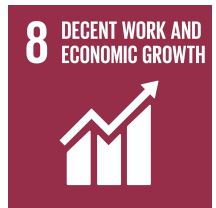


# Human Rights



***Costco is committed to respecting and protecting the human rights, safety and dignity of the people who contribute to the success of our business.***



## Introduction: Our Commitment to Human Rights

As a retailer with operations, logistics and merchandise supply chains spanning the globe, we recognize the impact we can have on the human rights of individuals directly and indirectly related to our business. We have an obligation and responsibility to do our part.

Our [Human Rights Statement](#) outlines our commitment to respect human rights, which is reinforced by the following policies:

- [Code of Ethics](#)
- [Open Door Policy](#)
- Anti-Harassment Policy
- Anti-Retaliation Policy
- [Supplier Code of Conduct](#)
- [Palm Oil Policy](#)
- [Conflict Minerals Policy](#)

Costco is focused on aligning our work with the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#). This section provides an update on our ongoing efforts to strengthen our human rights work across our operations and in our supply chain.

## Salient Human Rights Risks

In FY23, we partnered with [LRQA](#) to conduct a salient human rights risk assessment, which included but was not limited to feedback from internal and external stakeholders and a review of various risk data sources. From this work, we identified the five most salient human rights risks related to our business:

- Child Labor and Young Workers
- Forced Labor and Exploitation of Migrant Workers
- Discrimination and Inequality (including gender-based discrimination)
- Concerns to Indigenous Peoples' and Community Land Rights
- Occupational Health and Safety Risks

While these issues may occur anywhere along the value chain, we recognize they will have the greatest likelihood of occurring in our supply chain. Therefore, in FY24, we began working with LRQA on a robust, data-driven process to identify the commodity and geography combinations where these salient risks are most likely to occur. This project will be followed by developing action plans for Costco to bolster our current work in these areas and to explore new initiatives for identifying, mitigating and remediating adverse impacts to workers.

Additionally in FY24, we partnered with [Arche Advisors](#) to begin a Human Rights and Environmental Impact Assessment in Brazil with a focus on our salient risks. This assessment will conclude in FY25 and further inform our program efforts going forward.



## Our Employees

Taking care of our employees is critical to Costco's success, and is part of our Code of Ethics. We follow these steps in working toward this goal:

- We seek to provide competitive wages and benefits to our employees throughout our global operations.
- We are committed to numerous programs that support career development and advancement.
- Our Open Door Policy allows any employee to discuss any issue with any level of management.
- We conduct a global employee engagement survey to gauge employee satisfaction.

We're proud of the tenure rates within our company, in the retail industry where turnover is traditionally high. For more details, see the "Employee Development" page in our [People & Communities section](#).



## Our Communities

We strongly believe in supporting the communities in which we operate around the globe. We work toward that goal through our:

- Food and non-food donation programs
- Policy of budgeting 1% of pre-tax profits for charitable contributions
- Employee volunteer programs in local communities

For more details, see the "Communities" page in our [People & Communities section](#).

## Our Supply Chain



Costco's supply chain is complex and global in nature. It touches a number of vulnerable groups, including women, migrant workers, indigenous peoples and other marginalized communities. We respect these communities' rights and seek out opportunities for collaboration to help uphold and protect these rights.

As part of a shared commitment to respecting and upholding human rights, Costco expects its suppliers, including Costco-owned manufacturing facilities, to be aware of our Human Rights Statement and ensure compliance with our [Supplier Code of Conduct](#) ("the Code") throughout the supply chain. We carry out a risk-based approach to monitoring suppliers against the Code.

Additionally, our continued stakeholder engagement and collaboration in multi-stakeholder coalitions remain critically important to shaping our response to our salient human rights risks.

## Our Supplier Code of Conduct

The Code was established to respect and protect the human rights, safety and dignity of the people who contribute to the success of our business. To this end, Costco:

- Prohibits illegal child labor; forced, bonded, indentured, slave, prison or convict labor, and human trafficking; physical, sexual, verbal or mental abuse or harassment; bribery or attempted bribery; health and safety conditions posing immediate risk to life and limb; corruption, deception or falsification of records; and auditors denied timely entry by a facility.
- Expects our suppliers to comply, at a minimum, with the applicable labor and environmental laws and regulations of the country where the merchandise is produced.
- Encourages our suppliers to work to achieve what we call "Above and Beyond Goals."

