

**Corporate Human Rights Benchmark
2023 Company Scorecard**

Company name Costco Wholesale
Sector Food and agricultural products & Apparel (supply chain only)
Overall score 10.8 out of 100

Theme score	Out of	For theme
0.3	10	A. Governance and Policy Commitments
2.8	25	B. Embedding Respect and Human Rights Due Diligence
3.5	20	C. Remedies and Grievance Mechanisms
2.0	25	D. Performance: Company Human Rights Practices
2.2	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 Policy Commitments (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	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: General HRs commitment: The 2022 Sustainability Commitments Report indicates: 'Costco is committed to respecting and 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. Only policy commitments are considered a suitable source for this indicator. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] • Not Met: Universal Declaration of Human rights (UDHR) • Not Met: International Bill of Human Rights <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment to UNGPs: The 2022 Sustainability Commitments Report indicates: 'We have adopted policies and procedures around key human rights topics that are guided by our Code of Ethics, important to all levels of our organization, and aligned with such international instruments as the United Nations Guiding Principles (UNGPs) on Business and Human Rights'. However, this is no longer considered a suitable source for policy statements according CHRB-s revised approach. Only policy commitments are considered a suitable source for this indicator. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] • Not Met: Commitment to OECD MNE Guidelines

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.2.a	Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: Commitment to ILO core principles: 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, 03/2010: s201.q4cdn.com] • Not Met: Explicitly lists all four ILO core principles <p>Score 2</p> <ul style="list-style-type: none"> • Met: Expects suppliers to commit to ILO core principles: See below. [Supplier code of conduct, 11/2018: costco.com] • Met: Explicitly lists all four ILO core principles 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 join trade unions and to bargain collectively shall not be interfered with, penalized or retaliated against'. [Supplier code of conduct, 11/2018: costco.com]
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"> • Not Met: Commitment to respect H&S of workers • Not Met: Commitment to ILO working hours standards or 48 hour regular work week: The Code of ethics indicates: 'We pledge to provide our employees with: [...] Comply with all applicable wage and hour laws'. However, no evidence found of the Company explicitly committing to respect ILO conventions on working hours or that publicly states that workers are not required to work more than 48 hours as regular working week, and that overtime is consensual and paid at a premium rate. [Code of ethics, 03/2010: s201.q4cdn.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Expects suppliers to commit to H&S of 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: costco.com] • Not Met: Expects suppliers to commit to ILO working hours standards or 48 hour 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: costco.com]
A.1.3.a.AG	Commitment to respect human rights particularly relevant to the sector – 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"> • Not Met: Commitment to respect land ownership/natural resources as in VGGT • Not Met: Commitment to respect land ownership/natural resources as in IFC Performance Standards • Not Met: Commitment to respect indigenous rights or ILO No.169 or UN Declaration • Not Met: Expects suppliers to make these commitments <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment to respect the right to water: The 2022 Sustainability Commitments Report indicates: 'We want to work with suppliers and others to support good land stewardship practices that 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: [...] Protecting water resources. However, report content is not considered a suitable

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>source for policy statements under CHRB's revised approach unless it constitutes a Company's formal policy. Nor further evidence found, including a commitment to respect the right to water. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com]</p> <ul style="list-style-type: none"> • Not Met: Commitment to obtain FPIC or zero tolerance to land grabbing: The 2022 Sustainability Commitments Report indicates: 'We want to work with suppliers and others to support good land stewardship practices that 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: [...] Requiring free, prior and informed consent of indigenous people'. However, report 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. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] • Not Met: Expects suppliers to make these commitments
A.1.3.b.AG	Commitment to respect human rights particularly relevant to the sector – vulnerable groups (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"> • Not Met: Commitment to women's rights • Not Met: Commitment to children's rights • Not Met: Commitment to 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: costco.com] • Not Met: Expects suppliers to respect at least one of these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment refers to CEDAW/Women's Empowerment Principles • Not Met: Commitment refers to Child Rights Convention/Business Principles • Not Met: Commitment refers to Convention on migrant workers • Not Met: Expects suppliers to respect these rights
A.1.3.AP	Commitment to respect human rights particularly relevant to the sector – vulnerable groups (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"> • Not Met: Commitment to women's rights • Not Met: Commitment to children's rights • Not Met: Commitment to 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: costco.com] • Not Met: Expects suppliers to respect these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment refers to CEDAW/Women's Empowerment Principles • Not Met: Commitment refers to Child Rights Convention/Business Principles • Not Met: Commitment refers to Convention on migrant workers • Not Met: Expects suppliers to respect these rights
A.1.4	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"> • Not Met: Commitment to remedy adverse HRs impacts • Not Met: Expects suppliers to make this commitment <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment to collaborate with judicial or non-judicial mechanisms • Not Met: Commitment to work with suppliers on remedy
A.1.5	Commitment to respect the rights of human rights defenders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: Zero tolerance of threats/attacks on HRDs • Not Met: Expects suppliers to make this commitment <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Commitment to working with HRDs to create safe and enabling environment

