

Section 172 statement

The Group are ultimately owned by Costco Wholesale Corporation, ('Costco Wholesale') a Company incorporated in the United States of America, and generally abides by Costco Wholesale's policies and procedures.

The directors' of the Group must act in accordance with their duties under section 172 of the UK Companies Act 2006, including a duty to promote the success of the Company for the benefit of its shareholders as a whole.

Our governance framework is based upon Costco Wholesale's Code of Ethics, which underlies our culture, value and relation with all our stakeholders - members, employees, suppliers and shareholders. The directors of the Company use these guiding principles in their day to day decision making and in implementing our corporate strategy. The following table describes the five elements of our Code of Ethics and how the directors have fulfilled their duties during the period.

Stakeholder	Relevant code of ethics	Their interests	How we engage
All	Obey the law	Various	<p>We must conduct our business in compliance with the laws of every community in which we do business. Our internal policies and procedures incorporate such laws in our day to day operations. Regular monitoring and compliance audits are conducted to support such policies and procedures and prompt action is taken by directors over known deficiencies.</p> <p>All employees, directors and officers are expected to promptly report both actual and suspected violations of the law or our Code of Ethics via our Open Door Policy and Ethicspoint, our confidential reporting tool, which can also be used by our suppliers, members, and others.</p>
Members	Take care of our members	Range and product availability Competitive prices Timeliness Ease of website and online shopping experience Customer service	<p>Our members pay a membership fee to shop at Costco. We strive to provide top quality merchandise and service at low prices. We welcome our members as guests in our business by providing a safe and pleasant shopping environment. We regularly engage with our members via various channels, such as marketing literature, our website, the Costco Connection magazine, and through member feedback in our warehouses.</p>

Principal risks and uncertainties

Employees	Take care of our employees	<p>Fair remuneration and benefits</p> <p>Training, development and career progression</p> <p>Health and safety and working conditions</p> <p>Diversity and inclusion</p> <p>Human rights</p>	<p>Our employees are our most important asset. We believe we have the best employees in the industry, and we are committed to providing them with competitive pay and benefits, offering rewarding careers and providing opportunities for personal career growth. Our employee agreement represents a strong commitment to fairness, consistency and open lines of communication with all employees. Directors, supported by the human resources department, regularly meet to discuss and monitor adherence to the employee agreement.</p> <p>Further detail about employee engagement is included under the employee engagement and consultation section of this report.</p>
Suppliers	Respect our suppliers	<p>Success of the business</p> <p>Supply chain and logistics</p> <p>Anti-bribery and corruption</p> <p>Human rights and modern slavery</p> <p>Long term partnerships</p> <p>Responsible sourcing requirements</p> <p>Audits</p> <p>Terms and conditions</p> <p>Payment terms</p>	<p>Our suppliers are partners in business, and for us to prosper they need to prosper with us. We have procedures in place to ensure we honour our commitments to suppliers and conduct our business in an honest and ethical manner, including paying them on time and resolving supply chain issues at an appropriate level of management.</p>
Shareholders	Reward our shareholders	<p>Comprehensive view of financial and sustainable performance of the business</p> <p>Return on investment</p>	<p>We believe that if we follow the principles of our Code of Ethics throughout the organisation, then Costco Wholesales will reward its shareholders.</p>

Information on decision making

The board delegates operational decision making to the Buying, Finance, IT, Operations, Human Resources & Legal, Property and Development leadership teams. Significant decisions made during the period related to the Group's response to shopping behaviour of our members, inflationary pressures, logistics and supply chain issues including those related to Brexit, staffing challenges, and supporting Costco locations in Iceland, Sweden and

elsewhere in Europe through shared buying activities and distribution of merchandise to them. These are discussed elsewhere within the Strategic Report.

Employee engagement and consultation

The board is committed to effective engagement with its employees. Our Employee Agreement represents a strong commitment to fairness, consistency and open lines of communications with all employees through the open door policy, under which any employee is free to see any member of the management team to discuss their concerns, and otherwise. Throughout the Group, line managers engage with their employees through an annual appraisal process and informal one-to-one meetings, where they are encouraged to provide transparent feedback. Training sessions are held by Human Resources team to enhance and improve skills necessary for managing a diverse workforce.

The Group values the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, an intranet and the employee magazine. We believe our high employee satisfaction is shown by our employee turnover ratio of 3.97% (2024: 5.30%) for full time staff for the current period.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should be identical to that of other employees.

Sustainability, energy and carbon emission

Costco UK Holdings Limited and its affiliates (see note 13) for purposes of the UK's Streamlined Energy and Carbon Reporting (SECR) will be collectively referred to as "Costco UK" and will be collectively reporting as a large unquoted Company under SECR reporting obligations.

Costco UK's Environmental reporting methodologies are in accordance with those of its parent, Costco Wholesale. '<https://www.costco.com/sustainability-climate-action-plan.html#introduction>'

Costco Wholesale currently reports its greenhouse gas (GHG) emissions in a consolidated format for all global operations through the CDP (formerly known as the Carbon Disclosure Project) and in its Global Sustainability Commitment, as part of its Global Climate Action Plan.

Reporting Year and Methodology

Costco UK's accounting period ends 31 August 2025 (FY25). All reporting is the consolidated energy use and GHG emissions for the collective UK companies or Costco UK.

