



# CONFIDENTIAL REPORTING (WHISTLEBLOWER) POLICY

## 1. Context and purpose

- 1.1 Costco's foundation is its Code of Ethics, and the first mandate is to obey the law. Costco is therefore committed to conduct its business in total compliance with the laws and regulations of every community where it does business. Costco Staff and suppliers play an important role in furthering this commitment. This commitment is also assisted by creating and maintaining this Confidential Reporting (Whistleblower) Policy (**Policy**).
- 1.2 This Policy's objectives are to:
  - (a) encourage the reporting of wrongdoing;
  - (b) enable Costco to investigate reports from Whistleblowers appropriately and in compliance with Costco's legal and regulatory obligations; and
  - (c) ensure Whistleblowers who disclose wrongdoing can do so safely, securely and with confidence that they will be protected and supported.
- 1.3 This Policy has been drafted to comply with the Corporations Act and the Regulatory Guide in relation to disclosures concerning misconduct, or an improper state of affairs or circumstances, relating to Costco Australia. This includes where there are reasonable grounds to suspect engagement in conduct that is unlawful or represents a danger to the public or financial system, for example, money laundering, insider trading, or fraud. Please see the definition of Reportable Conduct at 'Clause 4 – Definitions'.

## 2. Application

- 2.1 This Policy applies to all persons eligible for protection as a Whistleblower under the Corporations Act.
- 2.2 Disclosures may be made by, among others, any of the following individuals who have reasonable grounds to suspect any Reportable Conduct: officers, employees, and associates of Costco Australia; suppliers (or any employee of a supplier) of Costco Australia; and any relative or dependent of any of the foregoing individuals.
- 2.3 This Policy will be made available internally to all Costco Staff at: <https://www.costco.com.au/about-us>. Costco Staff will also be made aware of this Policy in the Costco Wholesale Australia Employee Agreement.
- 2.4 A summary of this Policy will be available externally at: <https://www.costco.com.au/ethics-hotline-for-suppliers>.

## 3. Policy

### What should be reported under this Policy?

#### *Reportable Conduct and Personal Work-Related Grievances*

- 3.1 To qualify for the protections under the Corporations Act, your disclosure must concern Reportable Conduct.



- 3.2 Disclosures relating to Personal Work-Related Grievances are not Reportable Conduct and do not qualify for protection under the Corporations Act. However, disclosures about, or including, a Personal Work-Related Grievance can still qualify for protection in certain circumstances, including if:
- (a) it includes information about misconduct, or information about misconduct includes or is accompanied by a Personal Work-Related Grievance (i.e. a mixed report);
  - (b) it includes information about a breach of employment or other laws punishable by imprisonment for a period of 12 months or more, engagement in conduct that represents a danger to the public, or the disclosure relates to information that suggests misconduct beyond your personal circumstances;
  - (c) you suffer from or are threatened with Detrimental Conduct for making a Protected Disclosure; or
  - (d) you seek legal advice or legal representation about the operation of the whistleblower protections under the Corporations Act.

#### *Complaints made under other Costco Policies*

- 3.3 Costco is open to receiving reports of wrongful or unlawful behavior through many channels, including from its employees through the Open Door Policy. Where appropriate, Costco encourages all employees to report wrongful or unlawful behavior under the Open Door Policy in the first instance.
- 3.4 Where conduct reported through the Open Door Policy would also amount to Reportable Conduct, you may elect to follow either the complaints procedure set out in the Open Door Policy or you may make a Protected Disclosure under this Policy. Regardless of the course you choose, the protections afforded in this Policy will be provided where your complaint concerns 'Reportable Conduct' as defined under this Policy.