A.2 Board Level Accountability (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"> Not Met: Board level responsibility for HRs: The Company indicates that it engages its Board of Directors on its human rights due-diligence efforts, however, no evidence was found that a board member or board committee is tasked with specific governance oversight of respect for human rights. [Human Rights 2022, 12/2022: mobilecontent.costco.com] Not Met: Describes HRs expertise of Board member Score 2 <ul style="list-style-type: none"> Not Met: Board member/CEO signal importance of HRs in their communications
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"> Not Met: Process to review HRs strategy at board level Not Met: Example of HRs issues/trends discussed in last reporting period Score 2 <ul style="list-style-type: none"> Not Met: Meets both requirements under score 1 Not Met: Describes how affected stakeholders / HRs experts inform board discussions
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"> Not Met: At least one board member incentive linked to HRs commitments Not Met: Incentive scheme linked to key HRs risks beyond employee H&S Score 2 <ul style="list-style-type: none"> Not Met: Performance criteria linked to HRs made public Not Met: Review of other board incentives for coherence with HRs policies
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"> Not Met: Board process to review business model and strategy for HRs risks Not Met: Describes frequency and triggers for reviewing business model Score 2 <ul style="list-style-type: none"> Not Met: Meets both requirements under score 1 Not Met: Example of actions resulting from reviews

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"> Not Met: Score of 1 on A.1.2.a Not Met: Senior responsibility for HRs implementation and decision making: The Company states in the Human Rights section of its Sustainability Commitment that its employee-related rights are overseen and managed by senior management for each business unit. However, no information related to specific senior manager roles accountable for implementation and decision making on human rights issues was found. [Sustainability Commitment: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> Not Met: Describes day-to-day responsibility for implementing HRs commitments Not Met: Day-to-day resources and expertise allocation in own operations Not Met: Resources and expertise allocation in supply chain
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"> Not Met: Senior manager incentives linked to HRs commitments Not Met: Incentive scheme linked to key HRs risks beyond employee H&S Score 2 <ul style="list-style-type: none"> Not Met: Performance criteria linked to HRs made public Not Met: Review of other senior management incentives for coherence with HRs policies
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"> Not Met: HRs risks integrated as part of enterprise risk system Not Met: Provides an example Score 2 <ul style="list-style-type: none"> Not Met: Risk assesment by Audit Committee or independent third party
B.1.4.a	Communication /dissemination	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not Met: Score of 1 on A.1.2.a

