

Modern Slavery Act Transparency Statement

This is the annual statement of Costco Wholesale UK Limited and Costco Online UK Limited (collectively, “Costco UK”) in respect of their financial year ending 31 August 2020. This is a slavery and human trafficking statement prepared and published pursuant to the Modern Slavery Act of 2015.

Costco UK is a part of an international group headquartered in the United States (“Costco”). A significant part of our merchandise, including many private label products (Kirkland Signature™), is sourced by our US parent company. Costco has adopted global policies to promote the welfare of workers in its supply chains. Costco UK utilizes Costco’s centralised compliance function to handle the audit functions referred to in this statement.

SUPPLIER CODE OF CONDUCT

Costco has a supplier Code of Conduct (the “Code”) that prohibits human rights abuses in its supply chain. This Code is global in its scope, and applies to all suppliers and their facilities, as well as our manufacturing facilities. It is derived in substantial part from the policies, standards, and conventions of the United Nations and the International Labour Organization, as well as other leading independent standards such as the Responsible Business Alliance and Worldwide Responsible Accredited Production. Practices such as human trafficking, physical abuse, restricting freedom of movement, confiscation of passports and other documentation, unsafe work environments, failure to pay adequate wages, excessive or forced overtime, illegal child labour, and many other aspects of worker welfare are addressed by the Code. By signing Costco’s supplier agreement, the supplier warrants compliance with the Code, including by its sub-suppliers. We may acknowledge and accept a supplier's code as equivalent to our Code.

SUPPLY CHAIN RISK ASSESSMENT

Because of the number of suppliers to Costco, the frequent rotation of suppliers and their geographic dispersion, it is impractical to audit on an ongoing basis to confirm that all suppliers are in compliance with all aspects of our Code. Nor would such an approach be sustainable under the company’s lower overhead structure. We place a very high priority on audits in respect of Kirkland Signature merchandise. With respect to other merchandise, we follow a risk-based approach with respect to targeting audits and otherwise seeking to confirm compliance, which is based upon several factors including the following indices: the US Department of Labor List of Goods Produced by Child Labor or Forced Labor, the US State Department Trafficking in Persons Report, and the World Bank World Governance Indicators.

To support our risk assessment work, we partner with a leading risk-analytics firm to analyze political, human rights, economic and environmental risk indices as they apply to our supply chains.

VERIFICATION

In our fiscal 2020, over 4,200 independent third-party audits were conducted. For facilities 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.

All audits are required to be conducted by a member of the Association of Professional Social Compliance Auditors (ASPCA). 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 those performing independent social compliance audits.

Audits reveal that some suppliers will need assistance to come into full compliance with our Code. For them, Costco requires Corrective Action Plans, followed by re-audits. Costco also offers other capacity-building services that seek to improve management systems and address root causes of failures. Costco generally prefers to work with suppliers and their facilities to correct Code violations rather than apply sanctions (such as termination) that may cause hardship to workers and their families. Depending on the severity or lack of remediation, we reserve the right to terminate our relationship or particular transactions with a supplier. These terminations have occurred infrequently.

COVID-19

With regard to worker safety, in fiscal 2020 we incorporated a COVID-19 Preparedness Observations Checklist in each of our on-site audits. This has helped educate suppliers on best practices for protecting their workforce and assess suppliers' alignment with that guidance. Where circumstances have restricted the ability to conduct independent on-site audits, we offer suppliers a self-assessment (including a remote review of documentation) and worker survey.

EMPLOYEE ENGAGEMENT

In 2020, Costco continued our programs to educate our employees on the importance of our Code through updated training and in-person seminars to review our Code requirements.

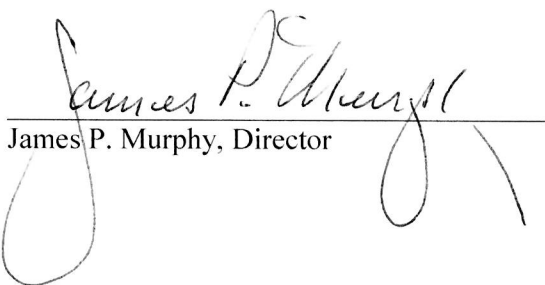
Costco has considered the possibility of risks arising in relation to Costco UK operations in the UK, as well as risks connected with product supply chains. Costco UK directly employs a very high proportion of its UK workforce and is committed to observance of UK employment laws. In those cases where Costco UK relies on outside service providers, they are contractually required to comply with UK employment law.

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 utilize Costco's whistle-blower site: www.costco.ethicspoint.com.

For further details on the above policies and programs, including a copy of our Supplier Code of Conduct, please review the Human Rights page of our Sustainability Commitment: <https://www.costco.com/sustainability-human-rights.html>

Approved: November 27, 2020

COSTCO WHOLESALE UK LIMITED
COSTCO ONLINE UK LIMITED


James P. Murphy, Director