

**Company Name** Costco  
**Industry** Agricultural Products & Apparel (Supply Chain only)  
**Overall Score** 9.0 out of 100

Theme Score	Out of	For Theme
0.3	10	A. Governance and Policies
1.6	25	B. Embedding Respect and Human Rights Due Diligence
3.5	20	C. Remedies and Grievance Mechanisms
1.8	25	D. Performance: Company Human Rights Practices
1.8	20	E. Performance: Responses to Serious Allegations

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 2022 Methodology document for the sector concerned. 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	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not Met: General HRs commitment: The company states on its website section "Human Rights" that it 'is committed to protecting the human rights, safety and dignity of the people who contribute to the success of our business'. However, this is no longer considered a suitable source for policy statements according CHRB-s revised approach. [Human Rights, 01/2022: <a href="https://www.costco.com">costco.com</a>]</li> <li>Not Met: Universal Declaration of Human rights (UDHR)</li> <li>Not Met: International Bill of Human Rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not Met: Commitment to the UNGPs</li> <li>Not Met: Commitment to the OECD Guidelines for Multinational Enterprises</li> </ul>
A.1.2.a	Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work	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: Company has a commitment to the 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: <a href="https://investor.costco.com">investor.costco.com</a>]</li> <li>Not Met: Company has a explicit commitment to All four ILO Core</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Met: Company expect suppliers to commit to ILO Core: See below. [Supplier code of conduct, 11/2018: <a href="https://www.costco.com">costco.com</a>]</li> <li>Met: Company explicitly list All four ILO for suppliers: The Company includes provision with respect all ILO Core in its Supplier Code, including: no discrimination, no child labor or forced labor. With respect the rights of freedom of association and collective bargaining, the Company indicates: 'Employees who wish to join or not</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			join trade unions and to bargain collectively shall not be interfered with, penalized or retaliated against'. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a> ]
A.1.2.b	Commitment to respect the human rights of workers: Health and safety and working hours	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"> <li>• Not Met: Commitment to respect H&amp;S of workers</li> <li>• Not Met: Respect ILO labour standards on working hours or Commits to 48 hours regular work week</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Expect suppliers to commit to H&amp;S of their workers: The Supplier code of conduct indicates: 'Supplier and Facility shall comply with all Applicable Laws and Regulations including, but not limited to, those that address the health and safety of the Employees. Where not covered by Applicable Laws and Regulations, compliance with the following is required: [...]' Then the Company list provisions related to safe and health in different topics, such as: Health and Safety Education, Fire Safety and Emergency Evacuation, Electrical Safety, First Aid and Emergency Care, among others. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Expect suppliers to commit to ILO labour standard or to 48 hours regular work week: The Supplier code of conduct contains requirements on regular and overtime working hours and rest days: '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'. However, no formal commitment about respecting the ILO conventions on working hours was found. Alternatively, the Company would achieve this by committing to a 48 hours regular working week, and consensual overtime paid at a premium rate. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>]</li> </ul>
A.1.3.a.AG	Commitment to respect human rights particularly relevant to the industry – land, natural resources and indigenous peoples' 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: Respect land ownership and natural resources as set out in VGGT</li> <li>• Not Met: Respect land ownership and natural resources as set out in The IFC Performance Standards</li> <li>• Not Met: Respecting indigenous peoples' rights or ILO Convention No.169 or UN Declaration</li> <li>• Not Met: Expecting suppliers to make these commitments</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Respecting the right to water</li> <li>• Not Met: Company's policy commits to obtain FPIC: The Company indicates on its website: 'We want to work with suppliers and others to support good land stewardship practices that also respect the autonomy and property rights of the landowner; are outcome-based rather than prescriptive; and respect the ability of rural people and their communities to thrive while serving as stewards of the land. Good land stewardship practices include, but are not limited to: [...] ensuring free, prior and informed consent of indigenous people;'. However, website content is not considered a suitable source for policy statements under CHRB's revised approach unless it constitutes a Company's formal policy. No further evidence found, including a supplier policy requiring respect land ownership as set out in VGGT or the IFC performance standards, and to respect indigenous peoples' rights. [Environmental impacts &amp; and stewardship, 12/2021: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Expecting suppliers to make these commitments : The Company indicates in its website: 'We want to work with suppliers and others to support good land stewardship practices that also respect the autonomy and property rights of the landowner; are outcome-based rather than prescriptive; and respect the ability of rural people and their communities to thrive while serving as stewards of the land. Good land stewardship practices include, but are not limited to: [...] ensuring free, prior and informed consent of indigenous people;'. However, website content is not considered a suitable source for policy statements under CHRB's revised approach. Nor further evidence found, including a commitment to respect the right to water. [Environmental impacts &amp; and stewardship, 12/2021: <a href="http://costco.com">costco.com</a>]</li> </ul>