Indicator Code	Indicator name	Score (out of 2)	Explanation
	of policy commitment(s) to workers and external stakeholders		<ul style="list-style-type: none"> • Not Met: Communicates HRs policies to all workers in own operations: The Company indicates that the Supplier Code of Conduct and the Code of Ethics are routinely highlighted at events for employees 'to clearly communicate Costco's commitments to human rights'. However, no information related to accessibility for different languages in this process was found. [Human Rights 2022, 12/2022: mobilecontent.costco.com] & [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Communicates HRs policies to stakeholders • Not Met: Example of how HRs policies are accessible for intended audience
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"> • Met: Meets ILO requirement for suppliers on A.1.2.a: Se indicator A.1.2.a • Not Met: Describes steps to communicate HRs policies to supply chain: The Company indicates that the Supplier Code of Conduct is routinely highlighted at events for suppliers to communicate its commitments to human rights. It also states that it provides web-based lessons (often in the local language) designed to educate suppliers and their facilities on human rights-related topics and provide guidance on correcting critical, low performance and intermediate violations. However, no information was found on whether the Company takes steps to communicate its human rights commitments beyond its direct suppliers. [Human Rights 2022, 12/2022: mobilecontent.costco.com] & [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Requires suppliers to communicate HRs policies: 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 the 'supplier is responsible for ensuring compliance with Costco's supplier code of conduct throughout the Merchandise supply chain'. [Supplier code of conduct, 11/2018: costco.com] • Met: Describes how HRs policies are contractual/binding for suppliers: The Company states that, in general, suppliers are contractually required to follow the Supplier Code of Conduct. [Human Rights 2022, 12/2022: mobilecontent.costco.com] • Met: Requires suppliers to cascade contractual/binding HRs policies to its 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. [Supplier code of conduct, 11/2018: costco.com]
B.1.5	Training on Human Rights	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: Score of at least 1 on A.1.2.a • Not Met: Describes how workers are trained on HRs policy commitments • Met: Trains relevant managers including procurement on HRs: The Company states that it focuses on educating its employees with buying responsibilities on the importance of the Supplier Code, which the Company adheres to, and their role in supporting it, through updated virtual training and in-person presentations, which review its requirements. [Human Rights 2022, 12/2022: mobilecontent.costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Score of 2 on A.1.2.a • Not Met: Meets both requirements under score 1 • Not Met: Trains suppliers to meet HRs commitments: The Company states that it provides web-based lessons (often in the local language) designed to educate suppliers and their facilities on human rights-related topics and provide guidance on correcting critical, low performance, and intermediate violations. However, these lessons are presented in the context of remediation measures. No information on proactive training of suppliers was found. [Human Rights 2022, 12/2022: mobilecontent.costco.com] • Not Met: Discloses % suppliers trained: The Company indicates that in 2022, 7,518 lessons were completed by suppliers and/or their facilities, however, it is not clear what percentage does this number represent in the supply chain. [Human Rights 2022, 12/2022: mobilecontent.costco.com]
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"> • Not Met: Score of at least 1 on A.1.2.a

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not Met: Monitors implementation of HRs policy commitments across global ops and supply chain: The Company indicates that it conducts audits of production facilities and business practices in order to monitor Suppliers' commitment to the Code and that such audits may include any subcontractor used by the facility. However, no information related to how it monitors its own operations was found. [Supplier code of conduct, 11/2018: costco.com] & [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] • Not Met: Discloses % of supply chain monitored: The Company states that, in 2022, 5,305 independent third-party audits were conducted in 87 countries, primarily at the final manufacturer or processor level of the supply chain. However, it is not clear what percentage this number represents in the supply chain. [Human Rights 2022, 12/2022: mobilecontent.costco.com] • Not Met: Describes how workers are involved in monitoring: The Company indicates that management shall identify a person or persons at the Facility or work site to be responsible for monitoring and implementing, practices to comply with the Supplier Code of Conduct. However, this subindicator looks for evidence of how Company employees are involved in the monitoring process. Current evidence seems to ask for the suppliers to allocate responsibility to one of its employees for complying with the code. [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Score of 2 on A.1.2.a • Not Met: Describes corrective actions process: The Company indicates that for any supplier with an audit that reveals the need for improvement, it requires a Corrective Action Plan (CAP) that includes a time frame for correcting each violation and often on-site re-audits to verify progress. The Company also states that it offers capacity-building services that improve management systems to address the causes of previous violations of the Code and ultimately support the supplier's CAP completion. However, no description of the corrective process in its own operations was found. [Human Rights 2022, 12/2022: mobilecontent.costco.com] • Not Met: Discloses findings and number of correction action processes: The Company indicates that 3,964 audits conducted were against the Code's standards. However, it is not clear what percentage does this number represent in the supply chain, and no data regarding the corrective action process was found. [Human Rights 2022, 12/2022: mobilecontent.costco.com]
B.1.7	Engaging and terminating business relationships	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: HRs performance affects selection suppliers: The Company indicates that it will seek to utilize suppliers that share its commitment to the Supplier Code, however, no description of how human rights performance is taken into account in the identification and selection of potential business relationships was found. [Supplier code of conduct, 11/2018: costco.com] • Met: HRs performance affects continuation 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: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes positive HRs incentives for business relationships • Met: Works with suppliers to meet HRs 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'. [Human Rights 2022, 12/2022: mobilecontent.costco.com]
B.1.8	Approach to engagement with affected stakeholders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: Describes how workers and communities identified and engaged in the last two years • Not Met: Discloses stakeholders whose HRs may be affected • Not Met: Provides two examples of engagement with stakeholders

