



Costco Wholesale Australia, Pty. Ltd. Modern Slavery Statement

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Statement revision details

Revision Date	Reason for change	Content changed and page number
20/5/24	A dollar figure underreported, an unforeseen mistake	"total amount raised from Costco’s Fair Trade Certified produce purchases" should be \$25.8 million rather than \$18.8 million. see section 6.2.2 fresh produce, p.14

1. Statement Coverage

This Modern Slavery Statement ("Statement") is made by Costco Wholesale Australia, Pty. Ltd. ("Costco Australia") for the purposes of the *Modern Slavery Act 2018* (Cth) and covers its financial year (FY) ending on 3 September 2023. Costco Australia is an indirect subsidiary of Costco Wholesale Corporation ("Costco"), an international group headquartered in the United States. Costco Australia does not own or control any other entities in Australia.

2. Introduction

As a retailer with more than 300,000 employees worldwide, and operations, logistics and merchandise supply chains spanning the globe, Costco recognises our direct and indirect impacts on human rights, and we are dedicated to continually improving our human rights practices and those of our suppliers.¹ Our [Human Rights Statement](#) outlines our commitment to respect human rights, including in relationships with our employees, suppliers, workers in our supply chains and the communities in which we operate. We will take what we believe to be reasonable and appropriate steps to support this commitment, which are informed by the following internationally recognised human rights standards:

- The International Bill of Human Rights, which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights
- Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises
- International Labour Organization Declaration on Fundamental Principles and Rights at Work
- United Nations Guiding Principles (UNGPs) on Business and Human Rights

3. Costco's Structure, Operations and Supply Chain

Costco is principally engaged in the operation of membership warehouses (retail locations) in the United States (U.S.) and Puerto Rico, Canada, Mexico, Japan, the United Kingdom (U.K.), Korea, Australia, Taiwan, China, Spain, France, Iceland, New Zealand and Sweden. Costco also operates e-commerce sites in the U.S., Canada, Mexico, the United Kingdom, Korea, Taiwan, Japan and Australia.

¹ For purposes of this Statement, "suppliers" may include contract labour and services providers who support our own operations and supply chains, in addition to our suppliers of merchandise.

Warehouse Locations	Warehouse Count
U.S. and Puerto Rico	591
Canada	107
Mexico	40
Japan	33
United Kingdom	29
Korea	18
Taiwan	14
Australia	15
Spain	4
France	2
China	5
Iceland	1
New Zealand	1
Sweden	1

We offer merchandise and services in the following categories:

Core Merchandise Categories (or core business):

- Foods and Sundries (including sundries, dry grocery, candy, cooler, freezer, deli, liquor, and tobacco)
- Non-Foods (including major appliances, electronics, health and beauty aids, hardware, garden and patio, sporting goods, tires, toys and seasonal, office supplies, automotive care, postage, tickets, apparel, small appliances, furniture, domestics, housewares, special order kiosk, and jewelry)
- Fresh Foods (including meat, produce, service deli, and bakery)