A.1.3.b.AG	Commitment to respect 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: Women's rights</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	particularly relevant to the industry – vulnerable groups (AG)		<ul style="list-style-type: none"> <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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Expects suppliers to respect at least one of these rights</li> </ul> Score 2 <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 – vulnerable groups (AP)	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</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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Expects suppliers to respect these rights</li> <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.1.4	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: The Company commits to remedy</li> <li>• Not Met: Company expect suppliers to make this commitment</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Collaborating with other remedy initiatives</li> <li>• Not Met: Work with suppliers to remedy impact</li> </ul>
A.1.5	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> <li>• Not Met: Company expect suppliers to make this commitment</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Work with HRD to create safe and enabling environment</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: Board level responsibility for HRs</li> <li>• Not Met: Describe HR expertise of Board member</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 responsibility	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 HRs strategy</li> <li>• Not Met: Examples/trends re HR discussion in the last reporting period</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: How affected stakeholders/HR experts informed discussions</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 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> <li>• Not Met: Review of other board performance criteria</li> </ul>
A.2.4	Business model strategy and 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: Board process to review bussiness model and strategy</li> <li>• Not Met: Describe frequency and triggers for reviewing</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: Example of actions decided</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: Score of 1 on A.1.2.a</li> <li>• Not Met: Senior responsibility for HR implementation and decision making</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: How it assigns Day-to-day responsibility</li> <li>• Not Met: Day-to-day resources and expertise allocation in own ops</li> <li>• Not Met: Resources and expertise allocation in the 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 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> <li>• Not Met: Review of other senior management performance</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 risks is integrated as part of enterprise risk system</li> <li>• Not Met: Provides an example</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) to workers and external stakeholders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: Score of 1 on A.1.2.a: See indicator A.1.2.a</li> <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>
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Meets ILO requirement for suppliers on A.1.2.a: Se indicator A.1.2.a</li> <li>• Met: Requires suppliers to communicate policy requirements: The company indicates that the supplier code of conduct is communicated to suppliers as it is part of contractual agreement. 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'. [Supplier code of conduct, 11/2018: <a href="https://www.costco.com">costco.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Met: How HR commitments made binding/contractual: The code is part of contractual agreements.</li> <li>• Met: Company requires suppliers to cascade down to their 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> </ul>
B.1.5	Training on Human Rights	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: Scores at least 1 on A.1.2.a: See indicator A.1.2.a</li> <li>• Not Met: How workers are trained on HR policy commitments</li> <li>• Met: Trains relevant managers including procurement: The Company indicates in relation to human rights in the supply chain that 'members of Costco's buying team who manage a supplier relationship continue to be provided with in-person and online training regarding the importance of the Supplier Code of Conduct and their specific role in supporting it within our supply chains'. [Sustainable commitment, 12/2021: <a href="https://www.costco.com">costco.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Score of 2 on A.1.2.a: See indicator A.1.2.a</li> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: Trains suppliers to meet company's HR commitment: The company states: 'We provide training and educational opportunities for our employees and</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			suppliers throughout the year, many of which are discussed throughout this Sustainability Commitment'. Although the Company reports different trainings in collaboration with external stakeholders with different parts of the supply chain, no evidence found of general training provided to suppliers to help them meet company's requirements/policies. [Sustainable commitment, 12/2021: <a href="https://www.costco.com">costco.com</a> ] • Not Met: Disclose % trained
