



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 2017. 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. Human trafficking, physical abuse of workers, restricting workers' freedom of movement, confiscation of passports and worker documentation, unsafe work environments, failure to pay adequate wages, excessive and/or forced overtime, and illegal child labour are among the practices prohibited by the Code. Costco's suppliers of record contractually agree to follow the Code, and to ensure that their sub-suppliers also comply. Infrequently, Costco may acknowledge and accept a supplier's code as equivalent to Costco's 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 merchandise from high risk jurisdictions and industries. Audits are performed by independent third-parties who specialise in social responsibility audits. While Costco retains the right to conduct unannounced audits, some notice is generally given to comply with security concerns and to allow the supplier to collect records for 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 2017, 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, and the Seafood Task Force.

Costco responds to violations of its Code, of which it learns, in a manner commensurate with the nature and extent of the violation. "Critical violations" are considered serious enough to require immediate and decisive remedial action and may result in the termination of the business relationship. For less serious violations, Costco allows the supplier reasonable time to develop and implement a plan for remediation. Costco conducts follow-up audits to monitor progress to the extent the supplier has a continuing relationship with Costco.

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. Failure to make satisfactory progress toward improvement will lead to termination.

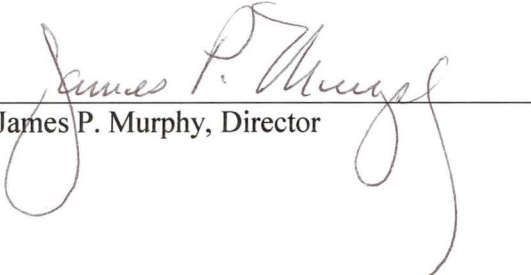
Members of Costco's buying team who manage supplier relationships are provided with in-person training. The training covers the Code and its importance to Costco's business and to the workers who produce the merchandise we sell.

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 required to subscribe to Costco's Code, to protect the workers' rights and safety of the people they employ.

Costco encourages anyone, within or without the company, who is aware of violations of the law or its Code to notify management, Costco's Code of Conduct Compliance team or utilize Costco's whistleblower site: www.costco.ethicspoint.com.

Approved: December 6, 2017

COSTCO WHOLESALE UK LIMITED
COSTCO ONLINE UK LIMITED


James P. Murphy, Director