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not Met: Analysis of stakeholder views on company's HRs issues • Not Met: Describes how stakeholders views influenced company's HRs 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 <ul style="list-style-type: none"> • Not Met: Describes process of identifying risks in own operations • Not Met: Describes process for identifying risks in business relationships: The Company indicates that it has a risk based approach that 'is leveraged, in part, by internal expertise from our buying/sourcing, sustainability and compliance teams, as well as by frequent consultation with various external stakeholders who have significant experience on the ground in supply chains. Additionally, we consider prior audit performance and data analytics from a third-party platform that analyzes political, human rights, economic and environmental risk indices. This work has helped us to identify risks and to build programs and initiatives (varying by industry and geography) to support the livelihoods of smallholder farmers, mitigate the risks of child and forced labor, and strengthen our broader sustainability efforts.' However, no evidence found that the company describes the process(es) to identify its human rights risks and impacts in specific locations or activities. [Human Rights 2022, 12/2022: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Describes global risk identification system incl. stakeholder consultation • Not Met: Describes how risk identification system is triggered by new circumstances • Not Met: Describes risks identified in relation to new circumstances
B.2.2	Assessing human rights risks and impacts	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Describes assessment process and discloses salient HRs risks • Met: Describes how process applies to supply chain: The Company indicates that it assesses human rights risks in its supply chain, and that its approach is leveraged, in part, by internal expertise from its buying/sourcing, sustainability, and compliance teams, as well as by frequent consultation with various external stakeholders who have significant experience on the ground in supply chains. Additionally, it considers prior audit performance and data analytics from a third-party platform that analyzes political, human rights, economic, and environment risk indices. [Human Rights 2022, 12/2022: mobilecontent.costco.com] • Not Met: Public disclosure of results of HRs risk assessment Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Describes how assessment involved affected stakeholders
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"> • Not Met: Describes system to prevent, mitigate and remediate HRs issues • Not Met: Describes how global system applies to supply chain • Not Met: Example of actions decided on at least 1 salient HRs issue Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Describes how stakeholders involved in decisions about actions taken
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"> • Not Met: Describes system for evaluation effectiveness of actions • Not Met: Example of lessons learned from evaluation effectiveness of actions Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Involves stakeholders in evaluation effectiveness of actions
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"> • Not Met: Provides two examples of comms with stakeholders Score 2 <ul style="list-style-type: none"> • Not Met: Describes challenges to effective comms and how it is working to address them

C. Remedies and Grievance Mechanisms (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance mechanism(s) for 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"> Met: Grievance mechanism accessible to all workers: The company has a online channel called "Costco's Confidential Ethics Line". [Confidential ethics hotline, N/A: secure.ethicspoint.com] <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Grievance mechanism available in appropriate languages and workers made 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: secure.ethicspoint.com] Met: Describes how workers in supply chain access 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: costco.com] Met: Expects suppliers to convey expectation to their suppliers: As indicated above, the channel is open to anyone to file complaints, in relation to subcontractors' behaviour. [Supplier code of conduct, 11/2018: costco.com]
C.2	Grievance mechanism(s) for external individuals and communities	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"> Met: Grievance mechanism accessible to all external individuals and communities: The Company states the following: 'A global confidential ethics hotline is available as a part of Costco's continuing efforts to ensure compliance with our Code of Ethics, our Supplier Code of Conduct, and other legal and ethical policies [...] This is a confidential tool available for use by anyone who has reason to believe a Costco Employee, Supplier or Subcontractor is in violation of these policies.' [Supplier code of conduct, 11/2018: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Grievance mechanism available in appropriate languages and affected stakeholders made aware: 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: secure.ethicspoint.com] Met: Describes how external individuals/communities access grievance mechanism: 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'. [Confidential ethics hotline, N/A: secure.ethicspoint.com] Not Met: Expects supplier to convey expectation to their suppliers
C.3	Users are involved in the design and performance of the 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"> Not Met: Describes how users engaged on design and performance Not Met: Provides user engagement examples (at least two) on design and performance <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Describes how users engaged on improvement of mechanism Not Met: Provides user engagement examples (at least two) on improvement
C.4	Procedures related to the mechanism(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"> Not Met: Describes procedure and timescales for managing complaints or concerns: The Company states that supplier reports will go to the Office of the General Counsel and the Chief Compliance Officer, who will investigate and discuss with the appropriate senior executive officer, however, no timescales were found, and it is not clear if this process applies to reports made by anyone. [Ethis Hotline document: s201.q4cdn.com] Not Met: Describes technical, financial, advisory support to enable equal access <p>Score 2</p> <ul style="list-style-type: none"> Not Met: Describe types of outcome to complainant through use of mechanism Not Met: Describes escalation to senior levels / independent adjudicators
C.5	Prohibition of retaliation for raising	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not Met: Public statement prohibiting retaliation against workers/stakeholders: The Confidential ethics hotline website indicates that: 'You are protected from

