

Human Rights



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



Introduction: Our Commitment to Human Rights

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

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

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

In 2023, Costco conducted a range of initiatives to more closely align our work with the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#). This section provides an update on our ongoing efforts to strengthen our human rights work across our operations and in our supply chain. We look forward to further advancing this work in 2024.

Stakeholder Engagement & Risk Assessment

In the spirit of continuous improvement, we recently partnered with ELEVATE (now known as [LRQA](#)) to complete the following multi-step process to inform our Human Rights Statement:

- **Stakeholder mapping** of 60-plus organizations with relevant expertise in the geographies and sectors where Costco operates and/or sources our merchandise.
- **Selected stakeholder interviews** with a subset of the mapped stakeholders to strengthen our understanding of key human rights factors that could affect our work.
- **Salient risk assessment** to identify the highest potential risks to human rights as a result of Costco's activities or business relationships. This assessment included the review of stakeholder feedback alongside a variety of additional data sources, as well as an internal validation process.

Salient Human Rights Risks

From our salient risk assessment, we identified the five most salient human rights risks, below, related to our business. While these issues may occur anywhere along the value chain, we recognize they will have the greatest likelihood of occurring in our supply chain.

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

Our human rights due diligence work will be guided by and focused on these salient risks.



Our Employees

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

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

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



Our Communities

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

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

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

Our Supply Chain



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

Our suppliers, for example, are vital to our success in these efforts. As part of a shared commitment to respecting and upholding human rights, Costco expects its suppliers, including Costco-owned manufacturing facilities, to adhere to its [Supplier Code of Conduct](#) ("the Code"), and to provide the Code and our Human Rights Statement to all other business relationships throughout the supply chain.

Additionally, our collaboration with multi-stakeholder coalitions is key to shaping our response to our salient human rights risks.

Our Supplier Code of Conduct

The Code was established to protect the human rights and safety of the people who produce, process, harvest and transport the products we sell, while recognizing and respecting cultural and legal differences found worldwide. To this end, Costco:

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

Selected Partnerships & Initiatives

Moving forward, Costco will center much of its human rights work, including our partnerships, around the salient risks we identified.

Some examples of this work currently taking place include:

- Costco helped establish and is an active member of the [Seafood Task Force \(STF\)](#), a collaboration tackling human rights and environmental issues in the seafood industry. Exploitation of workers, including migrant workers, is prevalent in the seafood industry, with much of the risk taking place throughout the recruitment process. Costco works with STF's Responsible Recruitment Oversight working group to advance the industry's efforts for responsible labor recruitment. For more information on STF, see "Seafood & Aquaculture" in our [Merchandising section](#).
- Seasonal migrant workers in the United States' agricultural sector often face forced labor and exploitative recruitment processes. Costco and some of its fresh produce suppliers partner with [CIERTO](#), a nonprofit that provides transparent, no worker-fee recruitment for farm workers in order to ethically and legally recruit farm labor for U.S. agricultural products.
- In response to human rights abuses associated with mining, we adopted a [Conflict Minerals Policy](#). To further address risks in the mining sector, Costco joined the [Responsible Minerals Initiative \(RMI\)](#), which helps companies address responsible sourcing of minerals used in many consumer products. We use the RMI's Conflict Minerals Reporting Template and Extended Minerals Reporting Template to trace the supply chain, and the RMI's Responsible Minerals Assurance Process and database to monitor smelters and refiners in our supply chain that are likely to supply minerals of tin, tantalum, tungsten and gold ("3TG") and cobalt. Costco also leverages its membership in RMI to learn about emerging issues and best practices on responsible mineral sourcing, and to work on addressing shared challenges. More information can be found in our [Form SD](#) and [Conflict Minerals Report](#).

- Costco is part of a fresh produce multi-stakeholder effort, [Equitable Food Initiative \(EFI\)](#), that includes farmers, suppliers, buyers and NGOs to improve labor practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. EFI provides workers and managers with training on conflict resolution and problem-solving strategies, as well as on pesticide safety and personal protective equipment. Costco pays a premium for EFI-certified produce, to directly compensate farmworkers for the extra effort they provide in meeting EFI's rigorous standards. In addition to investing \$2.5 million to EFI's development, Costco has paid over \$21 million in premiums since 2014, generating nearly \$19 million in worker bonuses.
- Costco and several of its produce suppliers support a program with [Fair Trade USA](#), which directly engages with farmworkers to promote sustainable incomes, safe working conditions, responsible labor recruitment, environmental stewardship and transparent supply chains. For every Fair Trade Certified™ product sold, farmers and workers earn an additional amount of money, empowering them to improve their lives and fight poverty. Since 2014, the total amount raised from Costco's Fair Trade Certified produce purchases is \$25.8 million.

Other Key Partnerships

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

- [Nirapon](#)
- [Responsible Labor Initiative](#)
- [Labor Mobility Partnerships \(LaMP\)](#)
- [Truckers Against Trafficking](#)



Additionally, for more information on our efforts to mitigate the risks of forced labor and modern slavery, below are links to our Modern Slavery statements:

- [Australia Modern Slavery Act Statement](#)
- [California Transparency in Supply Chain Act Disclosure](#)
- [UK Modern Slavery Act Statement](#)

Remediation & Capacity Building

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

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

To help educate suppliers on human rights-related topics and provide guidance on correcting Code violations, we continue to offer eLearning video lessons. These web-based lessons (often in the local language) give Costco suppliers tools to continuously improve. In FY23, 9,046 lessons were completed by suppliers and/or their facilities. The most frequently used lessons cover the categories of Working Hours, Health & Safety and Fire Safety.