## Key Relationships & Initiatives

Costco will continue to prioritize much of its human rights work, and the key relationships we have with a number of subject matter experts, based on the salient risks we identified. Some examples of this work currently taking place include:

- Costco helped establish and is an active member of the [Seafood Task Force \(STF\)](#), a collaboration tackling human rights and environmental issues in the seafood industry. Exploitation of workers, including migrant workers, is prevalent in the seafood industry, with much of the risk taking place throughout the recruitment process. Costco works with STF's Responsible Recruitment subgroup to advance the industry's efforts for responsible labor recruitment. For more information on STF, see "Seafood & Aquaculture" in our [Products section](#).
- Seasonal migrant workers in the United States' agricultural sector often face forced labor and exploitative recruitment processes. Costco and some of its fresh produce suppliers partner with [CIERTO](#), a nonprofit that provides transparent, no worker-fee recruitment for farm workers in order to ethically and legally recruit farm labor for U.S. agricultural products.
- Costco helped develop the fresh produce industry's [Ethical Charter on Responsible Labor Practices](#) and now plays a leadership role on the Advisory Group to the [Ethical Charter Implementation Program](#) (ECIP). This program involves an interactive web-based platform for growers and suppliers to assess their labor management systems against the principles of the Ethical Charter and receive guidance on how to strengthen areas where they may not be aligned. The ECIP platform then allows buying organizations, like Costco, to monitor growers' and suppliers' engagement with the program.

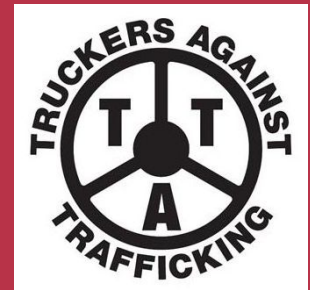


- Costco is part of a fresh produce multi-stakeholder effort, [Equitable Food Initiative \(EFI\)](#), that includes farmers, suppliers, buyers and NGOs to improve labor practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. EFI provides workers and managers with training on conflict resolution and problem-solving strategies, as well as on pesticide safety and personal protective equipment. Costco pays a premium for EFI-certified produce, to directly compensate farmworkers for the extra effort they provide in meeting EFI's rigorous standards. In addition to investing \$2.5 million to EFI's development, Costco has paid over \$23 million in premiums since 2014, generating over \$21 million in worker bonuses.
- Costco and several of its produce suppliers support a program with [Fair Trade USA](#), which directly engages with farmworkers to promote sustainable incomes, safe working conditions, responsible labor recruitment, environmental stewardship and transparent supply chains. For every Fair Trade Certified™ product sold, farmers and workers earn an additional amount of money, empowering them to improve their lives and fight poverty. Since 2014, the total amount raised from Costco's Fair Trade Certified produce purchases is \$32.4 million.
- In response to human rights abuses associated with mining, we adopted a [Conflict Minerals Policy](#). To further address risks in the mining sector, Costco joined the [Responsible Minerals Initiative \(RMI\)](#), which helps companies address responsible sourcing of minerals used in many consumer products. We use the RMI's Conflict Minerals Reporting Template and Extended Minerals Reporting Template to trace the supply chain, and the RMI's Responsible Minerals Assurance Process and database to monitor smelters and refiners in our supply chain that are likely to supply minerals of tin, tantalum, tungsten and gold ("3TG") and cobalt. Costco also leverages its membership in RMI to learn about emerging issues and best practices on responsible mineral sourcing, and to work on addressing shared challenges. More information can be found in our [Form SD](#) and [Conflict Minerals Report](#).

# Other Key Relationships

Below are additional organizations Costco works with to support workers and communities:

- [Nirapon](#)
- [Responsible Labor Initiative](#)
- [Better Buying Institute](#)
- [Truckers Against Trafficking](#)



## Remediation & Capacity Building

To support suppliers, facilities and workers in our supply chain, Costco employs tools to identify and address human rights concerns.

We have a global confidential ethics hotline to promote and monitor compliance with our Code of Ethics, our Supplier Code of Conduct, and other legal and ethical policies: [www.costco.ethicspoint.com](http://www.costco.ethicspoint.com). Costco also supports the operation of certain grievance reporting mechanisms in high-risk supply chains through various relationships, and requires each supplier to provide an anonymous and confidential method for all supplier employees to raise concerns to senior level management at the facility without fear of retaliation.

To help educate suppliers on human rights-related topics and provide guidance on correcting Code violations, we continue to offer eLearning video lessons. These web-based lessons (often in the local language) give Costco suppliers tools to continuously improve. In FY24, 12,539 lessons were completed by suppliers and/or their facilities, a 39% increase over the previous year. The most frequently used lessons cover the categories of Fire Safety, Working Hours, and Health and Safety Management Systems.

Additionally, Costco has partnered with [Better Buying Institute](#), a non-profit organization that focuses on leveraging data to strengthen supplier-buyer relationships and improve purchasing practices. On our behalf, Better Buying™ has solicited anonymous feedback from Costco suppliers on such topics as Costco’s planning and forecasting, design and development, and payment and terms. This feedback will be valuable for Costco in considering how these practices can impact our suppliers and workers in the supply chain.

For more information on our human rights due diligence efforts, we encourage you to review our public disclosures below:

- [Australia Modern Slavery Act Statement](#)
- [California Transparency in Supply Chain Act Disclosure](#)
- [Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act](#)
- [UK Modern Slavery Act Statement](#)

