards	4	2
Directors who vested in or exercised share based awards	5	3

The amounts in respect of the highest paid director are as follows:

	2021 £'000	2020 £'000
Aggregate remuneration in respect of qualifying services	436	392
Company contributions to money purchase pension schemes	9	7

The highest paid director vested in or exercised share based awards in 2021 and received share based awards during 2020.

Certain directors' remuneration for the year ended 31 December 2020 has been borne by the ultimate parent company, Amazon.com, Inc., or one of its affiliated companies. The directors do not believe that it is practicable to apportion their remuneration for qualifying services to the Company for the year ended 31 December 2020.

**6. INTEREST RECEIVABLE**

	2021 £'000	2020 £'000
Interest receivable from group undertakings	291	571
Bank interest receivable	24	8
	315	579

**7. INTEREST PAYABLE**

	2021 £'000	2020 £'000
Interest payable to group undertakings	6,013	45
Finance charges payable including finance leases	15,738	13,393
Accretion of discount on provisions for liabilities (note 12)	3,628	3,289
Other interest charges	2	—
	25,381	16,727

# Amazon UK Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

### 8. TAXATION

#### (a) Tax on profit

The components of tax on profit are as follows:

	2021 £'000	2020 £'000
Current tax	(1,128)	18,297
Deferred tax	11,948	(9,127)
Tax on profit	10,820	9,170

#### (b) Reconciliation of tax on profit

The items accounting for differences between tax on profit computed at the UK statutory rate and recorded for tax on profit are as follows:

	2021 £'000	2020 £'000
Profit before taxation	204,135	127,834
Tax computed at the UK statutory rate	38,786	24,288
Effects of:		
Non-deductible expenses	(7,109)	10,227
Adjustment in respect of share based awards	(12,162)	(18,709)
Effect of rate differential on current year movement of deferred tax	7,304	—
Effect of rate change on opening deferred tax	(15,458)	(5,818)
Other	(541)	(818)
Tax on profit	10,820	9,170

#### (c) Deferred tax

Deferred tax assets are as follows:

	2021 £'000	2020 £'000
Timing differences related to pensions liability	1,286	778
Timing differences related to tangible assets	(59,015)	35,177
Timing differences related to lease dilapidations	16,815	9,413
Timing differences related to share based awards	21,660	12,749
Tax losses carried forward	65,751	—
Other timing differences	133	461
Total deferred tax asset recognised in the financial statements	46,630	58,578

**Amazon UK Services Limited**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2021**

**8. TAXATION (continued)**

The UK corporation tax rate for the year ended 31 December 2021 is 19% (2020: 19%). The Finance Act 2021, which received Royal Assent on 10 June 2021, enacted a 6% increase in the corporation tax rate from its current rate of 19% to 25% for the year beginning 1 April 2023. Any deferred tax assets and liabilities existing at 31 December 2021 are reflected according to the applicable corporation tax rate expected to apply at the time of realisation.

During the year beginning 1 January 2022, the expected net decrease in recognised deferred tax assets is £12,038k. This is primarily due to timing differences related to tangible assets.

Amazon UK Services Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2021

9. TANGIBLE ASSETS

	<i>Leasehold buildings and improvements</i> £'000	<i>Plant and machinery</i> £'000	<i>Office equipment</i> £'000	<i>Computer Equipment</i> £'000	<i>Assets under construction</i> £'000	<i>Freehold land</i> £'000	<i>Total</i> £'000
Cost:							
At 1 January 2021	1,866,859	1,306,223	464,718	100,953	183,151	85,883	4,007,787
Additions	400,465	487,463	125,309	50,397	570,790	109,952	1,744,376
Disposals	(14,486)	(4,726)	(37,269)	(12,837)	(312)	—	(69,630)
Transfers	175,059	236,208	27,982	7,744	(446,993)	—	—
At 31 December 2021	2,427,897	2,025,168	580,740	146,257	306,636	195,835	5,682,533
Depreciation:							
At 1 January 2021	393,813	365,643	237,526	60,717	—	—	1,057,699
Charge for the year	176,800	167,507	106,076	21,790	—	—	472,173
Disposals	(12,458)	(2,800)	(32,252)	(12,790)	—	—	(60,300)
At 31 December 2021	558,155	530,350	311,350	69,717	—	—	1,469,572
Net book value:							
At 1 January 2021	1,473,046	940,580	227,192	40,236	183,151	85,883	2,950,088
At 31 December 2021	1,869,742	1,494,818	269,390	76,540	306,636	195,835	4,212,961

# Amazon UK Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

### 9. TANGIBLE ASSETS (continued)

Included in the above are assets held under finance leases and capitalised in leasehold buildings and improvements, plant and machinery and office equipment with a cost of £852,479k (2020: £704,522k) and accumulated depreciation of £151,687k (2020: £91,597k). The net book value of assets held under finance leases is £700,792k (2020: £612,925k).

As at 31 December 2021, the Company has contractual commitments not provided for in the financial statements for the construction of property, plant and equipment of £320,920k (2020: £8,325k).