Indicator Code	Indicator name	Score (out of 2)	Explanation
	complaints or concerns		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'. The Code of ethics states that 'All employees are expected to promptly report actual or suspected violations of law or the Code of Ethics. Federal law, other laws and Costco policy protect employees from retaliation if complaints are made in good faith'. However, it is not clear if the Company is committed to non-retaliation against both employees and external stakeholders. The Company also states in the Supplier Code that: 'retaliation or penalty against any person who in good faith reports unlawful or inappropriate activity related to this Supplier Code of Conduct and/or the audit process may result in termination of the business relationship'. However, this statement seems to refer to supplier requirements in term of labor and employment management. No evidence found that the Company makes this statement extensive to itself. [Supplier code of conduct, 11/2018: costco.com] & [Confidential ethics hotline, N/A: secure.ethicspoint.com] <ul style="list-style-type: none"> • Met: Describes practical measures to prevent retaliation: The Company's EthicsPoint platform allows for anonymous reports. [Confidential ethics hotline, N/A: secure.ethicspoint.com] Score 2 <ul style="list-style-type: none"> • Not Met: Specifies no legal action, firing or violence • Not Met: Expects suppliers to prohibit retaliation against workers/stakeholders
C.6	Company involvement with state-based judicial and non-judicial grievance mechanisms	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Complainants not asked to waive legal rights • Not Met: Does not require confidentiality provisions Score 2 <ul style="list-style-type: none"> • Not Met: Cooperates with state based non judicial mechanisms • Not Met: Example of issue resolved (if applicable)
C.7	Remedying adverse impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Describes approach taken to remedy adverse HRs impacts • Not Met: Describes how remedy would be provided if no adverse impact identified Score 2 <ul style="list-style-type: none"> • Not Met: Describes changes to systems, processes and practices to prevent future impacts • Not Met: Describes approach to monitoring/implementing agreed remedy • Not Met: Describes approach to learning from incidents if no adverse impacts identified
C.8	Communication on the effectiveness of grievance mechanism(s) and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not Met: Discloses number of grievances filed, addressed or resolved and outcomes achieved • Not Met: Example of how lessons from mechanism improved HRs management system Score 2 <ul style="list-style-type: none"> • Not Met: Describes process to evaluate mechanism and changes made as a result • Not Met: Describes procedures to address delays of outcomes agreed with stakeholders

D. Performance: Company Human Rights Practices (25% of Total)

D.1 Food and 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"> • Not Met: Requirements on living wage in supplier codes and 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: costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Describes work with suppliers on living wage

