

Worker Rights Assessment

Resolved: Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of Walmart's adherence, above and beyond legal compliance, to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organization's (ILO) Core Labor Standards and as explicitly referenced in the company's Human Rights Statement. The assessment should address management non-interference when employees exercise their right to form or join a trade union, as well as any steps to remedy any other practices inconsistent with Walmart's stated commitments. The assessment, prepared at reasonable cost and omitting legally privileged, confidential, or proprietary information, should be publicly disclosed on its website.

Supporting Statement: Walmart made a commitment to freedom of association, including non-interference, and the right to collective bargaining in its Human Rights Statement. According to the ILO, "Freedom of association refers to the right of workers ... to create and join organizations of their choice freely and without fear of reprisal or interference" and collective bargaining "allows workers to negotiate their working conditions freely with their employers."

For over two decades, Walmart has faced numerous labor and worker rights controversies. Since 2001, the U.S. National Labor Relations Board has received approximately 250 cases filed by Walmart employees through various worker groups. In their complaints, workers alleged the company used concerted activities such as disciplinary actions and retaliation; coercive statements including threats and promises of benefits; coercive action, particularly surveillance; and discharge actions including lay-off and refusal to hire in several locations in various states. Employees have also claimed they were dismissed or faced other forms of retaliation after participating in strikes to demand increased wages and better working conditions.

Walmart's alleged activity has led to widespread protests from employees and stakeholders, regulatory and legislative investigations, and significant negative media attention. We believe the potential misalignment between Walmart's public commitments and its reported conduct and policies can generate meaningful reputational, legal, and operational risks, and may negatively impact its long-term value.

As the U.S.'s largest private employer, failing to respect workers' rights could harm Walmart's reputation with consumers and hurt its ability to attract and retain a high-performing workforce, a crucial element of its ability to provide quality products and services. As Walmart's 2022 10-K states the "failure to attract and retain qualified associates... could materially adversely affect our financial performance." Research shows that union membership may have a positive effect on retention, in some cases, reducing quits by as much as 65%. Studies show companies spend approximately 20% of an employee's salary to replace them.

Greater transparency on these issues resulting from disclosure of an independent-third party assessment could help address concerns about Walmart's reputation and enable investors to assess its adherence to its human rights commitments.