B.1.6	Monitoring and corrective actions	0	The individual elements of the assessment are met or not as follows: Score 1 • Not Met: Scores at least 1 on A.1.2.a: See indicator A.1.2 • Not Met: Monitoring implementation of HR policy commitments across global ops and supply chain • Not Met: Proportion of supply chain monitored • Not Met: Describe how workers are involved in monitoring Score 2 • Not Met: Score of 2 on A.1.2.a: See indicator A.1.2 • Not Met: Describes corrective action process • Not Met: Disclose findings and number of corrective action
B.1.7	Engaging and terminating business relationships	0.5	The individual elements of the assessment are met or not as follows: Score 1 • Not Met: HR affects selection of suppliers • Met: HR affects on-going supplier relationships: The supplier code indicates that 'Costco will conduct, or have conducted on its behalf, audits of production facilities and business practices in order to monitor Suppliers' commitment to the Code. Costco also reserves the right to terminate the relationship with any Supplier and/or Facility that does not comply with this Code'. [Supplier code of conduct, 11/2018: <a href="https://www.costco.com">costco.com</a> ] Score 2 • Not Met: Describe positive incentives offered to respect human rights • Met: Working with suppliers to meet HR requirements: The Company describes partnership with different entities through which provides training to different parts of its supply chain. Through Fair Trade farmworkers are provided with 'training on [...] labor rights, workplace health and safety, and family financial planning'. It also indicates that 'In FY20, Costco and others worked to develop a pilot aimed at educating and building the capacity of select produce suppliers to strengthen their alignment with the Values and Guiding Principles of the Ethical Charter. The pilot concluded in May 2021 and key findings showed the effectiveness of providing virtual training and advisory services focused on building management systems. Growers also validated the use of self-assessment questionnaires to measure compliance with the Ethical Charter'. [Sustainable commitment, 12/2021: <a href="https://www.costco.com">costco.com</a> ]
B.1.8	Approach to engagement with affected stakeholders	0	The individual elements of the assessment are met or not as follows: Score 1 • Not Met: Stakeholder process or systems to identify and engage with workers/communities in the last two years • Not Met: Discloses stakeholders that HRs may be affected • Not Met: Provides two examples of engagement with stakeholders Score 2 • Not Met: Analysis of stakeholder views on company's HR issues • Not Met: Describe how views influenced company's HR approach

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

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 • Not Met: Identifying risks in own operations • Not Met: Identifying risks through relevant business relationships Score 2 • Not Met: Describe ongoing global risk identification in consultation with stakeholder/HR experts • Not Met: Triggered by new circumstances • Not Met: Describes risks identified
B.2.2	Assessing human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 • Not Met: Describe process for assessment of HR risks and discloses salient HR issues • Not Met: How process applies to supply chain • Not Met: Public disclosure of the results of HR assessment

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: How it involved affected stakeholders in the assessment</li> </ul>
B.2.3	Integrating and acting on human rights risks and impact assessments	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: Description of how global system applies to supply chain</li> <li>• Not Met: Example of actions decided on at least 1 salient HR issues</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: Involve stakeholders in decisions about actions</li> </ul>
B.2.4	Tracking 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 for tracking or monitor if actions taken are effective</li> <li>• Not Met: Lessons learnt from checking system effectiveness</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: Involve stakeholders in evaluation of actions taken</li> </ul>
B.2.5	Communicating on human rights 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: Provides two examples of comms with stakeholders</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Describe challenges to effective comms and how it is working to address them</li> </ul>