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of payment below living wage in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Describes practices to avoid price or short notice requirements that undermine HRs • Not Met: Describes practices to pay suppliers in line with agreed timeframes • Not Met: Reviews own operations to mitigate negative impact of purchasing practices Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Example of assessing and changing of purchasing practices
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"> • Not Met: Identifies direct and indirect suppliers including manufacturing sites: The Company indicates that in 2020 it began a cotton supply-chain mapping program, which requires document verification. The Company also indicates that 100% of Kirkland Signature priority commodity supply chains were mapped. However, no evidence that it maps all of its supply chain and discloses the sources of the products was found. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Discloses names and locations of significant parts of supply chain and how significance was defined • Not Met: Discloses direct or indirect suppliers involved in higher-risk activities
D.1.4.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"> • Not Met: Requirements on child labour in supplier codes and 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: 'Official and verifiable documentation of each Employee's date of birth, or a legally recognizable means of confirming each Employee's age, shall be maintained'. The Company also gives examples of remediation actions taken to deal with child labour cases in cocoa production, however, no requirement related to remediation programmes was found in its Supplier Code. [Supplier code of conduct, 11/2018: costco.com] & [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] • Not Met: Describes work with suppliers on eliminating child labour: The Company indicates that it has had child labor monitoring and remediation programs in cocoa production for several years, however, no description was found of how it works with other suppliers to eliminate child labour. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of child labour in supply chain • Not Met: Analysis of trends demonstrating progress
D.1.5.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"> • Met: Requirements on debt/fees in supplier codes and contracts: The Supplier Code states that: 'Employees shall not pay any fees or other payments to the employer or agent for the purpose of being hired or as a condition of employment. No such fees shall be deducted and withheld from wages or otherwise passed on to the Employees.' [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes work with suppliers on debt/fees for job seekers/workers Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of payment of recruitment fees in supply chain • Not Met: Analysis of trends demonstrating progress
D.1.5.d	Prohibition of forced labour: Wage practices (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"> • Met: Requirements on paying in full and on time in supplier codes and contracts: The Company states that: 'Wages shall be paid at least monthly or on a legally required schedule, whichever is more strict. Wages shall be paid directly to the Employee, or if the Employee has agreed otherwise, paid directly into an Employee- controlled account. An itemized wage statement for all Employees shall be provided, which, at a minimum, shall include pay period, wages earned for pay period, rate of pay, regular and overtime hours worked, deductions, and benefits. Unless required by law, there should be no other deductions from wages'. [Supplier code of conduct, 11/2018: costco.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not Met: Describes work with suppliers on paying workers regularly, in full and on time Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of failure to pay workers in full and on time in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on free movement in supplier codes and contracts: The Company indicates that employees shall maintain possession or have control of personal identity and travel documents and that employees' freedom of movement shall not be restricted. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes working with suppliers on free movement of workers Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of movement in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on FoA/CB in suppliers codes and 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: costco.com] • Not Met: Describes work with suppliers on FoA/CB Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of FoA/CB in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on H&S in supplier codes and contracts: The code for suppliers includes requirements on health and safety, including respecting laws, training, fire safety & emergency evacuation, electrical safety, ventilation and lighting, water and sanitation, etc. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Discloses injury rate or lost days in supply chain in last reporting period • Not Met: Discloses fatalities for workers in supply chain in last reporting period • Not Met: Discloses occupational disease rate in supply chain in last reporting period Score 2 <ul style="list-style-type: none"> • Not Met: Describes work with suppliers of H&S • Not Met: Assessment of scope of H&S issues in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Requirements on land and tenure rights in supplier codes and contracts • Not Met: Describes work with suppliers on land issues: The Company states that it wants to work with suppliers and others to support good land stewardship practices that 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. However, no evidence was found of actions taken in this regard. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Requirement for suppliers to provide compensation in resettlement • Not Met: Assessment of scope of land rights issues in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Requirements on access to water and sanitation in supplier codes and contracts • Not Met: Describes work with suppliers on access to water Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of water and sanitation issues in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Requirements on women's rights in supplier codes and contracts • Not Met: Describes work with suppliers on women's rights

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of women's rights issues in supply chain • Not Met: Analysis of trends demonstrating progress

