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## Costco Wholesale Australia, Pty. Ltd. Modern Slavery Statement

### Contents

1. Statement Coverage.....	p.2
2. Introduction.....	p.2
3. Costco’s Structure, Operations and Supply Chain.....	p.2
4. Policies Related to Human Rights, including Modern Slavery.....	p.5
5. Risk-Identification of Modern Slavery Practices.....	p.6
5.1 Salient human rights risk mapping	
5.2 Human Rights and Environmental Impact Assessment	
5.3 Stakeholder engagement	
5.4 Grievance mechanisms	
5.5 Supplier screening and monitoring of human rights violations/incidents	
6. Actions Taken to Assess and Address Risks.....	p.8
6.1 Employee training & engagement	
6.2 Responsible purchasing practices surveys	
6.3 Monitoring of supplier performance through audits	
6.3.1 Audit outcomes	
6.4 Heightened due diligence for priority supply chains	
7. Remediation and Continuous Improvement.....	p.15
8. Assessing the Effectiveness of our Actions.....	p.17
9. Process of Consultation in Developing this Statement.....	p.17

## 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 1 September 2024. 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.<sup>1</sup> 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 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.

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<sup>1</sup> 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	614
Canada	108
Mexico	40
Japan	35
United Kingdom	29
Korea	19
Australia	15
Taiwan	14
China	7
Spain	4
France	2
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, tyres, 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:

- Petrol, pharmacy, optical, food court, hearing aids and tyre installation

Other Businesses:

- Ecommerce, business centers, travel and other

Below is an outline of Costco’s various governing bodies and their responsibilities:



With regard to human rights, including risks of modern slavery, business leaders across our enterprise 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, executives from all areas of the company 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
<a href="#">Human Rights Statement</a>	Sets out our commitment 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.
<a href="#">Code of Ethics</a>	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.
<a href="#">Supplier Code of Conduct</a> (“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. Among other things, 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, publicises Costco’s confidential and anonymous ethics hotline for reporting misconduct or policy breaches.
<a href="#">Conflict Minerals Policy</a>	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 knowingly buy or sell consumer goods containing these minerals that originate in the Democratic Republic of the Congo or its neighboring countries (i.e. “Conflict Region”) unless from a smelter or refiner that is certified “conflict free”. Additionally, while not required under the Act, we have expanded our due diligence efforts to include: (1) cobalt in addition to 3TG, and (2) the Conflict Affected and High-Risk Areas as defined by the Organisation for Economic Co-operation and Development in addition to the Conflict Regions.
<a href="#">Palm Oil Policy</a>	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 environmental and human rights guidelines.
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## 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](http://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 continue to leverage a variety of resources to identify the top risks, including modern slavery practices, and our capacity to prevent and mitigate them. Below is a summary of these efforts:

**5.1 Salient human rights risk mapping.** Following a formal assessment to identify our salient human rights risks,<sup>2</sup> we began working with [LRQA](#) on a process (leveraging their supply chain management tool, [EiQ](#)) to identify the specific product/sector and geography combinations where these salient risks are most likely to occur. This project will be followed by developing appropriate action plans.

**5.2 Human Rights and Environmental Impact Assessment.** 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 will further inform our program efforts.

**5.3 Stakeholder engagement.** We continue to engage with stakeholders who have expertise related to human rights in particular industries and regions of the world. These include but are not limited to non-governmental organizations, labour advocates, service providers, industry/trade associations and Costco’s suppliers.

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<sup>2</sup> 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; and Occupational Health and Safety Risks.

**5.4 Grievance mechanisms.** Grievance mechanisms are critical to our identifying potential forced labour violations. We support certain grievance reporting mechanisms in many 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 management at the facility with protection from 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](http://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.

**5.5 Supplier screening and monitoring of human rights violations/incidents.** 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. We also apply Denied Party Screening to suppliers in order to identify any forced labour-related or other sanctions against them.

From these efforts, we have identified the following region and product/sector combinations in our supply chains as prone to our salient human rights risks and most subject to our business leverage. (See below under “Additional actions for priority supply chains” for our evolving human rights due diligence in addressing these areas):

Region	Product/Sector	Salient Risk
Americas	Agriculture (coffee, sugar, tomatoes)	Child labour, forced labour, gender inequality, health and safety, indigenous peoples’/community land rights
	Food processing (meat packing, food manufacturing)	Child labour, forced labour, health and safety
Africa	Conflict minerals (i.e., tantalum, tin, tungsten and gold (3TG)) and cobalt	Child labour, forced labour, health and safety
	Cocoa	Child labour, forced labour, gender inequality, health and safety

Asia	Apparel, home textiles, cotton	Child labour, forced labour, gender inequality, health and safety
	Agriculture (cashew, palm oil)	Child labour, forced labour, health and safety, indigenous peoples'/community land rights
	Seafood (shrimp, tuna)	Child labour, forced labour, health and safety

## 6. Actions Taken to Assess and Address Risks

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 assess and address human rights risks:

**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, we began to deploy an eLearning course to employees of merchandising teams to provide further education on the definition and common indicators of forced labour and modern slavery. 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. Between FY23 and FY24, the course was taken by a total of 3,378 out of 3,450 employees from our global merchandising teams, resulting in a 97% course completion rate.