### C. Remedies and Grievance Mechanisms (20% 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	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The company has a online channel called "Costco's Confidential Ethics Line". [Confidential ethics hotline, N/A: <a href="https://secure.ethicspoint.com">secure.ethicspoint.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Channel is available in all appropriate languages and workers aware: The ethics is available on the internet from the Company's website, in English, Spanish, French, Korean, Japanese and Chinese. It is not clear, however, how workers are made aware of the grievance mechanism. [Confidential ethics hotline, N/A: <a href="https://secure.ethicspoint.com">secure.ethicspoint.com</a>]</li> <li>• Met: Describe how workers in the supply chain have access to grievance mechanism: The supplier code states that 'if allowed by law, an anonymous and confidential method for all Employees to raise concerns to senior level management at the Facility without fear of retaliation shall be provided. Employees' submissions and the progress of their resolution shall be tracked and recorded. It also indicates that 'a global confidential ethics hotline is available as part of Costco's continuing efforts to ensure compliance [...] This is a confidential tool available for anyone who has a reason to believe a Costco Employee, supplier or subcontractor is in violation of these policies'. [Supplier code of conduct, 11/2018: <a href="https://costco.com">costco.com</a>]</li> <li>• Met: Expect Suppliers to convey expectation to their own suppliers: As indicated above, the channel is open to anyone to file complaints, in relation to subcontractors' behaviour. [Supplier code of conduct, 11/2018: <a href="https://costco.com">costco.com</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• 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.'</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Describes accessibility and local languages and stakeholder awareness: The online platform is available in at least six languages. However, it is not clear how external stakeholders are made aware of the mechanisms. [Confidential ethics hotline, N/A: <a href="https://secure.ethicspoint.com">secure.ethicspoint.com</a>]</li> <li>• Met: Communities access mechanism direct or through suppliers: As indicated above, the hotline 'is available for use by anyone who has reason to believe a Costco Employee, Supplier or Subcontractor is in violation of these policies'.</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Met: Expect supplier to convey expectation to their own suppliers: As indicated above, the hotline 'is available for use by anyone who has reason to believe a Costco Employee, Supplier or Subcontractor is in violation of these policies'.</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: Examples (at least two) of how they do this</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Engages with potential or actual users on the improvement of the mechanism</li> <li>• Not Met: Provides user engagement example (at least two) on improvement</li> </ul>
C.4	Procedures related to the mechanism(s)/channel(s) are equitable, 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 and how complainants will be informed</li> <li>• Not Met: Describe support (technical, financial,etc) available for equal access by complainants</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describe types of outcome to complainant through use of mechanism</li> <li>• Not Met: Escalation to senior/independent level</li> </ul>
C.5	Prohibition of retaliation for raising complaints or concerns	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"> <li>• Not Met: Public statement prohibiting retaliation: 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: <a href="http://costco.com">costco.com</a>] &amp; [Confidential ethics hotline, N/A: <a href="http://secure.ethicspoint.com">secure.ethicspoint.com</a>]</li> <li>• Met: Practical measures to prevent retaliation: The Company's EthicsPoint platform allows for anonymous reports. [Confidential ethics hotline, N/A: <a href="http://secure.ethicspoint.com">secure.ethicspoint.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Company indicate it will not retaliate against workers/stakeholders</li> <li>• Met: Expects suppliers to prohibit retaliation against workers/stakeholders: The Confidential ethics hotline website indicates that 'You are protected from retaliation or reprisal if you honestly make a report. If you believe that you have been subjected to retaliation for making a report, you may provide that information through this site as well. Reports can be made anonymously if you prefer'. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>] &amp; [Confidential ethics hotline, N/A: <a href="http://secure.ethicspoint.com">secure.ethicspoint.com</a>]</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: Complainants not asked to waive rights</li> <li>• Not Met: Company does not require confidentiality provisions</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Will work with state based non judicial mechanisms</li> <li>• Not Met: Example of issue resolved (if applicable)</li> </ul>
C.7	Remedying adverse impacts	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: Describes how remedy has been provided</li> <li>• Not Met: Says how it would provide remedy for victims if no adverse impact identified</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Changes to systems, processes and practices to stop similar impact</li> <li>• Not Met: Describe approach to monitoring implementation of agreed remedy</li> <li>• Not Met: Approach to learning from incident to prevent future impacts</li> </ul>
C.8	Communication on the effectiveness of grievance mechanism(s) and incorporating lessons learned	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: Number grievances filed, addressed or resolved and outcome achieved</li> <li>• Not Met: How lessons from mechanism improve management system</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Evaluation of the channel/mechanism and changes made as result</li> <li>• Not Met: Describes procedures to address delays of outcomes agreed with stakeholders</li> </ul>

