

Company Name Costco
Industry Agricultural Products & Apparel (Supply Chain only)
UNGP Core Score (*) 5.0 out of 26

Score	Out of	For indicators
Governance and Policy Commitments		
1	2	A.1.1 Commitment to respect human rights
0.5	2	A.1.2 Commitment to respect the human rights of workers
0	2	A.1.4 Commitment to engage with stakeholders
0	2	A.1.5 Commitment to remedy
Embedding respect and Human Rights Due Diligence		
Embedding respect		
0	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
0	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
0	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
0	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
0	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
Remedies and Grievance Mechanisms		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
2	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned
5.0	26	

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: The company states on its website that 'Costco is committed to protecting the human rights, safety and dignity of the people who contribute to the success of our business'. [Human Right sustainability, 12/2019: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs • Not met: OECD
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: ILO Core: The Company's Code of Ethics refers to non-discrimination, wages, working hours and health and safety. However, no evidence found regarding to child labour, forced labour, freedom of association and collective bargaining. [Code of ethics, 5/2010: investor.costco.com] • Not met: UNGC principles 3-6 • Met: Explicitly list All four ILO for AG suppliers: The Supplier Code of Conduct contains commitments to discrimination and child and forced labour. Regarding freedom of association and collective bargaining, the code states that 'Employees who wish to join or not join trade unions and to bargain collectively shall not be interfered with, penalized or retaliated against. Employees shall not be discriminated against based on such associations'. The Code covers suppliers (entities that has been contracted by Costco to provide merchandise) and facilities (any entity that produces, processes or harvests the Merchandise sold to Costco. The facility may be either owned or contracted by the supplier) [Supplier code of conduct, 11/2018: costco.com] • Met: Explicitly list ALL four ILO for AP suppliers: See above [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core • Not met: Respect H&S of workers • Met: H&S applies to AG suppliers: The Supplier code contains requirements on health and safety [Supplier code of conduct, 11/2018: costco.com] • Met: H&S applies to AP suppliers: See above [Supplier code of conduct, 11/2018: costco.com] • Not met: working hours for workers • Not met: Working hours for AP suppliers: The Supplier code of conduct contains requirements on regular and overtime working hours and rest days. However, these do not coincide with international standards. The Company states the following: 'Employees' combined regular and overtime working hours shall not exceed legal limits or 60 hours per week, whichever is more strict. Exceptions to this requirement must be in compliance with the law and only due to exceptional circumstances, such as work that is continuous in nature or in the event of an emergency. Employees shall be informed about overtime obligations prior to time of hire and in advance of the overtime shift, and be allowed to refuse to work overtime without punishment, penalty or disciplinary action. Where required by law, overtime waivers approved by appropriate legal authority must be obtained. At least one day off in a seven- day workweek shall be provided.' This lacks a limit of regularly scheduled working hours not exceeding 48 hours per week. [Supplier code of conduct, 11/2018: costco.com]
A.1.4	Commitment to engage with stakeholders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to stakeholder engagement • Not met: Regular stakeholder engagement

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> Not met: Commits to engage stakeholders in design Not met: Regular stakeholder design engagement
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits to remedy Score 2 <ul style="list-style-type: none"> Not met: Not obstructing access to other remedies Not met: Collaborating with other remedy initiatives Not met: Work with AG suppliers to remedy impacts Not met: Work with AP suppliers to remedy impacts

Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits to ILO core conventions Not met: Senior responsibility for HR Score 2 <ul style="list-style-type: none"> Not met: Day-to-day responsibility Not met: Day-to-day responsibility for AG in supply chain Not met: Day-to-day responsibility for AP in supply chain
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Identifying risks in own operations Not met: Identifying risks in AG suppliers Not met: Identifying risks in AP suppliers Score 2 <ul style="list-style-type: none"> Not met: Ongoing global risk identification Not met: In consultation with stakeholders Not met: In consultation with HR experts Not met: Triggered by new circumstances Not met: Explains use of HRIAs or ESIA (inc HR)
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Salient risk assessment (and context) Not met: Public disclosure of salient risks Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Action Plans to mitigate risks Not met: Including in AG supply chain Not met: Including in AP supply chain Not met: Example of Actions decided Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: System to check if Actions are effective Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Comms plan re identifying risks Not met: Comms plan re assessing risks Not met: Comms plan re action plans for risks