In FY23, Costco's team responsible for the day-to-day management of the Code's facility audit program underwent a foundational 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 the team's 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. To build upon this, in FY24, this team engaged in continuing education with eLearning courses from LRQA. These courses covered topics on human rights, supplier management, forced labour, young workers and child labour, migrant workers, grievance mechanisms, harassment and abuse, health and safety, and many others. Additionally, members of this team periodically attend third-party audits against the Code to learn from the auditors and experience the process first-hand.

**6.2 Responsible purchasing practices surveys.** In FY24, Costco partnered with Better Buying™, a nonprofit 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.

**6.3 Monitoring of supplier performance through audits.** Our ongoing risk assessment process informs our approach to targeting audits of supplier facilities either against the Code standards or comparable standards approved by Costco. We prioritize suppliers of Kirkland Signature merchandise and suppliers whose product or country of origin poses an increased risk.

In FY24, 6,288 independent third-party audits were conducted in 79 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 violations require onsite verification. For suppliers that are in full compliance, subsequent audits may be less frequent.

Of the 6,288 independent third-party audits conducted, 4,364 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 1,924 reports accepted in FY24. 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.

**6.3.1 Audit outcomes**

Below are results of the audits conducted against the Code’s standards from our last two fiscal years.

Supplier audits against the Code Key Performance Indicators (KPIs)	FY24	FY23 <sup>3</sup>
High Performance grades	198	180
Intermediate Performance grades	2,530	2,382
Low Performance grades	1,192	1,087
Critical grades	444	416

<sup>3</sup> We updated our audit count methodology to reflect updated scoring and to include only Code of Conduct facility audits.

Critical Violations involving a forced labour indicator, such as the retention of employees' original documentation, fees charged to foreign/recruited workers, mandatory overtime hours, etc.	73	56
Critical Violations involving employees under the legal working age.	1	4

All audits against the Code are graded 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."

Our policy is that 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 2024.

#### **6.4 Heightened due diligence for priority supply chains**

Costco addresses a number of its salient human rights risks through selective initiatives and stakeholder engagement in promoting 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](#) and the [International Accord](#) 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 one of these organizations 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 and gender inequalities, unfortunately, present persistent challenges in the cocoa industry. Our goals through the Sassandra Program are to address these and other important issues through: child labour monitoring and remediation programs; better education through new classrooms and basics such as school kits; and resources that help women in the communities. For more details on the Sassandra Program, including efforts to provide child protection, and gender equity and financial resilience, review the [Côte d'Ivoire Report](#).
- **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. The scope of our compliance program also includes 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. We also frequently apply 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.
- **Food Processing.** 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 requires 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. With an emphasis on suppliers of Kirkland Signature products, 223 audits have been conducted with this increased audit scope; 128 of which were conducted in FY24. Subsequently, 13 facilities and/or their contract labor or service providers have completed further review and training provided by [Guidepost Solutions](#) as a result of audit concerns related to documentation of their employees.
- **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 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 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 \$32.4 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 and suppliers, ECIP helps to measure and strengthen their alignment with the principles of the Ethical Charter. In FY24, 261 direct Costco suppliers representing 790 growers joined ECIP.

- **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 progress on Responsible Recruitment on their [website](#), which includes scores and milestones. Also available is the STF's [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 published [Grievance Mechanism Procedure](#) for vessel owners and fleets.

## 7. Remediation and Continuous Improvement

Below are a variety of ways we support suppliers, facilities and workers in our supply chain by providing or facilitating remediation of human rights concerns raised through audits or other means:

- **Grievance mechanisms.** When we receive grievances, 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 FY24, grievances received included potential violations of our Supplier Code of Conduct, employee health and safety, wage and hour, poor working conditions, the alleged hiring of undocumented workers, poor treatment of workers by management, and the involvement of prison labor. 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 payment of severance owed to workers, 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.

Grievance reporting KPIs	FY24	FY23
Human-rights related grievances investigated and addressed as noted above	12	13

- eLearning lessons.** We continue to partner with LRQA to offer our suppliers web-based eLearning lessons (often in the local language) to educate them and their facilities on human rights risks, including modern slavery. We offer specific lessons based on certain human rights risks associated with the facility’s location, in advance of our audit, as well as lessons that provide guidance to facilities on correcting specific audit violations. The lessons most frequently taken cover fire safety, working hours health and safety, and recognizing signs of forced labor.

eLearning KPIs	FY24	FY23
Lessons completed by Costco suppliers and/or their facilities.	12,509	9,046
Lessons completed by Costco suppliers and/or their facilities on forced labour-specific topics, such as: Recognizing Forced Labor, Forced Labor Prevention for Factories, Forced Labor Due Diligence, Preventing Forced Labor during Recruitment, Forced Labor Prevention for Farms, and Hiring and Working with Migrant Workers.	1,340	470

- 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.

## **8. Assessing the Effectiveness of our Actions**

In our operations, Costco conducts a biennial 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. 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 our salient human rights risks, including forced labour and modern slavery, as described above in sections 6 and 7. We plan to continue tracking progress with these KPIs year over year, and making appropriate adjustments to our due diligence efforts as we continue to learn and risks continue to evolve.

## **9. 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 25, 2025.

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.