#### **How should disclosures be made?**

- 3.5 You may make a disclosure of Reportable Conduct, including an anonymous report, directly to any Eligible Recipient, including to the secure website at: [www.costco.ethicspoint.com](http://www.costco.ethicspoint.com).
- 3.6 Alternatively, you may make an anonymous phone call or send a written statement directly to:
- CONFIDENTIAL EMPLOYEE SUBMISSION  
c/o General Counsel  
999 Lake Drive, Issaquah  
WA 98027, USA.
- 3.7 Disclosures of Reportable Conduct made anonymously will still be protected under the Corporations Act. You can choose to remain anonymous while making a disclosure, over the course of the investigation and after the investigation is finalised.
- 3.8 Disclosures made to a legal practitioner for the purposes of obtaining legal advice or legal representation in relation to the operation of the whistleblower provisions in the Corporations Act are also protected (even in the event that the disclosure itself does not ultimately relate to Reportable Conduct). You are encouraged you to obtain independent legal advice and/or representation for these purposes. Any disclosure made to a lawyer employed by Costco under this Policy will be protected, however such a lawyer will not be deemed to be representing you in relation to the disclosure.
- 3.9 Disclosures can be made to ASIC, APRA or another Commonwealth body prescribed by the regulation and qualify for protection under the Corporations Act.

- 3.10 Disclosures of Reportable Conduct can also be made to a journalist or parliamentarian and, under certain circumstances, qualify for protection. These are 'Public Interest Disclosures' and 'Emergency Disclosures'. However, it is important to understand that there is additional criteria applicable to public interest and emergency disclosures in order for them to qualify for protection. For example, a disclosure must have previously been made pursuant to a written notice provided to ASIC, APRA or a prescribed body. In addition, in the case of a Public Interest Disclosure, at least 90 days must have passed since the previous disclosure.
- 3.11 You should contact an independent legal adviser before making a Public Interest Disclosure or an Emergency Disclosure. If you require additional information before formally making a disclosure, Costco encourages you to contact the Managing Director, VP Operations Director Company Secretary or Ethicspoint.

### **Duties of Costco Staff in Relation to Reportable Conduct**

- 3.12 Costco Staff who become aware of known, suspected, or potential cases of Reportable Conduct are expected and encouraged to make a report under this Policy. Failure by a Costco Staff member to report Reportable Conduct of which the Costco Staff member becomes aware may result in disciplinary action against the Costco Staff member.

### **What actions will be taken by Costco to investigate a disclosure?**

- 3.13 All reports of Reportable Conduct will be assessed to determine if:
- (a) it qualifies for protection; and
  - (b) a formal, in-depth investigation is required.

#### *The investigation process*

- 3.14 Costco may investigate the matter internally, or appoint an external investigator to do so, in a timely, thorough and fair manner.
- 3.15 Costco acknowledges the limitations of its investigation process. Costco may not be able to undertake an investigation if it is not able to contact you (for example, if the report is made anonymously and you have refused to provide, or have not provided, a means of contact).
- 3.16 The process and timing will vary depending on the nature of the disclosure. Where an investigation is required, typically an investigation will:
- (a) include interviews with you (if you have identified yourself and can be contacted) and all other witnesses;
  - (b) provide all persons against whom allegation/s of Reportable Conduct has been made with an opportunity to respond to the allegation/s; and
  - (c) ensure that you are provided with regular updates on progress, where this is considered appropriate and if you can be contacted. The frequency and timeframe of such updates may vary depending on the nature of the disclosure.
- 3.17 Costco will endeavour to have any investigation completed within 3 months of receiving the report. The actual time may be shorter or longer.

#### *Outcome of the investigation process*

- 3.18 At the conclusion of the investigation, the findings will be documented and reported to Costco's Legal Department, whilst preserving confidentiality. The Legal Department shall determine the appropriate response, in conjunction with senior management. If the report of Reportable Conduct is made against a member of the Legal Department then the matter will be reported directly to the Executive Vice President of International Operations.
- 3.19 The method for documenting and reporting the findings of the investigation will depend on the nature of the disclosure.
- 3.20 To the extent possible within commercial, legal and confidentiality constraints, the outcome of the disclosure will be provided to you and any persons against whom allegation/s of Reportable Conduct were made. However, there may be circumstances in which it is not appropriate to provide you with the details of the outcome.