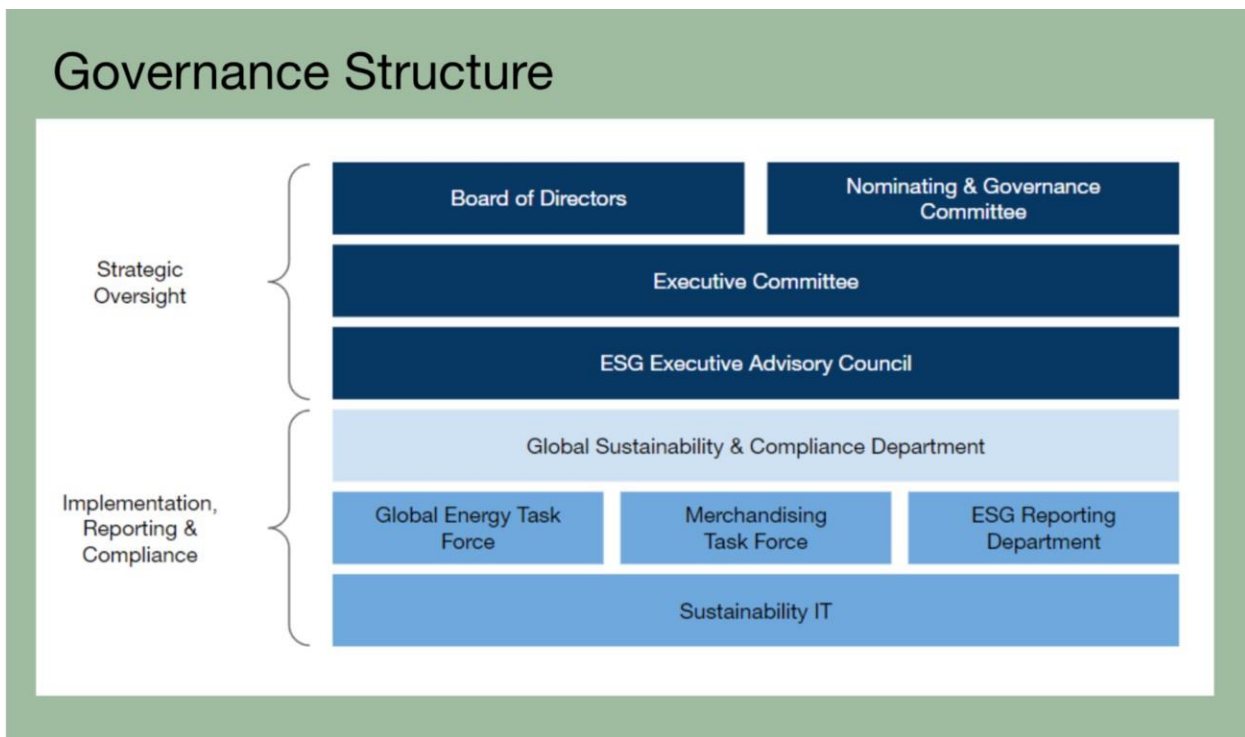
Warehouse Ancillary:

- Gasoline, pharmacy, optical, food court, hearing aids and tire installation

Other Businesses:

- Ecommerce, business centers, travel and other

Below is Costco's governance structure for managing Environmental, Social and Governance issues:



With regard to human rights, including risks of modern slavery, business leaders across our enterprise within Global Sustainability & Compliance (including the Human Rights team), Human Resources, Diversity & Inclusion, Merchandising, Legal and Operations promote policies and actions supporting our Human Rights Statement. Our Human Rights and Human Resources teams work with our business leaders to oversee our human rights strategy and action plans. Additionally, our Diversity Advisory Committee and Inclusion Committee include executives from all areas of the company who meet regularly to discuss initiatives and activities that support our commitment to diversity and inclusion. The Nominating and Governance Committee of our Board of Directors is responsible for sustainability oversight, including human rights. Regular reporting informs this Committee of progress, challenges and outcomes within our human rights activities.

4. Policies Related to Human Rights, including Modern Slavery

Our Employee Agreement includes policies on anti-harassment, equal opportunity, reporting concerns and anti-retaliation. These policies govern our engagements with Costco employees.