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not met: Comms plan re reviewing action plans • Not met: Including AG suppliers • Not met: Including AP suppliers Score 2 <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Company has a 'Whistleblower Policy link on the Company's eNet or intranet site' and its Code of Ethics describes whom to contact if an employee suspects violations of the law or the Code, including confidentially is needed. It also has indicated in its Supplier Code of Conduct that 'we have implemented a global confidential ethics hotline as part of our continuing efforts to assure compliance with our Code of Ethics, our Vendor Code of Conduct, and other legal and ethical policies. [...] This is a confidential tool available for use by any supplier who has reason to believe a Costco employee or supplier is in violation of these policies'. [Code of ethics, 5/2010: investor.costco.com & Supplier code of conduct, 11/2018: costco.com] Score 2 <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved • Met: Channel is available in all appropriate languages: The ethics is available on the internet from the Company's website, in English, Spanish, French, Korean, Japanese and Chinese. [Confidential ethics hotline, N/A: secure.ethicspoint.com] • Met: Opens own system to AG supplier workers: The EthicsPoint hotline is also available to 'anyone who has reason to believe a Costco Employee, Supplier or Subcontractor is in violation of these policies': the Company Code of Ethics, the Supplier Code of Conduct, and other legal and ethical policies. [Supplier code of conduct, 11/2018: costco.com] • Met: Opens own system to AP supplier workers: See above [Supplier code of conduct, 11/2018: costco.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Grievance mechanism for community: The Company states the following: 'A global confidential ethics hotline is available as a part of Costco's continuing efforts to ensure compliance with our Code of Ethics, our Supplier Code of Conduct, and other legal and ethical policies [...] This is a confidential tool available for use by anyone who has reason to believe a Costco Employee, Supplier or Subcontractor is in violation of these policies.' [Supplier code of conduct, 11/2018: costco.com] Score 2 <ul style="list-style-type: none"> • Met: Describes accessibility and local languages: The online platform is available in at least six languages. [Confidential ethics hotline, N/A: secure.ethicspoint.com] • Met: AG supplier communities use global system: As stated above, the platform can be used by anyone to file complaints about suppliers and subcontractors. [Supplier code of conduct, 11/2018: costco.com] • Met: AP supplier communities use global system: See above [Supplier code of conduct, 11/2018: costco.com]
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided • Not met: Says how it would remedy key sector risks Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Headline: Crushing Debt Bondage Poses Forced Labor Risk for U.S. Port Truckers and Retailers using them • Area: Forced labour • Story: A 2017 investigation by USA Today alleged that truck drivers in the US supply chain for retailers including Costco (Target and Home Depot) were often trapped in debt bondage and worked in conditions equivalent to forced labour. Specifically the drivers were said to be pressed into leasing trucks they could not afford, forced as a result to drive for up to 20 hours a day for pay that "sometimes drops to pennies on the hour", before being fired and having their vehicles taken, without compensation for the money the drivers had paid towards buying them. In 2018, the city of Los Angeles filed three lawsuits against some of the trucking companies named in the report. • Sources: [Huffington Post, 21/11/2017 -: huffingtonpost.com][USA Today, 16/06/2017 -: usatoday.com][Naples Daily News, 09/01/2018 -: eu.naplesnews.com]
E(1).1	The Company has responded publicly to the allegation	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public response available: As far as CHRB was able to ascertain, the Company has not responded publicly to the allegation. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail
E(1).2	The Company has appropriate policies in place	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Company policies address the general issues raised: The Company's Code of Ethics refers to non-discrimination, wages, working hours and health and safety. However, no evidence found regarding to child labour, forced labour, freedom of association and collective bargaining. [Code of ethics, 5/2010: investor.costco.com] • Met: Policies apply to the type of business relationships involved: The company has a policy prohibiting slave labour in its supplier. [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question
E(1).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages with affected stakeholders • Not met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Not met: Has reviewed management systems to prevent recurrence: According to the press, 'Costco (...)has stopped doing business with a California trucking company accused of trapping drivers in debt and then using it to force them to work overtime'. It 'dropped Pacific 9 Transportation, one of the biggest port trucking companies in Southern California'. However according to the same article, it refused to comment further on its actions. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Not met: Has improved systems and engaged affected stakeholders
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> • Headline: NHS condom supplier Karex criticized over forced labor and poor employment conditions in Malaysia • Area: Forced labour; Bonded labour • Story: 23 January 2019, An investigation by The Telegraph uncovered situations of bonded labour and poor working conditions at the Karex Innolatex factory in Malaysia that produces condoms. The article recounts stories from a number of employees, who claim to live in in cramped and undignified conditions, with up to 12 in a room in damp and unhygienic dormitories. One worker said he earned only 190 pounds per month despite working full time hours and remains indebted to a creditor, who lent him the £810 fee demanded by Nepali recruiters to secure the post. He is also unable to leave the job, for fear of incurring a penalty of three-months salary for breaking his contract early. The Telegraph notes that it interviewed 22 Nepali and Bangladeshi employees of Karex's condom and catheter factories in Pontian, Senai and Port Klang and that all told similar stories. The article states that the Karex Innolatex factory supplies condoms to a number of highstreet brands, including Costco Wholesale. In response to the allegations Karex said it ""does not believe that forced labour or modern slavery is currently occurring at our factories". However, Goh Miah Kiat, the Karex CEO, said the company recognised it was "critical to shed light on unfair labour practices" and