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"> • Not Met: Requirements on living wage in supplier codes and 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: costco.com] • Not Met: Describes work with suppliers on living wage Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of payment below living wage in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Describes practices to avoid price or short notice requirements that undermine HRs • Not Met: Describes practices to pay suppliers in line with agreed timeframes • Not Met: Reviews own operations to mitigate negative impact of purchasing practices Score 2 <ul style="list-style-type: none"> • Not Met: Meets all requirements under score 1 • Not Met: Example of assessing and changing of purchasing practices
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"> • Not Met: Identifies direct and indirect suppliers including manufacturing sites: The Company indicates that it has a program with its U.S. gold jewellery suppliers to map the supply chain and that in 2020 it began a cotton supply-chain mapping program, which requires document verification. The Company also indicates that 100% of Kirkland Signature priority commodity supply chains were mapped. However, no evidence that it maps all of its supply chain and discloses the sources of the products was found. [2021 Sustainability Commitments Report, 05/2022: mobilecontent.costco.com] Score 2 <ul style="list-style-type: none"> • Not Met: Discloses names and locations of significant parts of supply chain and how significance was defined • Not Met: Discloses direct or indirect suppliers involved in higher-risk activities
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"> • Not Met: Requirements on child labour in supplier codes and 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: 'Official and verifiable documentation of each Employee's date of birth, or a legally recognizable means of confirming each Employee's age, shall be maintained'. However, no requirement related to remediation programmes was found in its Supplier Code. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes work with suppliers on eliminating child labour Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of child labour in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on debt/fees in supplier codes and contracts: The Supplier Code states that: 'Employees shall not pay any fees or other payments to the employer or agent for the purpose of being hired or as a condition of employment. No such fees shall be deducted and withheld from wages or otherwise passed on to the Employees'. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes work with suppliers on debt/fees for job seekers/workers

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of payment of recruitment fees in supply chain • Not Met: Analysis of trends demonstrating progress
D.2.5.d	Prohibition of forced labour: Wage practices (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"> • Met: Requirements on paying in full and on time in supplier codes and contracts: The Company states that: 'Wages shall be paid at least monthly or on a legally required schedule, whichever is more strict. Wages shall be paid directly to the Employee, or if the Employee has agreed otherwise, paid directly into an Employee- controlled account. An itemized wage statement for all Employees shall be provided, which, at a minimum, shall include pay period, wages earned for pay period, rate of pay, regular and overtime hours worked, deductions, and benefits. Unless required by law, there should be no other deductions from wages'. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes work with suppliers on paying workers regularly, in full and on time Score 2 <ul style="list-style-type: none"> • Not Met: Assessment scope of failure to pay workers in full and on time in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on free movement in supplier codes and contracts: The Company indicates that employees shall maintain possession or have control of personal identity and travel documents and that employees' freedom of movement shall not be restricted. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Describes working with suppliers on free movement of workers Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of movement in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on FoA/CB in suppliers codes and 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: costco.com] • Not Met: Describes work with suppliers on FoA/CB Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of restriction of FoA/CB in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Met: Requirements on H&S in supplier codes and contracts: The code for suppliers includes requirements on health and safety, including respecting laws, training, fire safety & emergency evacuation, electrical safety, ventilation and lighting, water and sanitation, etc. [Supplier code of conduct, 11/2018: costco.com] • Not Met: Discloses injury rate or lost days in supply chain in last reporting period • Not Met: Discloses fatalities for workers in supply chain in last reporting period • Not Met: Discloses occupational disease rate in supply chain in last reporting period Score 2 <ul style="list-style-type: none"> • Not Met: Describes work with suppliers of H&S • Not Met: Assessment of scope of H&S issues in supply chain • Not Met: Analysis of trends demonstrating progress
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"> • Not Met: Requirements on women's rights in contracts/codes with suppliers • Not Met: Describes work with suppliers on women's rights Score 2 <ul style="list-style-type: none"> • Not Met: Assessment of scope of unsafe working conditions/discrimination against women in supply chain • Not Met: Analysis of trends demonstrating progress

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"> • Not Met: Requirements on working hours in codes/contracts with suppliers: 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: costco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Describes work with suppliers on working hours • Not Met: Assessment of scope of excessive working hours in supply chain • Not Met: Analysis of trends demonstrating progress