With regard to our supply chains, Costco has established policies that reinforce our commitment to respecting human rights and reducing the risks of modern slavery:

Policy / Commitment	Objectives
Human Rights Statement	Sets out our committed efforts to improve our own human rights practices and those of our suppliers. It also sets out our salient human rights risks, which include but are not limited to forced labour and the exploitation of migrant workers, and child labour and young workers.
Code of Ethics	Since its inception in 1983, Costco has conducted business in accordance with our Code of Ethics, which is to: obey the law; take care of our members; take care of our employees; respect our suppliers; and reward our shareholders.
Supplier Code of Conduct ("the Code")	Derived from the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as the United Nations Universal Declaration of Human Rights, the Code prohibits child labour, forced labour and human trafficking, and requires adherence to environmental, health and safety standards. Suppliers must commit to voluntary employment, uphold transparency during audits, and maintain compliance with the Code's standards, with violations potentially leading to business termination. The Code, among other places, publicizes Costco's confidential and anonymous ethics hotline for reporting misconduct or policy breaches.
Conflict Minerals Policy	Makes clear that we support the aims and objectives of the Dodd-Frank Act regarding "Conflict Minerals" (i.e., tantalum, tin, tungsten and gold (3TG)); specifically, to not buy or sell consumer goods containing these minerals that originate in the "Conflict Region" unless from a mine or smelter that is certified "conflict free".
Palm Oil Policy	Aligns our palm oil sourcing for our private label products (Kirkland Signature™) with the Roundtable on Sustainable Palm Oil's (RSPO) standards, which include traceability to the mill level and adherence to a number of environmental and human rights guidelines.

5. Risk-Identification of Modern Slavery Practices

Costco has considered the potential risks arising in relation to our operations. Costco directly employs a very high proportion of its workforce and is committed to observing local employment laws.

We perform regular employee engagement surveys to identify opportunities for improvement within our operations, and continue to encourage and support both our ethics hotline and Open Door Policy, which allow any employee to discuss any issue with any level of management. We encourage anyone who is aware of violations of the law or our Code to notify their management, our Code of Conduct Compliance team, or utilise Costco's confidential reporting site: www.costco.ethicspoint.com.

In our supply chains, given the number of direct and indirect suppliers Costco has and their geographic dispersion, it is necessary to be selective with our efforts to mitigate human rights risks while supporting those most vulnerable in our supply chains. We have carried out the following data-driven approach to identify the top risks, based on regions and commodities:

5.1 Stakeholder engagement. In FY23, we partnered with ELEVATE (now known as LRQA) to conduct a five-month engagement with a range of external stakeholders, including human rights experts representing high-risk commodities, on-the-ground worker organisations, industry partnerships, and non-governmental organisations. Prior to stakeholder engagement, Costco mapped 60-plus organisations to engage. Ultimately ten stakeholders were selected for interviews, using a methodology based on a number of considerations, including proximity to workers and geographic relevance. The input from this engagement informed the development of our Human Rights Statement and our identification of salient human rights risks. We define "salient" as the risks that are the most severe and most likely to occur as a result of our direct activities or business relationships.

5.2 Salient human rights risk assessment. Based on the findings from the stakeholder engagement, audit reports, data from LRQA's third-party political, human rights, economic, and environmental risk identification platform, and commodity risk assessments, Costco established a list of salient human rights risks. This list includes but is not limited to forced labour and the exploitation of migrant workers, and child labour

and young workers. Our human rights due diligence work will be focused on these salient risks. While they may occur anywhere within our business, we recognise they may have the greatest likelihood of occurring in our supply chain.

5.3 Grievance mechanisms. Grievance mechanisms are critical to our identifying potential forced labour violations. We support certain grievance reporting mechanisms in high risk supply chains through various relationships, and require suppliers to provide an anonymous and confidential method for their employees to raise concerns to senior level management at the facility without fear of retaliation. Additionally, we have a global confidential ethics hotline to monitor compliance with our Code of Ethics, our Supplier Code of Conduct, and other legal and ethical policies: www.costco.ethicspoint.com. Employees and suppliers can access this hotline from anywhere in the world, in multiple languages. Additional options for submitting reports can be by mail or, in countries where we have Costco warehouses, by calling a local toll-free number. Details can be found on our EthicsPoint website.

