

## Corporate Human Rights Benchmark 2018 Company Scoresheet



**Company Name** Costco Wholesale  
**Industry** Apparel & Agricultural Products (Supply Chain only)  
**Overall Score (\*)** 8.8 out of 100

Theme Score	Out of	For Theme
0.8	10	A. Governance and Policies
1.8	25	B. Embedding Respect and Human Rights Due Diligence
1.3	15	C. Remedies and Grievance Mechanisms
1.6	20	D. Performance: Company Human Rights Practices
2.5	20	E. Performance: Responses to Serious Allegations
0.8	10	F. Transparency

(\*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also 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 2018 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

#### A. Governance and Policies (10% of Total)

##### A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• 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." [Code of ethics]</li> <li>• Not met: UNGC principles 1 &amp; 2</li> <li>• Not met: UDHR</li> <li>• Not met: International Bill of Rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: UNGPs</li> <li>• Not met: OECD</li> </ul>
A.1.2	Commitment to respect the human rights of workers	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: ILO Core: The Company's code of conduct refers to non-discrimination, wages, working hours and health and safety. However, it does not refer to child labour, forced labour, freedom of association or collective bargaining. Its supplier code of conduct covers child labour, forced labour, non-discrimination, working hours and health and safety but it does not refer to freedom of association or collective bargaining. [Code of ethics]</li> <li>• Not met: UNGC principles 3-6</li> <li>• Met: 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</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>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, 2016]</p> <ul style="list-style-type: none"> <li>• Met: All four ILO for AP suppliers: See above</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: All four ILO Core</li> <li>• Not met: Respect H&amp;S of workers</li> <li>• Met: H&amp;S applies to AG suppliers: The Supplier code contains requirements on health and safety [Supplier code of conduct, 2016]</li> <li>• Met: H&amp;S applies to AP suppliers: See above</li> <li>• Not met: working hours for employees</li> <li>• Met: Working hours for AP suppliers: The Supplier code of conduct contains requirements on regular and overtime working hours and rest days. [Supplier code of conduct, 2016]</li> </ul>
A.1.3.a.AG	Commitment to respect human rights particularly relevant to the industry - land and natural resources (AG)	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"> <li>• Not met: Respect land ownership and resources</li> <li>• Not met: Respecting the right to water</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Voluntary Guidelines on Tenure</li> <li>• Not met: IFC Performance Standards</li> <li>• Not met: FPIC for all</li> <li>• Not met: Zero tolerance for land grabs</li> <li>• Not met: Respecting the right to water</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul>
A.1.3.b.AG	Commitment to respect human rights particularly relevant to the industry - people's rights (AG)	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"> <li>• Not met: Women's rights</li> <li>• Not met: Children's rights</li> <li>• Not met: Migrant worker's rights: The Supplier code of conduct does not explicitly or directly refer to respecting the rights of migrant workers but it inserts paragraphs on the rights of migrants under relevant issues within the code. [Supplier code of conduct, 2016]</li> <li>• Not met: Expects suppliers to respect these rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: CEDAW/Women's Empowerment Principles</li> <li>• Not met: Child Rights Convention/Business Principles</li> <li>• Not met: Convention on migrant workers</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul>
A.1.3.AP	Commitment to respect human rights particularly relevant to the industry (AP)	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"> <li>• Not met: Women's Rights</li> <li>• Not met: Children's Rights</li> <li>• Not met: Migrant worker's rights: The Supplier code of conduct does not explicitly or directly refer to respecting the rights of migrant workers but it inserts paragraphs on the rights of migrants under relevant issues within the code.</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: CEDAW/Women's Empowerment Principles</li> <li>• Not met: Child Rights Convention/Business principles</li> <li>• Not met: Convention on migrant workers</li> <li>• Not met: Respecting the right to water</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul>
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"> <li>• Not met: Commits to stakeholder engagement</li> <li>• Not met: Regular stakeholder engagement</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Commits to engage stakeholders in design</li> <li>• Not met: Regular stakeholder design engagement</li> </ul>
A.1.5	Commitment to remedy	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"> <li>• Not met: Commits to remedy</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>• Not met: Not obstructing access to other remedies</li> <li>• Not met: Collaborating with other remedy initiatives</li> <li>• Not met: Work with AG suppliers to remedy impacts</li> <li>• Not met: Work with AP suppliers to remedy impacts</li> </ul>
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Zero tolerance attacks on HRs Defenders (HRDs)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Expects AG suppliers to reflect company HRD commitments</li> <li>• Not met: Expects AP suppliers to reflect company HRD commitments</li> </ul>

