

Costco Wholesale Corp.

TICKER

NasdaqGS:COST

MARKET CAPITALIZATION

US\$86 billion

HEADQUARTERS

United States

COMPLIANCE

UK Modern Slavery Act: [Statement of subsidiary available, but not compliant](#)

California Transparency in Supply Chains Act: [Yes](#)

COMMITMENTS

[None](#)

OVERALL RANKING

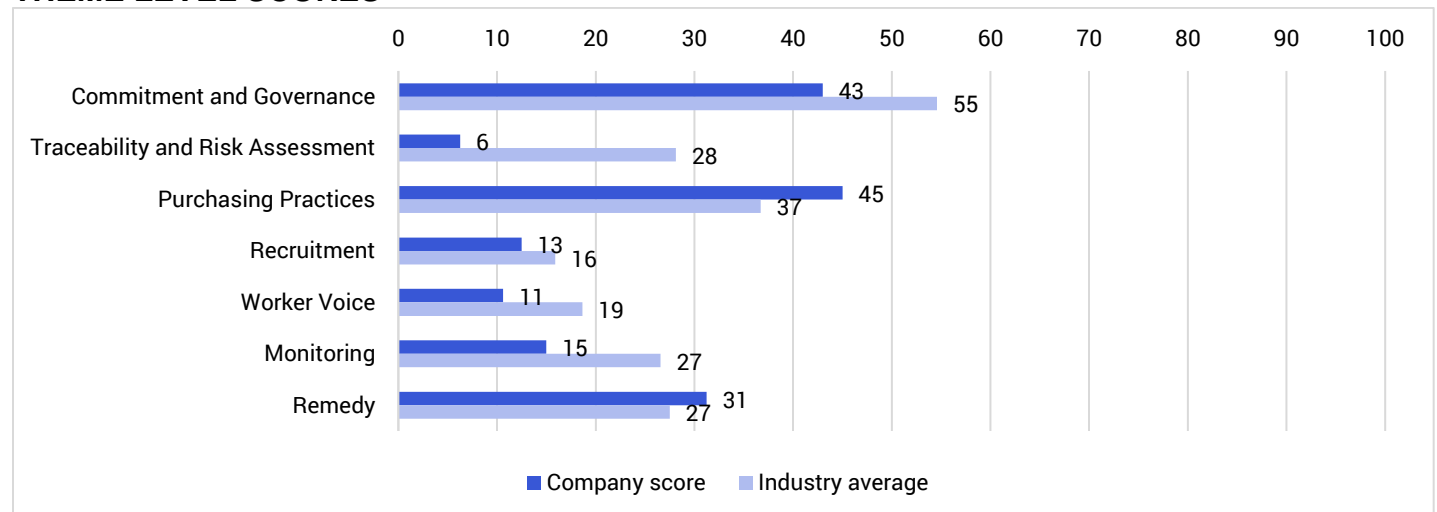
22 out of 38

OVERALL SCORE

23 out of 100

SUMMARY

Costco Wholesale Corp. (Costco), which operates membership warehouses that offer dried and packaged foods, sundries, and fresh foods, ranks 22nd out of 38 companies. It discloses less information on its forced labor policies and practices than its peers. The company scores higher than average on the themes of purchasing practices and remedy but lower than average on all other themes. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company did not provide a public response to the allegation nor describe steps it has taken to address the allegation. The company has an opportunity to improve its performance and disclosure on the themes of traceability and risk assessment, recruitment, and worker voice.

THEME LEVEL SCORES


Research conducted through March 2018, or through June 2018 where companies provided additional disclosure or links. For more information, see the full dataset [here](#).

LEADING PRACTICES

None.

NOTABLE FINDINGS

Stakeholder Engagement: Costco reports that it is an active member of the Seafood Task Force, which addresses labor practices on Thai fishing vessels. As a member of the Task Force, the company is required to participate in at least one working sub-group.

Purchasing Practices: Costco discloses that, in collaboration with some of its produce suppliers, it supports a program with Fair Trade USA through which it engages with farm workers to provide training on labor rights and provides Fair Trade premiums to help cover workers' cost of living.

Corrective Action Plans: Costco discloses that the nature of the violation found at a supplier site determines the remediation process. It notes that critical violations require immediate remediation efforts. The company states that it conducts follow-up audits with suppliers to verify if issues have been corrected. Costco discloses that it prefers to work with a supplier on corrections of violations rather than terminating the relationship immediately, for this consequence will not correct the underlying issue and may cause hardship to workers and their families. However, it notes that if a supplier fails to make satisfactory progress, it will eventually lead to termination.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: While the company discloses steps taken to trace its fish supply chains, to demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of first-tier suppliers, the countries of below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor, and information on its suppliers' workforce. The company is encouraged to assess and disclose forced labor and human trafficking risks in different tiers of its supply chains.

Recruitment: To avoid the exploitation of migrant workers in its supply chains, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored and to provide details of how it supports ethical recruitment in its supply chains (for example, by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

Worker Voice: To support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices in relation to freedom of association and collective bargaining and to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[No.](#)