5.4 Monitoring of supplier performance through audits. Costco's Supplier Code of Conduct explicitly prohibits human rights abuses in its supply chain, including but not limited to: illegal child labour; forced, bonded, indentured, slave, prison or convict labour, and human trafficking. The Code applies globally to all suppliers and their facilities throughout the supply chain, as well as to Costco-owned manufacturing facilities. As described in more detail below, we carry out a risk-based approach to monitoring its suppliers against the Code.

5.5 Monitoring/tracking of human rights violations/incidents using a third-party platform. Costco utilises LRQA's Sentinel web crawler to discover supplier-specific news in key areas, including forced labour, child labour, wages and working hours, and fire and health and safety. Incidents identified are given risk ratings, the more severe of which are further reviewed and investigated, as appropriate.

From these efforts, we have identified the following region and product combinations in our supply chains as prone to risks of Forced Labour and the Exploitation of Migrant Workers, and Child Labour and Young Workers. (See below under "Priority Supply Chains" for our evolving human rights due diligence in addressing these areas):

Region	Asia	Americas	Africa
Salient Risk	Child labour, forced labour, factory safety, poor labour recruitment practices	Child labour, forced labour, poor labour recruitment practices	Child labour, forced labour
Commodity or Product	<ul style="list-style-type: none"> ● Apparel ● Cotton ● Palm Oil ● Shrimp ● Tuna 	<ul style="list-style-type: none"> ● Food processing ● Fresh produce and meat 	<ul style="list-style-type: none"> ● Conflict minerals (i.e., tantalum, tin, tungsten and gold (3TG)) ● Cobalt ● Cocoa

6. Due Diligence and Remediation

When concerns regarding compliance with law or our Code of Conduct are reported through our confidential ethics hotline, our Legal Department directs the relevant areas within the company to investigate and follow-up on each report received, as appropriate. Responsibility for our Open Door Policy is embedded among all managers and supervisors. Retaliation against those who report grievances is prohibited. Additionally, Costco-owned manufacturing facilities are periodically audited for compliance with the Code standards, and any violations are required to be addressed through Corrective Action Plans and re-audits, as appropriate.

With regard to our supply chain, a significant part of our merchandise, including many Kirkland Signature products, is sourced by Costco. Costco Australia and all other Costco subsidiaries utilise Costco’s centralised compliance function to handle supply chain human rights due diligence. Below are a number of efforts Costco has in place to prevent, identify and remediate human rights concerns:

6.1 Employee Training & Engagement. We focus on educating our employees with buying responsibilities on the importance of the Code and their role in supporting it, through updated virtual training and in-person presentations. In FY23, an eLearning course was deployed to all members of our Costco U.S. and Costco Canada merchandising teams to provide further education on the definition and common indicators of forced labour and modern slavery; remaining members of Costco’s merchandising teams around the world will be assigned shortly. The course also covered the topic of responsible purchasing practices; more specifically, how such practices of

accurate forecasting, providing sufficient lead times for production and shipping deadlines (particularly when changes are made to item specifications or order quantities) can help prevent forced labour risks and provide support for supplier facilities to meet compliance with the Code.

In FY23, Costco employees responsible for the day-to-day management of the Code's facility audit program underwent a two-day training conducted by staff from the Worldwide Responsible Accredited Production (WRAP). The training offered examples of practical challenges faced by auditors, as well as raised employees' awareness of the following: ILO Forced Labour indicators; the UNGPs on Business and Human Rights; the 17 UN's Sustainable Development Goals; and various due-diligence laws and regulations from around the world.

6.2 Supplier Monitoring. Costco Australia facilitates the independent auditing of domestic agricultural suppliers of fresh meat and produce for labour and health & safety performance. For other suppliers, Costco Australia utilises Costco's centralised compliance function for supplier audits as described below.

Costco's ongoing risk assessment process informs our approach to targeting audits of supplier facilities against the Code standards. We prioritise suppliers of Kirkland Signature merchandise and suppliers whose product or country of origin poses an increased risk.