## D. Performance: Company Human Rights Practices (25% 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	<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: Discloses timebound target for suppliers to pay living wage or include in 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Improving living wage practices of suppliers</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by payment below living wage</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.1.2	Aligning purchasing decisions with 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: Avoids business model pressure on HRs (purchasing practices)</li> <li>• Not Met: Practices adopted to pay suppliers in line with agreed timeframes</li> <li>• Not Met: Review own operations to mitigate negative impact</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: Examples of how it assessed, addressed and change purchasing practices</li> </ul>
D.1.3	Mapping and disclosing the supply chain	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: Identifies direct and indirect suppliers back to manufacturing sites (factories or fields)</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Discloses names and locations of significant parts of SP and why</li> <li>• Not Met: Discloses which direct or indirect suppliers is involved in higher-risk activities</li> </ul>
D.1.4.b	Prohibition of child labour: Age verification and corrective actions (in the supply chain)	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: 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on child labour</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by child labour in supply chain</li> <li>• Not Met: Analysis of trends in progress made</li> </ul>
D.1.5.b	Prohibition of forced labour: Recruitment fees and costs (in the supply chain)	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"> <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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on debt &amp; fees</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by payment of recruitment fees</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	Prohibition of forced labour: Wage practices (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: Suppliers to pay workers in full and on time in codes or contracts</li> <li>• Not Met: How working with supply chain to pay workers regularly and on time</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by failure to pay directly</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.1.5.f	Prohibition of forced labour: Restrictions on workers (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: 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on free movement</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by retaining docs or restricting movement</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.1.6.b	Freedom of association and collective bargaining (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: FoA &amp; CB rules in codes or contracts: The Company states that 'employees who wish to join or not to 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'. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>]</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: Assessment of the number affected by restrictions to FoA and CB in the SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.1.7.b	Health and safety: Fatalities, lost days, injury, occupational disease 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Injury Rate or Lost days or Near miss disclosures for last reporting period</li> <li>• Not Met: Fatalities rate for lasting reporting period</li> <li>• Not Met: Occupation disease rate for last reporting period</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: Assessment of the number affected by H&amp;S issues in the SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</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: Includes resettlement requirements that the supplier provides financial compensation</li> <li>• Not Met: Assessment of the number affected by land rights issues in its SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</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: Assessment on the number affected by lack of access to water and sanitation</li> <li>• Not Met: Provides analysis of trends demonstrating progress</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>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment on the number affected by discrimination or unsafe working conditions</li> <li>• Not Met: Provides analysis of trends demonstrating progress</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: Discloses living wage requirements 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Improving living wage practices of suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by payment below living wage</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
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 (purchasing practices)</li> <li>• Not Met: Practices adopted to pay suppliers in line with agreed timeframes</li> <li>• Not Met: Review own operations to mitigate negative impact</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: Examples of how it assessed, addressed and change purchasing practices</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 direct and indirect suppliers back to manufacturing sites (factories or fields)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Discloses names and locations of significant parts of SP and why</li> <li>• Not Met: Discloses which direct or indirect suppliers is involved in higher-risk activities</li> </ul>