#### *Protecting anonymity during the investigation process*

- 3.21 Costco will use the mechanisms set out at 3.43 below to seek to protect your anonymity.
- 3.22 You may refuse to answer any questions that you feel could reveal your identity at any time, including during follow-up conversations. Costco encourages you to maintain ongoing two-way conversation with it, so that Costco may ask follow-up questions and provide you with feedback.
- 3.23 Without your consent, Costco cannot disclose information that is likely to lead to the identification of you as part of our investigation process, unless:
- (a) the information does not include your identity;
  - (b) Costco removes all information relating to your identity or other information that is likely to lead to the identification of you (for example, your name, position title and other identifying details); and
  - (c) it is reasonably necessary for investigating the issues raised in your report.

#### **What protections are available to Whistleblowers and those named in the disclosure?**

- 3.24 You will qualify for protection as a Whistleblower under the Corporations Act if you are an eligible Whistleblower in relation to Costco and you have made:
- (a) a disclosure concerning Reportable Conduct directly to an Eligible Recipient or to ASIC, APRA or another Commonwealth body prescribed by the regulations;
  - (b) a disclosure to a legal practitioner for the purposes of obtaining legal advice or representation about the operation of the whistleblower provisions of the Corporations Act; or
  - (c) an Emergency Disclosure or Public Interest Disclosure.
- 3.25 You can still qualify for protection even if your disclosure turns out to be incorrect.

#### *Protection from detrimental acts or omissions*

- 3.26 Where you make a Protected Disclosure in accordance with this Policy, you (and other Costco Staff) are protected from any detrimental acts or omissions because of that disclosure.

- 3.27 You (and other Costco Staff) are therefore protected from Detrimental Conduct (or threats of Detrimental Conduct) because of the Protected Disclosure.
- 3.28 Not all action taken in response to a Protected Disclosure will be Detrimental Conduct. Examples of action taken by Costco that will not be Detrimental Conduct may include (where relevant):
- (a) administrative action that is reasonable for the purpose of protecting you from Detrimental Conduct (e.g. moving you to another warehouse if necessary); and
  - (b) managing your unsatisfactory work performance, if the action is in accordance with Costco's policies.
- 3.29 Costco Staff who are found to have engaged in (or threatened to engage in) Detrimental Conduct, may be subject to disciplinary action including, in serious cases, dismissal.
- 3.30 Costco Staff who are subjected to Detrimental Conduct may:
- (a) inform a senior supervisor within his or her business unit immediately, where appropriate;
  - (b) report the matter through the secure website at [www.costco.ethicspoint.com](http://www.costco.ethicspoint.com); and/or
  - (c) seek independent legal advice or contact regulatory bodies, such as ASIC, APRA or the ATO.
- 3.31 The making of a Protected Disclosure does not protect you from the consequences of being involved in Reportable Conduct yourself.
- 3.32 Although the practical steps Costco may take are likely to vary depending on the nature of the Protected Disclosure, Costco will utilise measures to protect Whistleblowers (and other Costco Staff) from Detrimental Conduct, including but not limited to:
- (a) where practicable, consulting with Whistleblowers (and other Costco Staff) as to any measures that might be taken to minimise and manage stress, time or performance impacts, or other challenges resulting from the Protected Disclosure or its investigation;
  - (b) taking other administrative action that is reasonable for the purpose of protecting Whistleblowers (and other Costco Staff) from detriment;
  - (c) encouraging the reporting of any instances of Detrimental Conduct and implementing actions that may be taken in response (including, for example, ensuring that complaints are investigated as a separate matter by an individual who is not involved in handling or investigating the Protected Disclosure); and
  - (d) where Detrimental Conduct is found to have occurred, intervening to address the detriment (including by, for example, taking disciplinary action, permitting an extended period of leave, offering counselling or other professional or legal services and/or offering compensation or other remedies).
- 3.33 Costco will ensure the fair treatment of any Costco Staff that are mentioned in a Protected Disclosure, including those who are the subject of a Protected Disclosure. This will include ensuring that the following steps are taken during an investigation:
- (a) disclosures will be handled confidentially, when it is practical and appropriate in the circumstances; and
  - (b) a Costco Staff member who is the subject of a disclosure will be advised about the subject matter of the disclosure as deemed appropriate by management.

