

Policy on Freedom of Association

RESOLVED: Shareholders urge the Board of Directors of Netflix to adopt and publicly disclose a policy on its commitment to respect the rights to freedom of association and collective bargaining in its operations, as reflected in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work (“Fundamental Principles”). The policy should:

- Be applicable to Netflix direct operations, subsidiaries globally, and Netflix’s partners, suppliers, and vendors;
- Include a commitment to noninterference when employees exercise their right to form or join trade unions;
- Prohibit any member of management or agent of Netflix from undermining the right to form or join trade unions or pressuring any employee and independent contractor from exercising this right;
- Describe the due diligence process Netflix will use to identify, prevent, mitigate, and account for any violations of these rights, including how it will remedy any misaligned practices.

Supporting Statement: Freedom of association and collective bargaining are fundamental human rights protected by national and international legal standards, including the ILO Fundamental Principles and the UN Universal Declaration of Human Rights. Research has shown that freedom of association and collective bargaining can enhance shareholder value through improved health and safety; encouraging workforce training and skills development; and increased productivity.

While Netflix employs individuals that are subject to collective bargaining agreements, the company does not have any formal, disclosed policy commitments to respect the right to freedom of association, nor has it demonstrated how it would effectively operationalize such a commitment. The lack of policy can negatively impact management and the Board’s ability to identify and mitigate these risks and stockholders in understanding their potential effect on stockholder value.

Netflix has faced numerous controversies that have led to discontent among its workforce, including protests, staged walkouts, demands regarding the company’s culture, and poor overall stock performance, which directly impacts employee compensation. Recently, music supervisors at Netflix filed papers seeking a union-certification election with the National Labor Relations Board.

Over the same time, worker unrest among white-collar workers has led to union activity at companies like Apple, Alphabet, and Activision Blizzard. Additionally, Microsoft recently adopted companywide Principles that recognize the importance of employer noninterference, and announced a “labor neutrality agreement” at Activision Blizzard which “reflects a fundamental belief ... that enabling workers to freely and fairly make a choice about union representation will benefit Microsoft and its employees...”.

Adoption of a policy that demonstrates Company's respect for labor rights would protect long-term shareholder value and disclosure of that policy would provide shareholders with greater transparency on these fundamental practices.