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			<p>took the allegations “extremely seriously”. Previous issues raised by regular independent audits had been promptly addressed and a number of improvements, including a complete review of hiring, retainment and compensation policies, were already underway, he said. Karex was committed to “continuous vigilance and improvement” and would hire “an independent firm specialising in ethical trade, human rights, labour standards” to carry out a “full social analysis” within 45 days. A committee of management and employees would also be created.</p> <p>• Sources: [The Telegraph - 23/01/2019: telegraph.co.uk][BHRC - 24/01/2019: business-humanrights.org]</p>
E(2).1	The Company has responded publicly to the allegation	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public response available: The company has not provided a response to the allegations against Karex, nor has it pointed publicly to the response provided by Karex and its CEO. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail: The company has not provided a response to the allegations against Karex, nor has it pointed publicly to response provided by Karex. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk]
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The company's Supplier Code of Conduct states "All Employees shall work on a voluntary basis and not be subject to any exploitation, such as forced, bonded and indentured labor, or sexual exploitation...Employees shall maintain possession or have control of personal identity and travel documents. Employees’ freedom of movement shall not be restricted, nor shall Employees be prevented from terminating employment...Employees shall not pay any fees or other payments to the employer or agent for the purpose of being hired or as a condition of employment. No such fees shall be deducted and withheld from wages or otherwise passed on to the Employees. [Code of ethics, 5/2010: investor.costco.com & Supplier code of conduct, 11/2018: costco.com] • Met: Policies apply to the type of business relationships involved: Costco's Supplier Code of Conduct "applies to all Suppliers who provide Merchandise to Costco". [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The company's Supplier Code of Conduct states "All Employees shall work on a voluntary basis and not be subject to any exploitation, such as forced, bonded and indentured labor, or sexual exploitation...Employees shall maintain possession or have control of personal identity and travel documents. Employees’ freedom of movement shall not be restricted, nor shall Employees be prevented from terminating employment...Employees shall not pay any fees or other payments to the employer or agent for the purpose of being hired or as a condition of employment. No such fees shall be deducted and withheld from wages or otherwise passed on to the Employees. [Supplier code of conduct, 11/2018: costco.com]
E(2).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but has engaged affected stakeholders: Costco Wholesale has not provided any evidence it has engaged with the affected stakeholders. In response to the allegations Karex said it "does not believe that forced labour or modern slavery is currently occurring at our factories". However, Goh Miah Kiat, the Karex CEO, said the company recognised it was “critical to shed light on unfair labour practices” and took the allegations “extremely seriously”...Karex was committed to “continuous vigilance and improvement” and would hire “an independent firm specialising in ethical trade, human rights, labour standards” to carry out a “full social analysis” within 45 days. A committee of management and employees would also be created. However there is no evidence that the company has engaged with the affected stakeholders. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk] • Not met: Denies allegations, but reviewed systems to prevent such impacts: Costco Wholesale has not provided any evidence it has reviewed its management systems. In response to the allegations Karex said it "does not believe that forced labour or modern slavery is currently occurring at our factories". However, Goh Miah Kiat, the Karex CEO, said the company recognised it was “critical to shed light on unfair labour practices” and took the allegations “extremely seriously”...Karex was committed to “continuous vigilance and improvement” and would hire “an