### *Compensation and other remedies*

- 3.34 You (and other Costco Staff) can seek compensation and other remedies through the courts if:
- (a) you suffer loss, damage or injury because of a Protected Disclosure, although the making of a Protected Disclosure does not protect you from the consequences of being involved in Reportable Conduct yourself; and
  - (b) Costco has failed to take reasonable precautions and exercise due diligence to prevent the Detrimental Conduct arising from a Protected Disclosure.
- 3.35 You (and other Costco Staff) are have the ability to seek independent legal advice at your own expense.

### *Civil, criminal and administrative liability protection*

- 3.36 You are also protected from any of the following in relation to a Protected Disclosure:
- (a) civil liability (e.g. any legal action against you for breach of an employment contract, duty of confidentiality or another contractual obligation);
  - (b) criminal liability (e.g. attempted prosecution of you for unlawfully releasing information, or other use of the disclosure against you in a prosecution (other than for making a false disclosure)); and
  - (c) administrative liability (e.g. disciplinary action for making the disclosure).
- 3.37 Protections under the Corporations Act do not grant immunity for any misconduct that you have engaged in that is revealed in or related to your disclosure.

### *Confidentiality and Privacy*

- 3.38 Costco has legal obligations to protect your identity and to maintain confidentiality and fairness in all matters reported under this Policy.
- 3.39 Costco will not disclose your identity (or information that is likely to lead to your identification) if you make a Protected Disclosure unless:
- (a) you consent to the disclosure;
  - (b) the disclosure is to a person or body prescribed by regulations;
  - (c) the disclosure is to ASIC, APRA, or a member of the Australian Federal Police (within the meaning of the *Australian Federal Police Act 1979*); or
  - (d) the disclosure is to a legal practitioner (for the purposes of obtaining legal advice or legal representation about the whistleblower provisions in the Corporations Act).
- 3.40 Costco can disclose the information contained in a Protected Disclosure with or without your consent if:
- (a) the information does not include your identity;
  - (b) all reasonable steps are taken to reduce the risk that you will be identified from the information; and
  - (c) it is reasonably necessary for investigating the issues raised in the Protected Disclosure.
- 3.41 All records relating to a report of Reportable Conduct will be stored securely and remain confidential. Access to all information relating to a report of Reportable Conduct will be limited to those directly involved in managing and investigating the report.

3.42 Beyond the exceptions set out in paragraphs 3.39 and 3.40 of this Policy, it is illegal for a person to identify a Whistleblower or disclose information that is likely to lead to the identification of the Whistleblower. The unauthorised disclosure of:

- (a) a Whistleblower’s identity; or
- (b) information that is likely to lead to the identification of the Whistleblower,

shall be a breach of this Policy and will be subject to Costco’s disciplinary procedures.

3.43 Costco will utilise measures to protect confidentiality and anonymity, including but not limited to:

- (a) redacting identifying personal information of the Whistleblower in written material;
- (b) referring to the Whistleblower in a gender-neutral context; and
- (c) where practicable, consulting with the Whistleblower in relation to measures that might be taken in order to maintain confidentiality and other identifying information; and
- (d) ensuring that Costco Staff likely to be involved in the handling and investigation of reports of Reportable Conduct are cautioned as to the requirements of confidentiality / anonymity.

3.44 If you would like to make a complaint regarding breach of confidentiality, you may do so by using Costco’s Open Door Policy, or by lodging a complaint with a regulator, such as ASIC, APRA or the ATO, for investigation.

