



Modern Slavery 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 2018. 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, 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.

Costco has a supplier Code of Conduct (the "Code") that prohibits human rights abuses in its supply chain. 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.

To evaluate compliance, Costco arranges for the audit of certain facilities of selected suppliers, with an emphasis on suppliers of private label merchandise and suppliers whose product or country of origin poses an increased risk. Audits are performed by independent third-parties who specialise in social responsibility audits. While Costco retains the right to conduct unannounced audits, as a practical matter, some minimum notice is given to comply with security concerns and to allow the supplier to collect records that are reviewed during the audit. Sub-suppliers generally are outside the scope of the audit. The size and complexity of Costco's business means that Costco's approach to evaluation of compliance cannot be exhaustive, but in financial year 2018, Costco completed over 3,000 facility audits, inclusive of suppliers who supply Costco operations around the world. We continue to learn about the risks associated with modern slavery and human trafficking and to develop and refine our systems in response to this.

Costco also participates in industry initiatives that monitor and promote compliance with human rights issues and concerns consistent with Costco's Code, such as the Equitable Food Initiative, the Alliance for Bangladesh Worker Safety, the Seafood Task Force, and the Responsible Labor Initiative.

Unfortunately, violations of our Code still occur. When we discover a violation, we respond in a manner commensurate with the nature and extent of the violation. Certain violations may result in immediate remedial action, including termination of the business relationship. Depending on the

circumstances, we may allow a supplier reasonable time to develop and implement a plan for remediation. In those instances we conduct follow-up audits to monitor progress.

In general, Costco prefers working with the supplier to correct violations rather than immediately terminating the relationship. Termination is unlikely to correct the underlying issue and may cause hardship to workers and their families who depend upon the employment. However, if the supplier fails to make satisfactory progress toward improvement, we will cease our business relationship with that supplier.

Members of Costco's buying team who manage supplier relationships will continue to be provided with in-person and online training. The training covers the Code and its importance to Costco's business and to the workers who produce the merchandise we sell.

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.

Approved: December 3, 2018

COSTCO WHOLESALE UK LIMITED
COSTCO ONLINE UK LIMITED



James P. Murphy, Director