### A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: CEO or Board approves policy</li> <li>• Not met: Board level responsibility for HRs</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Speeches/letters by Board members or CEO</li> </ul>
A.2.2	Board discussions	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Board/Committee review of salient HRs</li> <li>• Not met: Examples or trends re HR discussion</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both examples and process</li> </ul>
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Incentives for at least one board member</li> <li>• Not met: At least one key AG HR risk, beyond employee H&amp;S</li> <li>• Not met: At least one key AP HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public</li> </ul>

## B. Embedding Respect and Human Rights Due Diligence (25% of Total)

### B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

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"> <li>• Not met: Senior responsibility fo HR (inc ILO)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Day-to-day responsibility</li> <li>• Not met: Day-to-day responsibility for AG in supply chain</li> <li>• Not met: Day-to-day responsibility for AP in supply chain</li> </ul>
B.1.2	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Senior manager incentives for human rights</li> <li>• Not met: At least one key AG HR risk, beyond employee H&amp;S</li> <li>• Not met: At least one key AP HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public</li> </ul>
B.1.3	Integration with enterprise risk management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: HR part of enterprise risk system</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Audit Ctte or independent risk assessment</li> </ul>
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Communicates its policy to all workers in own operations</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Communication of policy commitments to stakeholder</li> <li>• Not met: How policy commitments are made accessible to audience</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	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"> <li>• Met: Steps to communicate policy commitments to BRs: Its supplier code of conduct is communicated to suppliers as it is part of contractual agreement. [Supplier code of conduct, 2016]</li> <li>• Met: Including to AG suppliers: The Supplier code of conduct states that 'supplier is responsible for ensuring compliance with Costco's supplier code of conduct throughout the Merchandise supply chain'</li> <li>• Met: Including to AP suppliers: See above</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: How HR commitments made binding/contractual: The code is part of contractual agreements. [Supplier code of conduct, 2016]</li> <li>• Met: Including on AG suppliers: The supplier code of conduct states 'All facilities engaged in the production of Merchandise sold to Costco are required to be disclosed and to be approved by Costco. The failure to do so is considered Unauthorized Subcontracting'. Also, 'facility shall maintain a list of all entities, including Subcontractors and Home Workers, who produce or provide material or services that are incorporated into the manufacturing, processing, harvesting or production of Merchandise sold to Costco.</li> <li>• Met: Including on AP suppliers: See above</li> </ul>
B.1.5	Training on Human Rights	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"> <li>• Not met: Trains all workers on HR policy commitments</li> <li>• Not met: Trains relevant AG managers including procurement</li> <li>• Not met: Trains relevant AP managers including procurement</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.1.6	Monitoring and corrective actions	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"> <li>• Not met: Monitoring implementation of HR policy commitments: The Company has only indicated that 'Costco reserves the right to audit or authorize a third party to audit all facilities which participate in the harvesting, manufacturing or processing of merchandise for Costco. Such audits may include any Facility or subcontractor used by the Facility'. However, it has not provided further details. [Supplier code of conduct, 2016]</li> <li>• Not met: Monitoring AG suppliers</li> <li>• Not met: Monitoring AP suppliers</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes corrective action process</li> <li>• Not met: Example of corrective action</li> <li>• Not met: Discloses % of AG supply chain monitored</li> <li>• Not met: Discloses % of AP supply chain monitored</li> </ul>
B.1.7	Engaging business relationships	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"> <li>• Not met: HR affects AG selection of suppliers: The Company has not indicated that human rights performance is considered in the identification and selection of a supplier but it has indicated that 'to evaluate compliance, we arrange for the audit of facilities of selected suppliers, with an emphasis on suppliers of private label merchandise and suppliers whose product or country of origin pose an increased risk. [Supplier code of conduct, 2016]</li> <li>• Not met: HR affects AP selection of suppliers: See above</li> <li>• Met: HR affects on-going AG supplier relationships: Audits are performed by independent third-party auditors who specialize in social responsibility audits'. It added that critical violations of the supplier code (slave labour, human trafficking, illegal child labour, illegal prison labour and physical abuse among others) needed to cease within 48 hours of the audit and that an action plan to address the issue had to be submitted to Costco or it could also lead to 'sanctions up to and including termination of the purchase order or contract, in whole or in part, and restrictions on future business'. [Supplier code of conduct, 2016]</li> <li>• Met: HR affects on-going AP supplier relationships: See above</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> <li>• Not met: Working with AG suppliers to improve performance</li> <li>• Not met: Working with AP suppliers to improve performance</li> </ul>
B.1.8	Approach to engagement with potentially	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"> <li>• Not met: Stakeholder process or systems</li> <li>• Not met: Frequency and triggers for engagement</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	affected stakeholders		<ul style="list-style-type: none"> <li>• Not met: Workers in AG SC engaged</li> <li>• Not met: Communities in the AG SC engaged</li> <li>• Not met: Workers in AP SC engaged</li> <li>• Not met: Communities in the AP SC engaged</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Analysis of stakeholder views and company's actions on them</li> </ul>