In our FY23, 5,589 independent third-party audits against the Code standards were conducted in 88 countries, primarily at the final manufacturer or processor level of the supply chain. For facilities at this level considered intermediate to high risk, audits are initially required at least annually and more frequently if actions to correct Code violations require onsite verification. For suppliers that are in full compliance, subsequent audits may be less frequent.

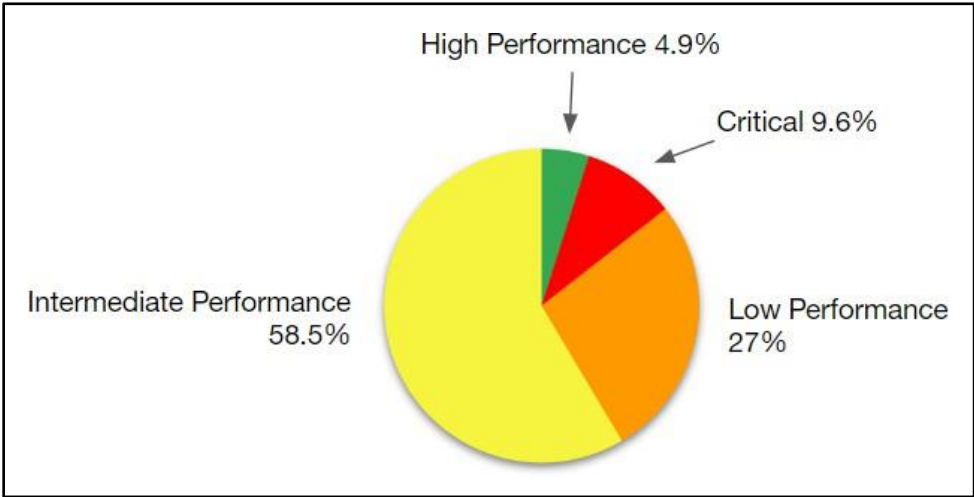
Of the 5,589 independent third-party audits conducted, 4,085 were conducted against the Code's standards. For facilities considered intermediate to high risk, these audits are carried out on a partially announced basis, providing the facility with a two-week window of when the audit may take place. This limited notice is to take the facility's security measures into consideration and to allow the supplier to collect records that are reviewed during the audit. Fully unannounced audits are carried out on occasion, typically in response to tips received through our confidential ethics hotline. Audits include the workplace where production takes place and onsite worker housing.

Many of our suppliers have programs to verify compliance with their own codes of conduct or with independent compliance audit standards. Upon review of the program and standards applied, Costco may accept these reports in lieu of audits against our Code. These audits make up the remaining 1,504 reports accepted in FY23. Acceptance depends on a variety of factors, such as industry and geographic risks for human rights violations and prior audit history.

With very few exceptions (which require Costco’s approval), all audits are required to be conducted by a member of the Association of Professional Social Compliance Auditors (APSCA). As an industry association whose members represent a substantial majority of the social compliance audit industry, APSCA seeks to enhance the professionalism, consistency and credibility of independent social compliance auditors.

6.2.1 Audit Outcomes

For FY23, below are the results of the audits conducted against the Code’s standards.



All audit grades are based on qualitative and quantitative assessments. **High Performance grades** range from no violations to only minor violations. These generally are facilities with very strong management systems in place to meet the high standards of the Code. Additionally, the audit reports capture and emphasise all instances of facilities going above and beyond the standards and expectations of local laws and the Code. These include a variety of benefits and/or services provided to the workforce, and/or actions to mitigate the facility’s environmental impacts.

The other end of the spectrum of audit performance involves **Critical audit grades**, which are the result of at least one Critical Violation, defined by the Code as follows: "A practice including any of the following: Illegal child labour; Forced, bonded, indentured, slave, prison or convict labour, 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; Auditors denied timely entry by Facility."