D.2.4.b	Prohibition of 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on child labour</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by child labour in supply chain</li> <li>• Not Met: Analysis of trends in progress made</li> </ul>
D.2.5.b	Prohibition of forced labour: Recruitment fees and costs (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: 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on debt &amp; fees</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by payment of recruitment fees</li> <li>• Not Met: Analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.5.d	Prohibition of forced labour: Wage practices (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: Requirement for suppliers to pay workers in full and on time in codes or contracts</li> <li>• Not Met: How working with supply chain to pay workers regularly and on time</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by failure to pay directly</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.2.5.f	Prohibition of forced labour: Restrictions on workers (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: 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on free movement</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by retaining docs or restricting movement</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.2.6.b	Freedom of association and collective bargaining (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: FoA &amp; CB rules in codes or contracts: The Company states: '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'. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>]</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: Assessment of the number affected by restrictions to FoA and CB in the SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.2.7.b	Health and safety: Fatalities, lost days, injury, occupational disease 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, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: Injury Rate or Lost days or Near miss disclosures for last reporting period</li> <li>• Not Met: Fatalities for last reporting period</li> <li>• Not Met: Occupation disease rate for last reporting period</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: Assessment of the number affected by H&amp;S issues in the SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</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: Assessment on the number affected by discrimination or unsafe working conditions</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.9.b	Working hours (in the supply chain)	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: Working hours in codes or contracts: The Supplier code requires that: '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'. However, no formal commitment about respecting the ILO conventions on working hours was found. Alternatively, the Company would achieve this by committing to a 48 hours regular working week, and consensual overtime paid at a premium rate. [Supplier code of conduct, 11/2018: <a href="http://costco.com">costco.com</a>]</li> <li>• Not Met: How working with suppliers on working hours</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by excessive working hours</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, Bonded Labour</li> <li>• Headline: NHS condom supplier Karex criticized over forced labor and poor employment conditions in Malaysia</li> <li>• 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 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 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. [The Telegraph, 23/01/2019, "Revealed: Condom supplier to NHS and British high street accused of 'shameful' working conditions": <a href="http://telegraph.co.uk">telegraph.co.uk</a>] [Business and Human Rights Resource Centre, 24/01/2019, "Malaysia: Workers report poor working conditions &amp; low wages at Karex factories": <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
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"> <li>• Not Met: Public response: 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. [The Telegraph, 23/01/2019: <a href="http://telegraph.co.uk">telegraph.co.uk</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Detailed response: The company has not provided a response to the allegations against Karex, nor has it pointed publicly to the response provided by Karex. [The Telegraph, 23/01/2019: <a href="http://telegraph.co.uk">telegraph.co.uk</a>]</li> </ul>
E(1).2	The company has investigated	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: Engaged with stakeholders: There is no evidence available that Karex engaged with affected stakeholders to investigate the causes of the alleged forced</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	and taken appropriate action		labour and debt bondage. Karex said in response to the allegations that it would hire an independent firm to carry out a "full social analysis", however, there is no evidence hinting at the outcome of this analysis or whether stakeholder engagement was a part of it. There is no evidence that Costco engaged with affected stakeholders <ul style="list-style-type: none"> <li>• Not Met: Identified cause: Karex said in response to the allegations that it would hire an independent firm to carry out a "full social analysis", however, there is no evidence hinting at the outcome of this analysis or whether stakeholder engagement was a part of it.</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Identified and implemented improvements</li> <li>• Not Met: Stakeholder input to steps taken</li> </ul>