## B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
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"> <li>• Not met: Identifying risks in own operations</li> <li>• Not met: Identifying risks in AG suppliers</li> <li>• Not met: Identifying risks in AP suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Ongoing global risk identification</li> <li>• Not met: In consultation with stakeholders</li> <li>• Not met: In consultation with HR experts</li> <li>• Not met: Triggered by new circumstances</li> <li>• Not met: Explains use of HRIAs or ESIA (inc HR)</li> </ul>
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"> <li>• Not met: Salient risk assessment (and context)</li> <li>• Not met: Public disclosure of salient risks</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
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"> <li>• Not met: Action Plans to mitigate risks</li> <li>• Not met: Example of Actions decided</li> <li>• Not met: Including in AG supply chain</li> <li>• Not met: Including in AP supply chain</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
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"> <li>• Not met: System to check if Actions are effective</li> <li>• Not met: Lessons learnt from checking effectiveness</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> </ul>
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"> <li>• Not met: Comms plan re identifying risks</li> <li>• Not met: Comms plan re assessing risks</li> <li>• Not met: Comms plan re action plans for risks</li> <li>• Not met: Comms plan re reviewing action plans</li> <li>• Not met: Including AG suppliers</li> <li>• Not met: Including AP suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Responding to affected stakeholders concerns</li> <li>• Not met: Ensuring affected stakeholders can access communications</li> </ul>