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			<p>independent firm specialising in ethical trade, human rights, labour standards” to carry out a “full social analysis” within 45 days. A committee of management and employees would also be created. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but implements review recommendations: Costco Wholesale has not provided any evidence it has reviewed its management systems. In response to the allegations Karex said it “does not believe that forced labour or modern slavery is currently occurring at our factories”. However, Goh Miah Kiat, the Karex CEO, said the company recognised it was “critical to shed light on unfair labour practices” and took the allegations “extremely seriously”...Karex was committed to “continuous vigilance and improvement” and would hire “an independent firm specialising in ethical trade, human rights, labour standards” to carry out a “full social analysis” within 45 days. A committee of management and employees would also be created. However there is no evidence that recommendations resulting from the review have been implemented. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk] • Not met: Denies allegations, and ensures systems prevent such impacts: Costco Wholesale has not provided any evidence it has reviewed its management systems. In response to the allegations Karex said it “does not believe that forced labour or modern slavery is currently occurring at our factories”. However, Goh Miah Kiat, the Karex CEO, said the company recognised it was “critical to shed light on unfair labour practices” and took the allegations “extremely seriously”...Karex was committed to “continuous vigilance and improvement” and would hire “an independent firm specialising in ethical trade, human rights, labour standards” to carry out a “full social analysis” within 45 days. A committee of management and employees would also be created. However there is no evidence that the company has ensured its systems will prevent such impacts in the future. [Karex response to forced labour allegations, 23/01/2019: telegraph.co.uk]
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> • Headline: Costco drops melon supplier Fyffes over alleged violations of worker's rights to organize and collectively bargain • Area: FoA & CB • Story: 12 June 2019, Costco Wholesale confirmed that it had ceased the sourcing of melons from Irish multinational Fyffes, one of the largest fruit brands in the world. The decision came following a three year campaign by NGOs and labour unions urging Fyffes to remediate human rights and labour abuses, including wage theft, on its melon plantations in Honduras. The article notes that Fyffes agreed to recognise el Sindicato de Trabajadores de la Agroindustria y Similares (STAS) as the legitimate union representative of workers, and that it would enter into collective bargaining agreements with the union. However, following this agreement, workers on the plantation reported that Fyffes’ local management systematically intensified and escalated the anti-union harassment and violence. The allegations in the article include that STAS-affiliated workers were told by management that they would only be reinstated if they join the employer-controlled unions and disaffiliate from STAS. The workers have also reported that they have received visits from immediate supervisors to their homes in order to affiliate to the employer-controlled unions. There is also an allegation of physical abuse by a manager directed toward and STAS affiliated worker. In response, Fyffes denied the allegations of threats and anti-union activities, saying that “We constantly monitor compliance through regular internal and external audits on human and labour rights standards and have corrective action in place to remediate any non-compliances”. In a subsequent response on 31 January 2020, Fyffe's stated “We absolutely do not discriminate against workers because of their union affiliation. We have hired STAS affiliated workers, workers with no union affiliation and workers affiliated with the legal unions. The STAS union provided us with two lists of names, from last season and this season. We have hired every STAS-affiliated worker for whom there are payroll records and who are free to work. This amounts to 44 workers...To ensure our workers understand freedom of association, we provided freedom of association training to all our workers through an independent non-governmental organisation called FUNDAHRSE that are experts in labour law, both international as all as Honduran law.” • Sources: [BHRRC - 31/01/2020: business-humanrights.org][Banana Link - 12/06/2019: bananalink.org.uk][The Progressive - 22/01/2020: progressive.org]
E(3).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: According to the union, Costco Wholesale to cease sourcing Fyffes melons in light of the labor dispute. Though it is not a public

