

Costco Wholesale Corp.

TICKER
NAS:COST

MARKET CAPITALIZATION
US\$96 billion

HEADQUARTERS
United States

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS
None

California Transparency in Supply Chains Act: Yes

OVERALL RANKING

21 out of **43**

([2018 Rank](#): 22 out of 38)

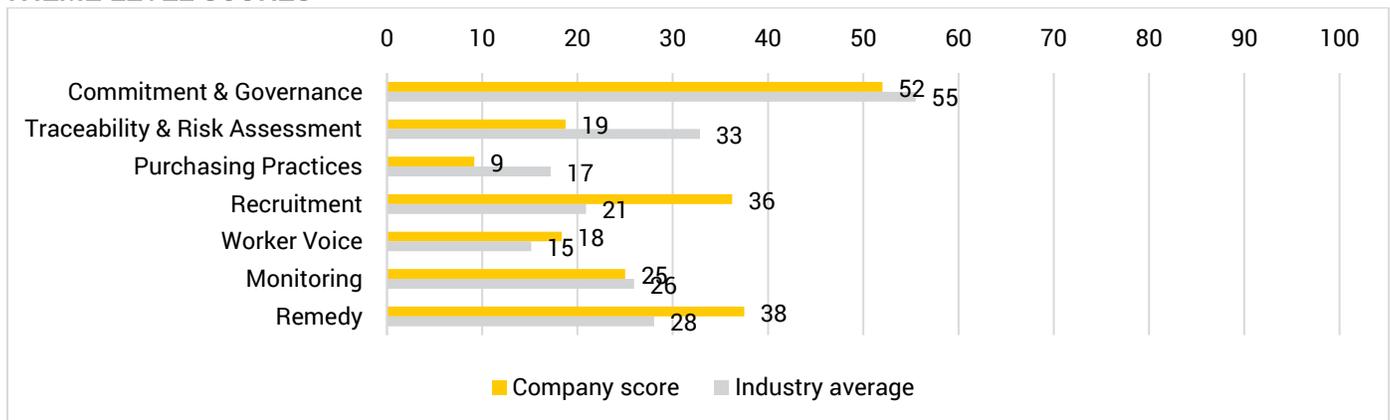
OVERALL SCORE

28 out of **100**

SUMMARY

Costco Wholesale Corp. (Costco), which operates membership warehouses selling food goods and sundries and is among the ten largest global retailers,¹ ranks 21st out of 43 companies, disclosing about the same amount of information on its forced labor policies and practices as its peers. Since 2018, Costco has improved its score by five points by disclosing further detail on its monitoring process and a partnership with its suppliers and a non-profit focused on responsible recruitment. Costco scores higher than average on the themes of Recruitment and Remedy and lower than average on all other themes. KnowTheChain identified one allegation of forced labor in Costco's supply chains; the company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. It is encouraged to improve on the themes of Commitment & Governance, Purchasing Practices, and Worker Voice.

THEME-LEVEL SCORES



Research conducted through February 2020 or through May 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS
SUPPLIER LIST

No

NO-FEE POLICY

Yes

SUPPORTS FREEDOM OF ASSOCIATION

No

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK COMMODITIES

 Coffee, corn, shrimp, and others²
ADDRESSES FORCED LABOR RISKS RELATED TO THIRD-PARTY PRODUCTS

No

LEADING PRACTICES

Monitoring and Responsible Recruitment: Costco reports that the company and its suppliers have begun partnering with the non-profit CIERTO, which it states “provides transparent, no worker-fee recruitment for farm workers” in US agricultural products.

NOTABLE FINDINGS

Stakeholder Engagement: The company discloses that it is a member of the Seafood Task Force, a multi-stakeholder initiative that addresses the risks of forced labor in Thai seafood supply chains, and participates in a subgroup focusing on responsible labor recruitment. It also reports that it works with Truckers Against Trafficking for its fleet drivers and service suppliers.

Worker Engagement: Costco discloses that it works with Fair Trade USA, along with some of its suppliers, on a program that directly engages farmworkers, including training for farmworkers on their labor rights.

Corrective Action Plans: Costco states that its suppliers must implement corrective actions when non-compliances are identified. It reports that it prefers to work with suppliers to implement corrective actions “rather than apply sanctions that may cause further hardship to workers and their families.” It states that it offers capacity building to suppliers to address root causes. The company states it will re-audit to verify corrective actions.

OPPORTUNITIES FOR IMPROVEMENT

Commitment & Governance: The company is encouraged to establish and disclose a managerial structure with clear responsibilities and accountability for the implementation of its supply chain policies and programs relevant to human trafficking and forced labor, both within the company and at the board level. Further, the company may consider establishing training programs to ensure that relevant decision-makers in its supply chains are aware of the risks related to forced labor and are effectively implementing the company’s policies.

Purchasing Practices: The company is encouraged to assess risks of forced labor at potential suppliers before entering into contracts with them. It is further encouraged to adopt responsible purchasing practices (such as ensuring prompt payment) and provide procurement incentives (such as price premiums or longer-term contracts) to its first-tier suppliers to encourage or reward good labor practices.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with its suppliers to improve their practices regarding 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.

ENGAGED WITH KNOWTHECHAIN

Informal (i.e., engaged outside the formal three-month engagement period).

¹ Forbes (13 May 2020), "[The world's largest retailers 2020: Walmart, Amazon increase their lead ahead of the pack.](#)"

² The US Department of Labor lists these commodities as commodities that may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor.](#)"