



UK GENDER PAY GAP REPORT - April 2023

Inline with Government legislation making it mandatory for organisations with 250 or more employees to report annually on their gender pay gap and as HR Director for Costco Wholesale I am responsible for publishing our gender pay gap information.

Our commitment to creating an inclusive workplace where diversity can thrive

As part of our Diversity and Inclusion policy we strive to empower our workforce and strengthen our culture by creating an environment where all employees feel a sense of belonging — that they are accepted, included, respected and supported because of who they are.

One of main policies within the Diversity and Inclusion policy is to demonstrate leadership commitment to equity through consistent communication, education and support of diversity and inclusion initiatives within the organisation. It has always been Costco policy that employees deserve an environment free from all forms of unlawful employment discrimination.

All decisions regarding recruiting, hiring, promotion, assignment, training, termination, and other terms and conditions of employment will be made without unlawful discrimination on the basis of race, color, national origin, ancestry, sex, sexual orientation, gender identity or expression, religion, age, pregnancy, disability, work-related injury, covered military or veteran status, political ideology or expression, genetic information, marital status, or other protected status.

Costco's philosophy of creating an inclusive and respectful workplace is part of our goal to ensure that everyone feels included and respected in all aspects of our business. We know that embracing differences is important to the growth of our company as it leads to opportunities, innovation and employee satisfaction.

There are four main sections of our Diversity and Inclusion strategy involving Inclusion - empowering our workforce and strengthening our culture by creating an environment where all employees feel a sense of belonging. Supporting this with committed leadership and consistency in our communication, education and support initiatives within our organisation. Employee Development - ensuring all employees have access to training, education and opportunities for career development and advancement. Encourage all our leaders to continue to teach, mentor and sponsor employees and encourage employees to participate. Community and Supplier Diversity - the communities that we operate reflect the diversity of our workforce and the suppliers we do business with have the ethical and diverse approach with their own workforce.

Recently, we have taken the step to appoint a Chief Diversity Officer. Who reports directly to the CEO of Costco Inc but has a global responsibility. The CDO, along with Costco's Inclusion Committee, with oversight from the company's executive Diversity Advisory Committee, has developed a Diversity, Equity & Inclusion strategy that outlines Costco's commitment to its members, employees and suppliers. The strategy is built on four pillars: Inclusion, Employee Development, Communities and Supplier Diversity. The role of the CDO is to support the advancement of inclusion at Costco, the growth of a diverse

employee base, our relationships in the communities where we do business, and an increase in our base of diverse suppliers.

We continue to conduct business following our Code of Ethics - Obey the Law, Take care of our Members, Take care of our Employees and Respect our Suppliers in all aspects of our business with diversity and inclusion continuing to reflect our continuous recruitment for the role irrespective of gender. We maintain our workforce with no less than 50% of the employees in each location achieving a full time (40 hours) status, which allows flexibility and a balance of work / life for all employees. At the time of this report we have 53% of our employees working full time and including salaried this figure increases to 60% .

Our Gender Pay Gaps

The majority of our workforce are representative of the communities where we do business and it is our ambition to achieve this in all 29 warehouses, a distribution depot and Head Office in the UK. We closely monitor demographic data at all levels across the organization. Among Costco's global workforce, 53.5% identify as male and 46.5% as female. In Supervisor/Manager positions in our global operations, 62.5% identify as male and 37.5% as female.

The gender pay gap shows the difference in the average pay between all men and women in our workforce, this is different to equal pay. Equal pay deals with the pay difference between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman. Costco believes in transparency in all aspects of their pay rates and it is the role that attracts the salary and benefits, which are the same base level irrespective as to whether they are male or female.

This year we are pleased to report that our pay gap remains smaller than the national average of 7.9% , with Costco reporting a 3.8% difference. As a result of an internal audit we have discovered a technical error in our calculations for previous years and have submitted revised figures of 5.2% for 2020 and 3.2% for 2021.

The period reporting is Tax Year 2021/2022 and for 2022 salaries we used a snapshot data on 5th April 2022, the relevant pay period was 4th to 17th April 2022. For bonuses we used the period 6th April 2021 to 5th April 2022, the 12 months before the snapshot of salaries:

- In Costco UK at the time of the report we had 7,991 employees
- We have 6,970 hourly employees
 - 3,388 female (48.61%)
 - 3,582 male (51.39%)
- We have 1021 salaried employees
 - 381 female (37.32%)

	2020	2021	2022
Mean Gender Pay gap	5.2%	3.2%	3.8%
Median Gender Pay gap	1.9%	0.5%	1.2%
Mean Bonus Gender Pay gap	54%	45.9%	47.6%
Median Bonus Gender Pay gap	14.5%	14.1%	20.1%

Proportion of males receiving bonus payment	67.3%	74.5%	72.9%
Proportion of females receiving bonus payment	65.5%	70.5%	68.2%
Proportion of males in lower quartile	51.3%	57.4%	54%
Proportion of females in lower quartile	48.7%	42.6%	46%
Proportion of males in lower middle quartile	58.5%	59.2%	59%
Proportion of females in lower middle quartile	58%	40.8%	41%
Proportion of males in upper middle quartile	58%	53.9%	55.5%
Proportion of females in upper middle quartile	42%	46.1%	44.5%
Proportion of males in upper quartile	64.1%	63.5%	61.1%
Proportion of females in upper quartile	35.9%	36.5%	38.9%

Explanation of figures reported:

- There is reported change year on year due to nuances in the reporting requirements and improvements in the diversity of our employees but particularly within our salaried employees.
- As a membership cash and carry warehouse the sector has historically attracted a higher proportion of male employees as a result of the perception of the roles and working conditions.
- Our recruitment policy is to recruit the right skill set for the role, there is no discrimination with regard to gender, age, ethnic background, disability. We have an Equal Opportunity policy and adhere to this within all aspects of our business. Our Hire for Success programme focuses on behaviour rather than skill - the right person for the job and then we can train them
- We value length of service as an integral part of people development which is reflected in the diverse nature of the salaries paid for the same role. Consequently any newly appointed management positions will be remunerated at an entry level rate which is the same for male and female and within clearly defined bandings.
- Performance of either the location or department has a direct impact on potential to earn bonus within salaried positions, however hourly bonus payments are not performance related but length of service and are guaranteed payments for all hourly employees who have reached the appropriate length of service.

Sue Knowles
31st March 2023