### 10. DEBTORS

<i>a) amounts falling due within one year</i>	2021	2020
	£'000	£'000

Amounts owed by group undertakings	1,815,728	742,862
Corporation tax receivable	2,494	—
Prepayments and accrued income	94,851	81,145
Other debtors	67,855	94,927
	<u>1,980,928</u>	<u>918,934</u>

<i>b) amounts falling due after one year</i>	2021	2020
	£'000	£'000

Deferred tax asset (note 8)	46,630	58,578
Prepayments and accrued income	70,984	48,893
	<u>117,614</u>	<u>107,471</u>

### 11. CREDITORS

<i>a) amounts falling due within one year</i>	2021	2020
	£'000	£'000

Bank overdraft	46,674	—
Trade creditors	286,358	371,805
Amounts owed to group undertakings	18,928	58,632
Obligations under finance leases (note 14)	70,615	36,362
Other taxation and social security	93,286	61,155
Corporation tax payable	—	1
Accruals	635,181	404,027
Other creditors	1,199	—
	<u>1,152,241</u>	<u>931,982</u>

## Amazon UK Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

#### 11. CREDITORS (continued)

<i>b) amounts falling due after one year</i>	2021	2020
	£'000	£'000
Loan payable to group undertakings	1,004,795	—
Obligations under finance leases (note 14)	673,211	606,469
Other long term creditors - lease incentives	179,565	159,702
	<u>1,857,571</u>	<u>766,171</u>

Loan payable to group undertakings is unsecured, bears a 12-month GBP LIBOR plus 1.35% interest rate and is repayable by 11 August 2028. Total interest expense for the year ended 31 December 2021 on loan payable to group undertakings amounts to £6,013k (2020: £nil). On 1 January 2022, following the Financial Conduct Authority's cessation of the publication of 12-month GBP LIBOR, the Company transitioned the interest rate applicable to the loan payable to group undertakings to the 12-month SONIA rate plus 1.42%. The Company has applied the practical expedient available for interest rate benchmark reform.

#### 12. PROVISIONS FOR LIABILITIES

	<i>Lease Dilapidations</i>
	£'000
At 1 January 2021	176,018
Provided during the year	65,189
Utilised during the year	(189)
Accretion of discount (note 7)	3,628
At 31 December 2021	<u>244,646</u>

The provision held at 31 December 2021 is to cover costs the Company may incur on exit of leasehold properties when the leases expire (see note 15). The accretion of the discount each year is recorded as interest payable.

#### 13. SHARE CAPITAL AND CAPITAL CONTRIBUTION RESERVE

	2021		2020	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>170,366,041</u>	<u>170,366,041</u>	<u>170,366,040</u>	<u>170,366,040</u>

During the year ended 31 December 2021, the Company issued 1 ordinary share to its immediate parent company Amazon EU S.à r.l. at a par value of £1 and a share premium of £199,999,999. Additionally, in December 2021, a capital contribution reserve was created to reflect a £450,000,000 investment from the Company's immediate parent. In February 2022, that reserve was fully extinguished by applying the reserve to settle amounts outstanding on the allotment and issue of a further 1 ordinary share to the immediate parent at a par value of £1 and a share premium of £449,999,999.

## Amazon UK Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

#### 14. OBLIGATIONS UNDER FINANCE LEASES

Amounts due under finance lease contracts:

	2021 £'000	2020 £'000
Amounts payable:		
Within one year	86,305	51,729
In two to five years	320,559	223,766
In over five years	461,194	503,993
Total gross payments	868,058	779,488
Less: finance lease charges included above	(124,232)	(136,657)
	743,826	642,831
Amounts falling due within one year	70,615	36,362
Amounts falling due after one year	673,211	606,469
Total obligations due under finance leases	743,826	642,831

#### 15. COMMITMENTS UNDER OPERATING LEASES

The commitments under non-cancellable operating leases are as follows:

	2021 Land and buildings £'000	2020 Land and buildings £'000
Within one year	265,338	188,765
In one to two years	261,153	188,065
In two to five years	713,706	508,284
In over five years	1,606,036	999,234
	2,846,233	1,884,348

As at 31 December 2021, the Company has contractual commitments not provided for in the financial statements for future non-cancellable leases not yet commenced of £454,188k (2020: £892,557k).

#### 16. ULTIMATE PARENT COMPANY

The immediate parent company is Amazon EU S.à.r.l., a company which is incorporated in Luxembourg. The address of this company is 38 Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg.

The Company regards Amazon.com, Inc., a company which is incorporated in the United States of America, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.



## Amazon UK Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2021

#### 17. SHARE BASED AWARD PLANS

Amazon.com, Inc. ("Amazon") may grant equity awards to employees, officers and directors of Amazon and its subsidiaries which include Amazon UK Services Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan").

Amazon may grant equity awards in the form of stock options, stock, or restricted stock units ("RSUs"). Equity awards are evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Amazon, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions generally applicable to equity awards granted by Amazon under the 1997 Plan.

During 2021 and 2020, RSUs were the primary type of equity award granted. RSUs are granted from the 1997 Plan. RSUs represent the right to receive shares of common stock of Amazon, on a one-for-one basis, upon vesting. There is no exercise price associated with an RSU. Employees vest in RSUs and stock options over a specified course of time that the employee provides service to Amazon or one or more of its subsidiaries. Typically, the service terms for vesting are between two and four years.

Unvested portions of equity awards are subject to forfeiture if the holder's employment or other service relationship with Amazon (including its subsidiaries) terminates.

The fair value of each RSU is equal to the market value of Amazon common stock on the date of the grant. The fair value is recognised as compensation expense over the requisite service period. The Company estimates forfeiture of RSU's at the time of the grant based on historical experience and records compensation expense only for those awards that are expected to vest.

Scheduled vesting for outstanding restricted stock units as at 31 December 2021 was as follows:

	2022	2023	2024	2025	Thereafter	Total
Scheduled vesting	59,009	56,652	26,353	11,519	2,115	155,648

The weighted average share price at the date of share based award vesting was US\$3,361.46 (2020: US\$2,642.57).