Suppliers' Key Performance Indicators (KPIs)

- 4,085 third-party audits conducted against the Code's standards, of which there were 393 Critical audit grades involving a total of 464 Critical Violations.
- The majority (287) of Critical Violations cited were health and safety related, such as instances where there was no legally-required fire alarm or an emergency exit was locked.
- Critical Violations involving forced labour indicators or child labour:
 - 56 Critical Violations included a forced labour indicator, such as the retention of employees' original documentation, fees charged to foreign/recruited workers, mandatory overtime hours, etc.
 - 4 Critical Violations included an employee(s) under the legal working age.

All Critical Violations must cease immediately, and a detailed and proactive corrective action plan addressing all Critical Violations shall be submitted to Costco. Additionally, depending on the severity or lack of remediation of any Critical Violations or any other Code violations, we reserve the right to terminate our relationship or purchase orders with a supplier and/or its facility. Costco is committed to and prefers working with suppliers and their facilities that remediate Code violations, rather than applying sanctions that may cause further hardship to workers and their families. Some violations, however have led to termination sanctions.

To raise awareness of these efforts, we shared aggregate audit results and other updates related to the Code at our annual Supplier Day event in the fall of 2023.

6.2.2 Priority Supply Chains

Costco addresses a number of its salient human rights risks through selective partnerships and initiatives. These can promote systemic improvements. Some examples include:

- **Apparel.** We continue to require third-party social audits of the fabric mills for our Kirkland Signature apparel and domestics items, which are often the second tier of the manufacturing supply chain. This is in addition to auditing the final cut and sew factories. We support industry-led initiatives like [Nirapon](#) to enhance worker safety and create a culture of minimising occupational hazards and risks in our supply chains. We require suppliers who source from Bangladesh to either be active members of Nirapon or to support comparable efforts in place at the factory.
- **Cocoa.** Most of Kirkland Signature chocolate products derive from cocoa sourced sustainably, including some from Costco's [Sassandra Cocoa Program](#) in Côte d'Ivoire. Child labour, unfortunately, remains a persistent challenge in the cocoa industry. To combat this, Costco has implemented monitoring and remediation programs that span several years. When child labour instances arise, immediate remediation plans are set in motion for the affected families. These interventions encompass actions like building classrooms to boost educational access, issuing birth certificates to enable school attendance, supplying necessary school kits, raising community awareness about child-related dangers, and empowering women with resources and skills to uplift their families' well-being and education.
- **Conflict Minerals.** In response to human rights abuses associated with mining, Costco takes measures to exercise due diligence on the sourcing and chain of custody of tin, tantalum, tungsten and gold ("3TG"), and cobalt in products where we influence the manufacturing. Additionally, beginning in FY22, our compliance program broadened the conflict areas of concern beyond the Democratic Republic of Congo and adjoining countries to include all Conflict Affected and High-Risk Areas as defined by the Organisation for Economic Co-operation and Development. To support this work, 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 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](#).