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"> • Area: Forced labour; discrimination • Headline: Costco among companies accused of using suppliers linked to forced labour in China • Story: In October 2019 the Associated Press reported that Costco Wholesale Corp. began importing baby pyjamas made by a company that had been named as using Uyghur forced labour and operating in a re-education camp in the Xinjiang region in China. On September 21, 2019 and again on Sept. 26, 2019, Hetian Taida sent shipping containers filled with 100% polyester blanket sleepers for babies and toddlers to the U.S., labelled for Costco, according to shipping records. <p>On April 11, 2022, press sources reported that a Canadian coalition of human-rights groups filed a complaint with the Canadian Ombudsperson for Responsible Enterprise (CORE), over allegations that some products sold by 14 companies are made in whole or in part with forced labour in China.</p> <p>According to the Globe and Mail, the companies named in the complaint are Costco, Gap, Hugo Boss, Nike, Ralph Lauren, Zara, Diesel, Guess? Corporation, Levi Strauss & Co., Walmart, Lululemon, Amazon, Dynasty Gold and GobiMin.</p> <p>The coalition's complaint, that included 28 advocacy groups such as the Uyghur Rights Advocacy Project, the Canadian Council of Imams and the Toronto Association for Democracy in China, relied on evidence from a 2020 study by the Australian Strategic Policy Institute (ASPI), which identified 27 factories in nine Chinese provinces that use Uyghur forced labour.</p> <p>In addition to the ASPI report, the coalition conducted its own research by reviewing shipments bills into Canada, and raised concerns in its complaint about companies' reliance on Chinese cotton, which allegedly meant that "forced labour is present in companies' supply chains even if they monitor their own factories for human rights standards", added press sources.</p> <p>[Australian Strategic Policy Institute, 01/03/2020, "Uyghurs for sale": aspi.org.au] [Associated Press 08/10/2019, "Company making Costco pajamas flagged for forced labor": apnews.com] [The Globe and Mail, 11/04/2022. "Canadian watchdog asked to probe allegations that imports made with forced labour in China": theglobeandmail.com]</p>
E(1).1	The company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response: 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

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>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 favourable audits for labour 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 favourable audits that showed the absence of forced labour and other favourable 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."</p> <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 labour, 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": marketplace.org] [The National Center, 22/01/2021, "Costco Dodges Allegations That Its Supply Chain May Utilize Slave Labor": nationalcenter.org] [Costco Wholesale Corporation Updates on Children's Sleepers, 09/10/2019: investor.costco.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Detailed response: The Company's 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: investor.costco.com]
E(1).2	The company has investigated and taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: 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. • 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. <p>Score 2</p> <ul style="list-style-type: none"> • Met: Identified and implemented improvements: The company claims that "out of an abundance of caution it has suspended sales pending further investigation and developments." • 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.
E(1).3	The company has engaged with affected stakeholders to provide for or cooperate in remedy(ies)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not Met: Provided remedy • Not Met: Evidence for lack of Impact or link <p>Score 2</p> <ul style="list-style-type: none"> • Not Met: Remedy satisfactory to stakeholders • Not Met: Remedy delivered • Not Met: Independent remedy process used
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> • Area: FoA & CB • Headline: Costco drops melon supplier Fyffes over alleged violations of worker's rights to organize and collectively bargain • 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

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>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."</p> <p>[Business and Human Rights Resource Centre, 31/01/2020, "Honduras: Fruit company Fyffes accused of threatening labour activists & not recognising workers' union": business-humanrights.org] [Banana Link, 12/06/2019, "Costco Ceases Orders Following Union-Busting on Fyffes' Honduran Plantations": bananalink.org.uk] [The Progressive, 22/01/2020, "Honduran Workers Fight Union Busting Multinational": progressive.org]</p>
E(2).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response: According to the union, Costco Wholesale to cease sourcing Fyffes melons in light of the labour dispute. Though it is not a public statement by the company, CHRB accepts this as a response. <p>Score 2</p> <ul style="list-style-type: none"> • 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.
E(2).2	The company has investigated and taken appropriate action	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"> • 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: progressive.org] • Not Met: Identified cause: Neither the company nor the linked business present investigative results on the underlying causes of the events concerned. <p>Score 2</p> <ul style="list-style-type: none"> • 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. • 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.
E(2).3	The company has engaged with affected stakeholders to provide for or cooperate in remedy(ies)	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"> • 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

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			<p>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: progressive.org]</p> <ul style="list-style-type: none"> • 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. <p>Score 2</p> <ul style="list-style-type: none"> • 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 labour 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: progressive.org] • 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: progressive.org] • Not Met: Independent remedy process used

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