## C. Remedies and Grievance Mechanisms (15% of Total)

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	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The Company has a 'whistleblowing policy link on the Company's eNet or intranet site' and its code of ethics describes whom to contact, 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'. The ethics is available on the internet from the Company's website, in English, Spanish, French, Korean, Japanese and Chinese. [Confidential ethics hotline]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Number grievances filed, addressed or resolved</li> <li>• 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]</li> <li>• Not met: Expect AG supplier to have equivalent grievance systems</li> <li>• Not met: Opens own system to AG supplier workers</li> <li>• Not met: Expect AP supplier to have equivalent grievance systems</li> <li>• Not met: Opens own system to AP supplier workers</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	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"> <li>• Not met: Grievance mechanism for community</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes accessibility and local languages</li> <li>• Not met: Expects AG supplier to have community grievance systems</li> <li>• Not met: AG supplier communities use global system</li> <li>• Not met: Expects AP supplier to have community grievance systems</li> <li>• Not met: AP supplier communities use global system</li> </ul>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	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"> <li>• Not met: Engages users to create or assess system</li> <li>• Not met: Description of how they do this</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Engages with users on system performance</li> <li>• Not met: Provides user engagement example on performance</li> <li>• Not met: AG suppliers consult users in creation or assessment</li> <li>• Not met: AP suppliers consult users in creation or assessment</li> </ul>
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	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"> <li>• Not met: Response timescales</li> <li>• Not met: How complainants will be informed</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Escalation to senior/independent level</li> </ul>
C.5	Commitment to non-retaliation over complaints or concerns made	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"> <li>• Not met: Public statement prohibiting retaliation</li> <li>• Not met: Practical measures to prevent retaliation</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Has not retaliated in practice</li> <li>• Not met: Expects AG suppliers to prohibit retaliation</li> <li>• Not met: Expects AP suppliers to prohibit retaliation</li> </ul>
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	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"> <li>• Not met: Won't impede state based mechanisms</li> <li>• Not met: Complainants not asked to waive rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Will work with state based or non judicial mechanisms</li> <li>• Not met: Example of issue resolved (if applicable)</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
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"> <li>• Not met: Describes how remedy has been provided</li> <li>• Not met: Says how it would remedy key sector risks</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Changes introduced to stop repetition</li> <li>• Not met: Approach to learning from incident to prevent future impacts</li> <li>• Not met: Evaluation of the channel/mechanism</li> </ul>

## D. Performance: Company Human Rights Practices (20% of Total)

### D.1 Agricultural Products

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.1.1.b	Living wage (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Living wage in supplier code or contracts: The supplier code of conduct states that 'employees shall be paid at least the legal minimum and overtime wages'. 'An itemized wage statement for all employees shall be provided, which, at minimum, shall include pay period, wages earned for pay period, rate of pay, regular and overtime hours worked, deductions and benefits'. 'Employees shall be provided all legally mandated benefits, including social security, parental leave, annual leave, sick leave and statutory holidays'. However, it is not clear whether the Company introduces living wage guidelines. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Improving living wage practices of suppliers</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provides analysis of trends in progress made</li> </ul>
D.1.2	Aligning purchasing decisions with human rights	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Avoids business model pressure on HRs (purchasing practices)</li> <li>• Not met: Positive incentives to respect human rights (purchasing practices)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
D.1.3	Mapping and disclosing the supply chain	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Identifies suppliers back to manufacturing sites (factories or fields)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Discloses significant parts of SP and why</li> </ul>
D.1.4.b	Child labour: Age verification and corrective actions (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Child Labour rules in codes or contracts: The Company includes child labour guidelines, including not using child labour, verifying the age of job applicants and workers in its contractual arrangements with its suppliers or supplier code of conduct as it mentions that 'suppliers and Facility must maintain official and verifiable documentation of each Employee's date of birth, or lacking this documentation, have a legally recognizable means of confirming each Employee's age'. No evidence found however, in relation to remediation programmes in case of child labour found. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on child labour</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Analysis of trends in progress made</li> </ul>
D.1.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Debt and fees rules in codes or contracts: The supplier code states that 'suppliers and Facility are not permitted to withhold deposits or impose any fees as a condition of employment, unless specifically authorized by law and if imposed, all withholdings or fees must be in accordance with such laws. If Suppliers or Facility use employment agencies in the recruiting and hiring of Employees, the Suppliers or Facility are to pay applicable fees. Under no circumstances are these fees to be deducted later or withheld from the Employees' wages or otherwise passed on to the Employees'. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on debt &amp; fees</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.1.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Free movement rules in codes or contracts: The Company includes guidelines on workers' freedom of movement: 'Passports and other forms of personal identification shall remain in the worker's possession at all times and are never to be withheld by the Suppliers, Facility or any third party'. [Supplier code of conduct, 2016]</li> <li>Not met: How working with suppliers on free movement</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Analysis of trends in progress made</li> </ul>
D.1.6.b	Freedom of association and collective bargaining (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: FoA &amp; CB rules in codes or contracts</li> <li>Not met: How working with suppliers on FoA and CB</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provides analysis of trends in progress made</li> </ul>
D.1.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Sets out clear Health and Safety requirements: The code for suppliers includes requirements on health and safety, including respecting laws, training, fire safety &amp; emergency evacuation, electrical safety, ventilation and lighting, water and sanitation, etc. [Supplier code of conduct, 2016]</li> <li>Not met: Injury Rate disclosures</li> <li>Not met: Lost days or near miss disclosures</li> <li>Not met: Fatalities disclosure</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: How working with suppliers on H&amp;S</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.1.8.b	Land rights: Land acquisition (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Rules on land &amp; owners in codes or contracts</li> <li>Not met: How working with suppliers on land issues</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provides analysis of trends in the progress made</li> </ul>
D.1.9.b	Water and sanitation (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Rules on water stewardship in codes or contracts</li> <li>Not met: How working with suppliers on water stewardship issues</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.1.10.b	Women's rights (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Women's rights in codes or contracts</li> <li>Not met: How working with suppliers on women's rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>