- **Cotton.** The sourcing of cotton presents particular challenges with respect to forced labour around the world. We utilize a cotton supply-chain mapping program, which requires document verification, to further understand where the cotton in our apparel products originates (see our [Cotton Policy](#) for more details). The program covers Kirkland Signature apparel and home textile products. Restricted party screening is applied to the manufacturing entities involved in these supply chains to promote compliance with trade-sanction laws. As of FY22, the due diligence steps above have been supplemented by the broad application of product testing by [Oritain](#), which uses forensic testing to verify the origin of the cotton. Additionally, we continue to engage with the joint association (AAFA/NRF/RILA/USFIA) [Forced Labor Working Group](#), which consists of brands and trade associations, to share best practices and innovative approaches to mitigate forced labour risks, with a primary focus on apparel and home textile supply chains.
- **Fresh Meat.** In light of widely reported incidents of child labour in U.S. facilities, primarily related to employees of service providers (e.g. sanitation, janitorial, canteen, and security) contracted by the facility and often working overnight shifts, Costco began in FY23 to require an increased audit scope of select facilities in the U.S.; specifically, by including employees of service providers and observation of working conditions during overnight shifts. We plan to expand these efforts in FY24 in the U.S., with an emphasis on suppliers of Kirkland Signature products.
- **Fresh Produce.** Costco supports the [Equitable Food Initiative \(EFI\)](#), which is a fresh produce multi-stakeholder effort that includes farmers, suppliers, buyers and NGOs to improve labour practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. Costco has been the largest single investor/donor to EFI's development, with over \$2.5 million contributed since 2018. 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 labour 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 \$ 25.8 million. Costco and some of its fresh produce suppliers partner with [CIERTO](#), an independent third-party nonprofit that provides transparent, no worker-fee recruitment for farm workers in order to ethically and legally recruit farm labour for U.S. agricultural products. As a signatory of the International Fresh Produce Association's [Ethical Charter on Responsible Labor Practices](#), Costco joined a group of produce buyers and suppliers to launch the [Ethical Charter Implementation Program \(ECIP\)](#). Through an assessment tool and capacity building resources for growers, ECIP helps to measure and strengthen their alignment with the principles of the Ethical Charter. This program was launched on November 1, 2023.

- **Logistics.** We work with [Truckers Against Trafficking](#) to educate our fleet drivers, as well as other trucking service suppliers. We also understand that sex trafficking (including the commercial exploitation of children) occurs in the hospitality industry. We work with Costco Travel suppliers to bring awareness to this issue.
- **Palm Oil.** Costco is committed to ensuring that the palm oil contained in our Kirkland Signature products and component ingredients is responsibly sourced by requiring [Roundtable on Sustainable Palm Oil \(RSPO\)](#) certification. Among the many standards of RSPO is the respect for human rights, including the rights of indigenous people and local communities and their right to free, prior and informed consent, for community stakeholders impacted by expansion.
- **Paper Products.** A key principle of [Forest Stewardship Council® \(FSC\)](#) certification is to identify and uphold indigenous peoples' rights of ownership, use and management of land, territories and resources. Delegation by indigenous peoples of control over management activities to third parties, as well as protecting and utilising traditional knowledge and intellectual property, require a binding agreement between the certificate holder and indigenous peoples concluded through free, prior and informed consent. Costco accepts forest management certifications from three leading organisations: FSC, Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification (PEFC). Many of our Kirkland Signature paper products have FSC certification, including nearly 100% of

our bath tissue. Additionally, all of the register tape used in our U.S. and Canadian warehouses is FSC certified.

- **Seafood.** Costco helped establish and is an active member of the [Seafood Task Force \(STF\)](#), a collaboration tackling human rights and environmental issues in global shrimp and tuna supply chains. We support the Responsible Recruitment subgroup of the STF to advance the industry's efforts for responsible labour recruitment. The primary goal is to leverage the power of the STF's membership to build demand for responsible recruitment practices throughout member supply chains. Learn more about the STF's work on Responsible Recruitment on their website, including its [Guidance on Responsibility for Recruitment Related Costs](#), which is intended to guide the implementation of the STF Code of Conduct standard on recruitment and hiring-related costs. Additionally, to drive worker welfare across the tuna supply chain, see the STF's recently published [Grievance Mechanism Procedure](#) for vessel owners and fleets.