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			statement by the company, CHRB accepts this as a response. [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org] Score 2 <ul style="list-style-type: none"> Not met: Response goes into detail: The company has not provided a public response to the allegations against its former supplier Fyffes. [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org]
E(3).2	The Company has appropriate policies in place	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Company policies address the general issues raised: The company's Supplier Code of Conduct states under the heading 'Freedom of Association and Collective Bargaining' that, "Employees who wish to join or not join trade unions and to bargain collectively shall not be interfered with, penalized or retaliated against. Employees shall not be discriminated against based on such associations." [Code of ethics, 5/2010: investor.costco.com & Supplier code of conduct, 11/2018: costco.com] Met: Policies apply to the type of business relationships involved: The company's Supplier Code of Conduct says " Costco expects its Suppliers and Facilities to comply, at a minimum, with all applicable labor, employment, health and safety, and environmental laws and regulations of the country where the Merchandise is produced. In the absence of Applicable Laws and Regulations, Suppliers and Facilities are expected to meet the requirements set forth in this Supplier Code of Conduct... Costco's Supplier Code of Conduct applies to all Suppliers who provide Merchandise to Costco." [Supplier code of conduct, 11/2018: costco.com] Score 2 <ul style="list-style-type: none"> Not met: Policies address the specific rights in question: The company's policies don't contain any specific measures to prohibit forms of retaliation or intimidation against trade unionists. [Supplier code of conduct, 11/2018: costco.com & Code of ethics, 5/2010: investor.costco.com]
E(3).3	The Company has taken appropriate action	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Denies allegations, but has engaged affected stakeholders: In response to the allegations Fyffes denied the reports of threats and anti-union activity, saying, "Fyffes is firmly committed to freedom of association. We absolutely do not discriminate against workers because of their union affiliation. We have hired STAS affiliated workers, workers with no union affiliation and workers affiliated with the legal unions. The STAS union provided us with two lists of names, from last season and this season. We have hired every STAS-affiliated worker for whom there are payroll records and who are free to work. This amounts to 44 workers...STAS was denied the right to bargain on behalf of workers at our farms by the Honduran Ministry of Labour. In Honduran law, there can only be one legal union per operation. The Honduran Ministry of Labour granted legal personality to a union for each of the farms Suragroh and Melon Export. Despite this, we are meeting with STAS regularly to find a way for them to represent their workers as a legal union." [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org] Not met: Denies allegations, but reviewed systems to prevent such impacts: Costco Wholesale has stated that it will no longer source melons from Fyffes, however there is no further evidence that it has reviewed its management systems in response to the allegations. In its response to the allegations Fyffes has said "All our farms undergo regular independent audits for health and safety, environmental and labour related standards. More information about the conditions at our melon farms, is kept up to date on this webpage fyffes.com "However there is no evidence that it has conducted a specific review into the allegations. [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org] Score 2 <ul style="list-style-type: none"> Not met: Denies allegations, but implements review recommendations: Costco Wholesale has stated that it will no longer source melons from Fyffes, however there is no further evidence that it has reviewed its management systems in response to the allegations. In its response to the allegations Fyffes has said "We constantly monitor compliance through regular internal and external audits on human and labour rights standards and have corrective action in place to remediate any non-compliances...To ensure our workers understand freedom of association, we provided freedom of association training to all our workers through an independent non-governmental organisation called FUNDAHRSE that are experts in labour law, both international as all as Honduran law. "However there is no evidence that it has implemented any changes to its systems resulting

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>from a specific review to prevent re-occurrence of this situation. [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org]</p> <ul style="list-style-type: none"> • Not met: Denies allegations, and ensures systems prevent such impacts: Costco Wholesale has stated that it will no longer source melons from Fyffes, however there is no further evidence that it has changed its management systems in response to the allegations to prevent future re-occurrence. In its response to the allegations Fyffes has said "All our farms undergo regular independent audits for health and safety, environmental and labour related standards....To ensure our workers understand freedom of association, we provided freedom of association training to all our workers through an independent non-governmental organisation called FUNDAHRSE that are experts in labour law, both international as all as Honduran law" However there is no evidence that it has implemented any changes to its systems resulting from a specific review to prevent re-occurrence of this situation. [Fyffe's response to anti-union allegations, 31/01/2020: business-humanrights.org]

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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