

Worker Rights Assessment

Resolved: Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of CVS'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 Policy. 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 CVS'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: CVS made a commitment to freedom of association and the right to collective bargaining in its Human Rights Policy. However, CVS's current Human Rights Policy fails to address the issue of non-interference practices and does not prohibit CVS management or agents from undermining the right to form or join trade unions.

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."

CVS has faced numerous labor and worker rights controversies:

- In 2018, CVS was accused of attempting to undermine the validity of the election results at a Brooklyn store with the National Labor Relations Board delaying negotiations of a collective bargaining agreement.
- In September 2021, approximately 6,700 unionized CVS workers signed a petition to support a new union contract citing demands of employees for better pay, healthcare improvements, increased safety standards, and more security for workers.
- In 2022, CVS was accused of interfering in union elections in California, leading to an administrative law judge ruling for a new election.

We believe the potential misalignment between CVS's public commitments and its reported conduct and policies represents meaningful reputational, legal, and operational risks, and may negatively impact its long-term value. Failing to respect workers' rights could harm CVS'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. 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.

CVS has stated that it regularly conducts human rights impact assessments, however, CVS has not publicly disclosed the results of such assessments or changes made to its policy or practices because of the assessments. Greater transparency on these issues resulting from disclosure of an independent-third party assessment could help address concerns about CVS's reputation and enable investors to assess its adherence to its human rights commitments.