E(1).3	The company has engaged with affected stakeholders to provide for or cooperate in remedy(ies)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: Provided remedy</li> <li>• Not Met: Evidence for lack of Impact or link</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Remedy satisfactory to stakeholders</li> <li>• Not Met: Remedy delivered</li> <li>• Not Met: Independent remedy process used</li> </ul>
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> <li>• Area: FoA &amp; CB</li> <li>• Headline: Costco drops melon supplier Fyffes over alleged violations of worker's rights to organize and collectively bargain</li> <li>• 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." [Business and Human Rights Resource Centre, 31/01/2020, "Honduras: Fruit company Fyffes accused of threatening labour activists &amp; not recognising workers' union": <a href="https://www.business-humanrights.org/en/latest/news-and-events/2020/01/31/honduras-fruit-company-fyffes-accused-of-threatening-labour-activists-not-recognising-workers-union/">business-humanrights.org</a>] [Banana Link, 12/06/2019, "Costco Ceases Orders Following Union-Busting on Fyffes' Honduran Plantations": <a href="https://www.bananalink.org.uk/news/costco-ceases-orders-following-union-busting-on-fyffes-honduran-plantations/">bananalink.org.uk</a>] [The Progressive, 22/01/2020, "Honduran Workers Fight Union Busting Multinational": <a href="https://www.progressive.org/news/honduran-workers-fight-union-busting-multinational/">progressive.org</a>]</li> </ul>
E(2).1	The Company has responded publicly to the allegation	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Public response: According to the union, Costco Wholesale to cease sourcing Fyffes melons in light of the labor dispute. Though it is not a public statement by the company, CHRB accepts this as a response.</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Detailed response: The company has not provided a public response to the allegations against its former supplier Fyffes. Since it does not publicly point to the response by Fyffes it does not meet the requirements for this datapoint.</li> </ul>
E(2).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"> <li>• Met: Engaged with stakeholders: There is no evidence that Costco has engaged with stakeholders to investigate causes for the treatment of Union members and affiliates. However, Fyffes claims they are meeting with STAS in order to find a way for them to represent their workers as a legal union. [The Progressive, 22/01/2020: <a href="http://progressive.org">progressive.org</a>]</li> <li>• Not Met: Identified cause: Neither the company nor the linked business present investigative results on the underlying causes of the events concerned.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Identified and implemented improvements: Costco Wholesale has stated that it will no longer source melons from Fyffes, however there is no further evidence that it has improved its management systems in response to the allegations.</li> <li>• Not Met: Stakeholder input to steps taken: Costco Wholesale has stated that it will no longer source melons from Fyffes, however there is no evidence suggesting this step was informed by input from affected stakeholders.</li> </ul>
E(2).3	The Company has taken appropriate action	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: Provided remedy: Costco terminated its business relationship with Fyffes. 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." [The Progressive, 22/01/2020: <a href="http://progressive.org">progressive.org</a>]</li> <li>• Not Met: Evidence for lack of Impact or link: Costco terminated the business relationship with Fyffes, however, this was done after the alleged events took place. Therefore, the company does not present evidence that it was not linked to the supplier at the relevant time.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Remedy satisfactory to stakeholders: The union stated it was pleased with Costco's decision to cease sourcing Fyffes melons in light of the labor dispute. However, the union claims that workers were only offered rehires under the condition that they will not be involved with STAS. [The Progressive, 22/01/2020: <a href="http://progressive.org">progressive.org</a>]</li> <li>• Met: Remedy delivered: Costco terminated its business relationship with Fyffes. However, the union claims that workers were only offered rehires under the condition that they will not be involved with STAS. [The Progressive, 22/01/2020: <a href="http://progressive.org">progressive.org</a>]</li> <li>• Not Met: Independent remedy process used</li> </ul>
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> <li>• Area: Forced labour; discrimination</li> <li>• Headline: Costco among companies accused of using suppliers linked to forced labour in China</li> <li>• Story: On March 1st., 2020, the Australian Strategic Policy Institute (ASPI) released a report that named Costco among 83 other companies benefiting from the use of potentially abuse labour transfer programs.</li> </ul> <p>According to the report, more than 80,000 Uighur residents and former detainees from the north-western region of Xinjiang, China have been transferred to factories, implicating global supply chains. It is alleged that Muslim minorities are thought to be working in forced labour conditions across the country.