## D.2 Apparel

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.1.b	Living wage (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Living wage in supplier code or contracts: The supplier code of conduct states that 'employees shall be paid at least the legal minimum and overtime wages'. 'An itemized wage statement for all employees shall be provided, which, at minimum, shall include pay period, wages earned for pay period, rate of pay, regular and overtime hours worked, deductions and benefits'. 'Employees shall be provided all legally mandated benefits, including social security, parental leave, annual leave, sick leave and statutory holidays'. However, it is not clear whether the Company introduces living wage guidelines. [Supplier code of conduct, 2016]</li> <li>Not met: Improving living wage practices of suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.2	Aligning purchasing decisions with human rights	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Avoids business model pressure on HRs</li> <li>• Not met: Positive incentives to respect human rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
D.2.3	Mapping and disclosing the supply chain	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Identifies suppliers back to product source (farm, ranch etc)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Discloses significant parts of supply chain and why</li> </ul>
D.2.4.b	Child labour: Age verification and corrective actions (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Child Labour rules in codes or contracts: The Company includes child labour guidelines, including not using child labour, verifying the age of job applicants and workers in its contractual arrangements with its suppliers or supplier code of conduct as it mentions that 'suppliers and Facility must maintain official and verifiable documentation of each Employee's date of birth, or lacking this documentation, have a legally recognizable means of confirming each Employee's age'. No evidence found however, in relation to remediation programmes in case of child labour found. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on child labour</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Debt and fees rules in codes or contracts: The supplier code states that 'suppliers and Facility are not permitted to withhold deposits or impose any fees as a condition of employment, unless specifically authorized by law and if imposed, all withholdings or fees must be in accordance with such laws. If Suppliers or Facility use employment agencies in the recruiting and hiring of Employees, the Suppliers or Facility are to pay applicable fees. Under no circumstances are these fees to be deducted later or withheld from the Employees' wages or otherwise passed on to the Employees'. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on debt &amp; fees</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Free movement rules in codes or contracts: The Company includes guidelines on workers' freedom of movement: 'Passports and other forms of personal identification shall remain in the worker's possession at all times and are never to be withheld by the Suppliers, Facility or any third party'. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters</li> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.6.b	Freedom of association and collective bargaining (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: FoA &amp; CB rules in codes or contracts</li> <li>• Not met: How working with suppliers on FoA and CB</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Sets out clear Health and Safety requirements: The code for suppliers includes requirements on health and safety, including respecting laws, training, fire safety &amp; emergency evacuation, electrical safety, ventilation and lighting, water and sanitation, etc. [Supplier code of conduct, 2016]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Injury rate disclosures</li> <li>• Not met: Lost days or near miss disclosures</li> <li>• Not met: Fatalities disclosures</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>Not met: How working with suppliers on H&amp;S</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.2.8.b	Women's rights (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Women's rights in codes or contracts</li> <li>Not met: How working with suppliers on women's rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirement under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.2.9.b	Working hours (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Working hours in codes or contracts</li> <li>Not met: How working with suppliers on working hours</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>