6.2.3 Grievance Mechanisms and Remediation

Below are a variety of ways we support suppliers, facilities and workers in our supply chain to help prevent, identify and/or remediate human rights concerns raised through audits or other means:

- **Grievance Mechanisms.** As noted above, we support the operation of certain grievance reporting mechanisms in high risk supply chains, and have our own ethics hotline to promote and monitor compliance. When we receive inquiries, we investigate appropriately. Depending upon the issue, we may work with suppliers directly or conduct independent third-party audits, and we may terminate our relationship with suppliers if appropriate remedial action is not taken. In FY23, grievances received included potential violations of our Supplier Code of Conduct, employee health and safety, wage and hour, working conditions, the alleged hiring of undocumented workers, and poor treatment of workers by management. The majority of these concerns were reported through our own Ethicspoint tool, with additional concerns reported via emails sent directly to employees of the Company. Where the allegations were substantiated, appropriate action was taken to remedy the situation. Remedies for reported concerns included back pay for workers who were not appropriately compensated for hours worked, safety improvements made to facilities in order to improve working conditions, and additional training for facility management on specific areas related to the concerns reported to Costco.

Ethics hotline KPIs in FY23

- 13 total human-rights related grievances were received regarding the treatment of workers across our supply chain. Each was addressed as noted above.

- **eLearning Lessons.** We continue to partner with LRQA to offer eLearning lessons (often in the local language). These web-based lessons educate suppliers and their facilities on human rights risks, including modern slavery. They also provide guidance to facilities on correcting specific audit violations. The most frequently used lessons cover Fire Safety, Working Hours and Health & Safety.

eLearning KPIs in FY23

- 1,882 Costco employees completed eLearning on the Code, and on defining, identifying and preventing forced labour and modern slavery (95% completion rate).
- 9,046 lessons were completed by suppliers and/or their facilities.
 - 470 lessons completed by Costco suppliers and/or their facilities on forced labor-specific topics, such as: Recognizing Forced Labor, Forced Labor Prevention for Factories, Forced Labor Due Diligence, Preventing Forced Labor during Recruitment, Working with Labor Brokers, Forced Labor Prevention for Farms, and Hiring and Working with Migrant Workers.

- **Corrective Action Plans (CAP).** We recognise that some suppliers will need assistance with compliance. For any supplier with an audit that reveals the need for improvement, Costco requires a CAP that includes a time frame for correcting each violation and often on-site re-audits to verify progress. Costco also offers access to capacity-building services that improve management systems to address the causes of violations and support the supplier's CAP completion.

7. Assessing the Effectiveness of our Actions

In our operations, as a measurement of engagement, Costco conducts a global employee engagement survey to obtain feedback concerning ethics, compliance and engagement. Survey results have indicated a high level of satisfaction by employees with their work environment. In FY23, the company moved from an annual survey to a biennial one, with the

next one slated for 2024. Where there are opportunities for improved engagement, Costco leadership is committed to taking action in those areas.

Additionally, we have consistently found that a vast majority of employees know how to access the various Open Door channels available if they have a workplace concern and feel equally comfortable doing so.

In our supply chains, Costco has joined multiple efforts to help improve the working conditions of people within our supply chains, including the numerous stakeholder engagements and industry initiatives described above. A key aspect of these engagements is the opportunity to periodically assess the effectiveness of our overall human rights due diligence approach, including mitigation of forced labour and modern slavery.

In addition, we have a number of KPIs to measure our progress on assessing and addressing risks of forced labour and modern slavery as described above under Due Diligence and Remediation. We plan to track progress with these KPIs going forward, year over year.

8. Process of Consultation in Developing this Statement

This Statement was developed by the Human Rights team within Costco's Global Sustainability and Compliance Department, with input from Legal and Human Resources Departments, as well as Costco Australia.

This Statement was approved by the Board of Directors of Costco Wholesale Australia, Pty. Ltd. as of February 13, 2024.

COSTCO WHOLESALE AUSTRALIA, PTY. LTD.

By: *Chris Tingman*

Chris Tingman, Managing Director

Statements contained in this document are aspirational and relate to the manner in which the Company currently intends to conduct certain of its activities, based on management's current plans and expectations. These statements are not promises, guarantees, or statements on which you should rely with respect to the

Company's conduct or policies, and are subject to a variety of risks and uncertainties, some of which may be material and/or beyond the Company's control. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update these statements, except as required by law.