**False reporting by a person purporting to be a Whistleblower**

3.45 In the event that it is shown that a Costco Staff member purporting to be a Whistleblower has made a deliberately or recklessly false or malicious report, Costco may take disciplinary action in accordance with Costco’s policies and procedures.

3.46 However, no action will be taken against you where the report was made in good faith (for example, where you have some information leading to a suspicion, but not all detail) and not for an improper purpose.

**4. Definitions**

<b>Term</b>	<b>Definition</b>
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Costco Staff	All Costco employees including permanent, part-time, fixed-term, temporary, intern and casual employees.
Costco	Costco Wholesale Australia Pty Ltd, ACN 104 012 893
Detrimental Conduct	Detrimental Conduct includes: <ul style="list-style-type: none"> <li>• dismissal;</li> <li>• injury of a Costco Staff member in his or her employment;</li> <li>• alteration of a Costco Staff member’s position or duties to his or her disadvantage;</li> </ul>

Term	Definition
	<ul style="list-style-type: none"> <li>• discrimination between Costco Staff members;</li> <li>• harassment or intimidation of a person;</li> <li>• harm or injury to a person, including psychological harm; or</li> <li>• damage to a person’s property, reputation, business or financial position.</li> </ul>
Eligible Recipient	<p>An eligible recipient includes:</p> <ul style="list-style-type: none"> <li>• an Officer or senior manager of Costco or a ‘related body corporate’ (as that term is defined in the Corporations Act) of Costco;</li> <li>• the internal or external auditor (including a member of an audit team conducting an audit) or actuary of Costco or a related body corporate of Costco; and</li> <li>• any other person authorised by Costco to receive disclosures that may qualify for protection under the Corporations Act.</li> </ul>
Emergency Disclosure	<p>The disclosure of Reportable Conduct to a journalist or parliamentarian, where:</p> <ul style="list-style-type: none"> <li>• the Whistleblower has previously made a disclosure of the Reportable Conduct to ASIC, APRA or another Commonwealth body prescribed by regulation;</li> <li>• the Whistleblower has reasonable grounds to believe that the Reportable Conduct concerns a substantial and imminent danger to the health or safety of one or more persons or to the natural environment;</li> <li>• before making the emergency disclosure, the Whistleblower has given written notice to the body to which the previous</li> <li>• disclosure was made that: <ul style="list-style-type: none"> <li>(i) includes sufficient information to identify the previous disclosure; and</li> <li>(ii) states that the Whistleblower intends to make an emergency disclosure; and</li> </ul> </li> <li>• the extent of the Reportable Conduct disclosed in the emergency disclosure is no greater than is necessary to inform the journalist or parliamentarian of the substantial and imminent danger.</li> </ul>
Officer	<ul style="list-style-type: none"> <li>• A Director;</li> <li>• a Company Secretary; and</li> <li>• such other persons who may be deemed to be an ‘Officer’ under the Corporations Act.</li> </ul>



Term	Definition
Personal Work-Related Grievance	<p>A personal work-related grievance is a grievance that relates to a Whistleblower's current or former employment and has or tends to have, implications for the Whistleblower personally, but do not:</p> <ul style="list-style-type: none"> <li>(a) have any other significant implications for the entity (or another entity); or</li> <li>(b) relate to any conduct, or alleged conduct, about the Reportable Conduct.</li> </ul> <p>Examples of grievances that may be personal work-related grievances include:</p> <ul style="list-style-type: none"> <li>• an interpersonal conflict between the Whistleblower and another Costco Staff member;</li> <li>• a decision that does not involve a breach of workplace laws;</li> <li>• a decision about the engagement, transfer or promotion of the Whistleblower;</li> <li>• a decision about the terms and conditions of engagement of the Whistleblower; or</li> <li>• a decision to suspend or terminate the engagement of the Whistleblower, or otherwise to discipline the Whistleblower.</li> </ul>
Protected Disclosure	<p>A disclosure of Reportable Conduct made by a Whistleblower to an Eligible Recipient under this Policy.</p>
Public Interest Disclosure	<p>The disclosure of Reportable Conduct to a journalist or parliamentarian, where:</p> <ul style="list-style-type: none"> <li>• at least 90 days have passed since the Whistleblower made the disclosure to ASIC, APRA or another Commonwealth body prescribed by regulation;</li> <li>• the Whistleblower does not have reasonable grounds to believe that action is being, or has been taken, in relation to their disclosure;</li> <li>• the Whistleblower has reasonable grounds to believe that making a further disclosure of the Reportable Conduct is in the public interest; and</li> <li>• before making the public interest disclosure, the Whistleblower has given written notice to the to which the previous disclosure was made that:             <ul style="list-style-type: none"> <li>(i) includes sufficient information to identify the previous disclosure; and</li> <li>(ii) states that the Whistleblower intends to make a public interest disclosure.</li> </ul> </li> </ul>