</p> <p>The ASPI report said that workers live in segregated dormitories, are required to study Mandarin and undergo ideological training. The workers were transferred</p>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>out of Xinjiang between 2017 and 2019, claiming that people are being effectively "bought" and "sold" by local governments and commercial brokers. ASPI used open-source public documents, satellite imagery, and media reports and identified 27 factories in nine Chinese provinces that have used labourers.</p> <p>ASPI researchers stated: "This report exposes a new phase in China's social re-engineering campaign targeting minority citizens, revealing new evidence that some factories across China are using forced Uyghur labour under a state-sponsored labour transfer scheme that is tainting the global supply chain". [Australian Strategic Policy Institute, 01/03/2020, "Uyghurs for sale": <a href="http://aspi.org.au">aspi.org.au</a>] [Associated Press 08/10/2019, "Company making Costco pajamas flagged for forced labor": <a href="http://apnews.com">apnews.com</a>] [Costco.com, 04/04/2022, "Costco Disclosure Regarding Human trafficking and Anti-Slavery": <a href="http://costco.com">costco.com</a>]</p>
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: Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response: After the Associated Press, on Oct. 8, 2019, reported that a Chinese factory using forced Uyghur labour had sold pyjamas to Costco, the company said in a statement: "Costco Wholesale is committed to protecting workers in its supply chains. In furtherance of this commitment, the Company confirms that it has acted appropriately relative to children's sleepers that have been referenced in the media. The sleepers that had been on sale at Costco until very recently were sourced from factories outside the Xinjiang region and without connection to the entity that was recently named as the subject of a detention order by the Customs and Border Patrol. Those factories were the subject of favorable audits for labor practices and have not been accused of wrongdoing. Costco's supplier also sourced sleepers from a factory in Xinjiang, but Costco has not received any of those sleepers. That factory, too, was the subject of favorable audits that showed the absence of forced labor and other favorable results. Although Costco has no reason to believe that any sleeper in its inventory was inappropriately sourced, out of an abundance of caution it has suspended sales pending further investigation and developments."</li> </ul> <p>In response to the question submitted by David Soderberg, Free Enterprise Project (FEP) Associate at the National Center for Public Policy Research, concerning allegations of forced Uyghur labour in Costco's supply chains, Craig Jelinek, CEO of the company, said: "We take our code of conduct very seriously, and we do many audits, not only our suppliers, make sure that they're doing audits, but we also as a company do audits.... We also have the ability for a whistleblower line for anybody to bring this to our attention". If Costco did find proof of slave labor, Jelinek claimed that it would 'discontinue the supplier.' [Market Place, 25/3/2021, "Global brands address forced labor in China, but risk alienating Chinese consumers": <a href="http://marketplace.org">marketplace.org</a>] [The National Center, 22/01/2021, "Costco Dodges Allegations That Its Supply Chain May Utilize Slave Labor": <a href="http://nationalcenter.org">nationalcenter.org</a>] [Costco Wholesale Corporation Updates on Children's Sleepers, 09/10/2019: <a href="http://investor.costco.com">investor.costco.com</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Detailed response: The company response outlines the different locations within the People's Republic of China (PRC) where its supplier is sourcing from and indicates from which factories it receives products. While this provides some details on the operations and business relationships that link the company to the alleged rights violations, the company fails to address the violations themselves. In particular it fails to address the discriminatory nature of the forced labour schemes. [Costco Wholesale Corporation Updates on Children's Sleepers, 09/10/2019: <a href="http://investor.costco.com">investor.costco.com</a>]</li> </ul>
E(3).2	The Company has appropriate policies in place	0.5	<p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> <li>• Not Met: Engaged with stakeholders: While the company claims to have conducted audits of the factories it sources from, there is no information available as to whether those audits include engagement with the affected stakeholders.</li> <li>• Not Met: Identified cause: While the company claims to have conducted audits of the factories it sources from, it does not present investigative results on the underlying causes of the events concerned.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Identified and implemented improvements: The company claims that "out of an abundance of caution it has suspended sales pending further investigation and developments."</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Not Met: Stakeholder input to steps taken: There is no information available suggesting that input from affected stakeholders has informed the steps taken by the company.</li> </ul>
E(3).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"> <li>• Not Met: Provided remedy</li> <li>• Not Met: Evidence for lack of Impact or link</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Remedy satisfactory to stakeholders</li> <li>• Not Met: Remedy delivered</li> <li>• Not Met: Independent remedy process used</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 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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