## E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> <li>Area: Forced labour</li> <li>Headline: Crushing Debt Bondage Poses Forced Labor Risk for U.S. Port Truckers and Retailers using them</li> <li>Sources: Huffington Post, 21/11/2017 - <a href="http://huffingtonpost.com">huffingtonpost.com</a> USA Today, 16/06/2017 - <a href="http://usatoday.com">usatoday.com</a> Naples daily News, 30/06/2017 - <a href="http://eu.democratandchronicle.com">eu.democratandchronicle.com</a> Naples Daily News, 09/01/2018 - <a href="http://eu.naplesnews.com">eu.naplesnews.com</a> USA Today, 09/01/18 - <a href="http://eu.usatoday.com">eu.usatoday.com</a></li> <li>Allegation: 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.</li> </ul>
E(1).1	The Company has responded publicly to the allegation	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Public response available: As far as CHRB was able to ascertain, the Company has not responded publicly to the allegation.</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Response goes into detail</li> </ul>
E(1).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"> <li>Met: Company policies address the general issues raised</li> <li>Met: Policies apply to the type of business relationships involved: The company has a policy prohibiting slave labour in its supplier.</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Policies address the specific rights in question</li> </ul>
E(1).3	The Company has taken appropriate action	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Engages with affected stakeholders</li> <li>Not met: Encourages linked business to engage affected stakeholders</li> <li>Not met: Provides remedies to affected stakeholders</li> <li>Not met: Has improved systems and engaged affected stakeholders: 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.</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Remedies are satisfactory to the victims</li> <li>Not met: Has improved systems and engaged affected stakeholders</li> </ul>

## F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	0.83 out of 4	Out of a total of 53 indicators assessed under sections A-D of the benchmark, Costco Wholesale made data public that met one or more elements of the methodology in 11 cases, leading to a disclosure score of 0.83 out of 4 points.
F.2	Recognised Reporting Initiatives	0 out of 2	The individual elements of the assessment are met or not as follows: Score 2 <ul style="list-style-type: none"> <li>• Not met: Company reports on GRI</li> <li>• Not met: Company reports on SASB</li> <li>• Not met: Company reports on UNGPRF</li> </ul>
F.3	Key, High Quality Disclosures	0 out of 4	Costco Wholesale met 0 of the 8 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples <ul style="list-style-type: none"> <li>• Not met: Score 2 for A.2.2 : Board discussions</li> <li>• Not met: Score 2 for B.1.6 : Monitoring and corrective actions</li> <li>• Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers</li> <li>• Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s)</li> </ul> Discussing challenges openly <ul style="list-style-type: none"> <li>• Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts</li> <li>• Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned</li> </ul> Demonstrating a forward focus <ul style="list-style-type: none"> <li>• Not met: Score 2 for A.2.3 : Incentives and performance management</li> <li>• Not met: Score 2 for B.1.2 : Incentives and performance management</li> </ul>

### 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 2018 Key Findings report for more details of the research process.

The Benchmark is made available on the express understanding that it will be used solely for general information purposes. The material contained in the Benchmark should not be construed as relating to accounting, legal, regulatory, tax, research or investment advice and it is not intended to take into account any specific or general investment objectives. The material contained in the Benchmark does not constitute a recommendation to take any action or to buy or sell or otherwise deal with anything or anyone identified or contemplated in the Benchmark. Before acting on anything contained in this material, you should consider whether it is suitable to your particular circumstances and, if necessary, seek professional advice. The material in the Benchmark has been put together solely according to the CHRB methodology and not any other assessment models in operation within any of the project partners or EIRIS Foundation as provider of the analyst team.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for

human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.