Term	Definition
Regulatory Guide	ASIC Regulatory Guide 270 – Whistleblower policies, November 2019
Reportable Conduct	<p>Information that the Whistleblower has reasonable grounds to suspect:</p> <p>(a) concerns misconduct, or an improper state of affairs or circumstances, in relation to:</p> <ul style="list-style-type: none"> <li>• Costco; or</li> <li>• a 'related body corporate' (as that term is defined in the Corporations Act) of Costco; or</li> </ul> <p>(b) indicates that Costco or a related body corporate of Costco (including their employees or officers) have engaged in conduct that:</p> <ul style="list-style-type: none"> <li>• constitutes an offence against, or a contravention of, a provision of any of the following: <ul style="list-style-type: none"> <li>(i) the Corporations Act;</li> <li>(ii) the <i>Australian Securities and Investments Commission Act 2001</i>;</li> <li>(iii) the <i>Banking Act 1959</i>;</li> <li>(iv) the <i>Financial Sector (Collection of Data) Act 2001</i>;</li> <li>(v) the <i>Insurance Act 1973</i>;</li> <li>(vi) the <i>Life Insurance Act 1995</i>;</li> <li>(vii) the <i>National Consumer Credit Protection Act 2009</i>;</li> <li>(viii) the <i>Superannuation Industry (Supervision) Act 1993</i>;</li> <li>(ix) an instrument made under an Act referred to above</li> </ul> </li> <li>• constitutes an offence against any other law of the Commonwealth that is punishable by imprisonment for a period of 12 months or more;</li> <li>• represents a danger to the public or the financial system; or</li> <li>• is otherwise prescribed by regulation.</li> </ul> <p>Examples of 'Reportable Conduct' may include conduct that:</p> <ul style="list-style-type: none"> <li>• is corrupt, illegal, fraudulent or dishonest;</li> <li>• indicates financial irregularities e.g. altering company records or adopting illegal or irregular accounting practices</li> <li>• indicates significant mismanagement of Costco's resources or might cause financial loss to Costco;</li> <li>• is an unsafe work-practice; and/or</li> </ul>

Term	Definition
	<ul style="list-style-type: none"> <li>• may cause financial or non-financial loss to Costco or be otherwise detrimental to the interests of Costco.</li> </ul> <p>Reportable Conduct includes conduct that may not involve a contravention of a particular law.</p>
Whistleblower	<p>A person who is, or has been, any of the following in relation to Costco:</p> <ul style="list-style-type: none"> <li>• a Costco Officer or Costco Staff member;</li> <li>• a supplier of services or goods to Costco (whether paid or unpaid), including their employees (e.g. current and former contractors, consultants, service providers and business partners);</li> <li>• an 'associate' (as that term is defined in the Corporations Act) of Costco; and</li> <li>• a relative, dependant or spouse of an individual named above.</li> </ul>

## 5. Review

This Policy will be reviewed from time to time or as legislation is amended, in light of current good practice and regulatory advice.