As of FY 21, Costco UK and Costco Wholesale report their financial performance and global emissions on a fiscal period basis, as required by the CDP and in keeping with voluntary standards based upon the Intergovernmental Panel for Climate Change (IPCC) guidelines and within the guidance of GHG Protocol Corporate Accounting Standard. Factors applied to the SECR obligation for Costco UK are the UK Government GHG Conversion Factors for Company Reporting, applied as follows: for Costco UK's fiscal period 2025, DEFRA 2024 factors were used for September to December 2024 data and DEFRA 2025 factors were used for January to August 2025 data. The inventory boundary is defined using the operational control approach. Scope 2 inventory is presented using the market-based method. Prior to FY21, Costco UK reported emissions and all other relevant metrics on a calendar year basis.

Costco UK Energy Use

	FY 2023	FY 2024	FY 2025
Scope 1 & 2 Total tCO₂e Emissions	36,323	36,979*	34,499***
Sales ('000s)	5,011,000	5,313,000	5,591,000
Intensity (tCO₂e/£M Sales)	7.25	6.96	6.17
Stationary Combustion (kWh)	59,660,678	57,105,045	53,151,801
Mobile Sources (Gal)	75,160	91,773	106,630
Fugitive Emissions (lbs)	97,133	136,258	109,413

Scope 2 Purchased Electricity (kWh)	83,567,569	84,489,648	88,678,892
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Details are provided below:

Scope 1 Direct emissions are reported by source type: stationary combustion, fugitive emissions, and mobile sources.

Stationary combustion in FY25 was 53,151,801 kWh equal to 9,696 in tCO₂e and in FY24 was 57,105,045 kWh equal to 10,431 in tCO₂e. This includes the combustion of natural gas for building heating and permanent backup generators for emergencies.

Mobile sources in FY25 were 4,256,362 kWh equal to 1,028 tCO₂e and in FY24 were 3,680,488 kWh equal to 876 tCO₂e. This includes diesel for Costco-operated vehicles, non over-the-road fuel, aviation fuel, employee vehicle business travel, and propane.

Fugitive emissions in FY25 were 109,413 pounds equal to 7,270 tCO₂e and in FY24 were 136,258 pounds equal to 8,178 tCO₂e. This includes gaseous refrigerant fuel emissions and beverage CO₂.

Scope 2 Indirect emissions in FY25 from purchased electricity were 88,678,892 kWh, equal to zero tCO₂e under the market-based calculation methodology****. In FY24, scope 2 indirect emissions from purchased electricity were 84,489,648 kWh equal to zero tCO₂e under the market-based calculation methodology.

Energy Intensity Measurement

Costco UK is using the following intensity measurement for FY25: Tonnes of CO₂e per total £ million of sales revenue.

FY25 tCO₂e = 17,994 (market-based emissions of Costco UK)

FY25 tCO₂e = 34,499 (location-based emissions of Costco UK)

FY25 Sales revenue = £5,591 million (revenue of Costco UK)

Tonnes of CO₂e (market) per million of sales revenue = 3.21

Tonnes of CO₂e (location) per million of sales revenue = 6.17

Energy Action Taken in the UK

Energy Supply

Our priority is to purchase clean energy and when feasible integrate on-site energy generation systems. Since 2020, we have been using a portfolio-wide approach to procure and use clean energy in our operations. As a result, 100% of the energy we use comes from clean sources*****.

New Lighting Fixtures and Control Systems

We have retrofitted 1 location with lighting control systems which enable fixtures controlled by zone. This improves our electricity consumption by limiting lighting usage. Additionally, lighting at these locations have been fitted with high efficiency LED light fixtures.

New HVAC Systems

We have upgraded our HVAC systems at 2 locations to improve overall efficiency and reliability of our facilities.

New Skylight Replacement

Skylight infilling was completed at 18 locations. This energy-saving measure was implemented to enhance and improve the overall energy consumption for the building.

Energy Savings Opportunity Scheme (ESOS) Phase 3 Assessments

The ongoing requirements of the ESOS programme are being carried out. A selection of locations have been audited and reports are being prepared for internal review and corrective actions implemented where applicable.

Environmental Sustainability and Compliance Manager (ESCM)

The ESCM evaluates all Costco locations at least annually on environmental compliance and sustainability health. The evaluations identify energy saving opportunities at each location as well as other operational efficiencies and cost savings.

Climate Risk Statement - TCFD aligned

Costco UK Holdings Limited follows Costco Wholesale approach to governance and reporting, which is aligned with the Climate Risk Statement*****. The four core elements are Governance, Strategy, Risk Management, and Metrics and Targets. We have identified climate-related risks and opportunities that are impactful to Costco, yet have determined that none represents a material risk to our business in the short-term.

For Costco to thrive, the world must thrive. As one of the largest retailers in the world, we understand our responsibility to act sustainably. Costco's approach to climate reporting is evolving as the world and regulatory environment change. We introduced our Task Force on Climate-Related Disclosures (TCFD) report in 2022, and this year's Climate Risk Statement continues to be aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017). We aim to comply with all current TCFD recommendations and follow the 2021 implementation guidance set forth by the TCFD.

We will continue to evolve as technology, challenges and opportunities present themselves, aligned with Costco's existing business strategy. Our actions and strategy are grounded in our Mission Statement and Code of Ethics, ensuring we continue to provide our members with quality goods and services at the lowest possible prices while obeying the law, taking care of our members and employees, respecting our suppliers, and rewarding our shareholders.

Governance

Board Oversight

Costco's Board of Directors oversees the efforts of executive management for managing risks and setting strategy, including as they relate to sustainability.

Management of sustainability matters is led by our Senior Vice President (SVP) of Global Sustainability and Compliance, and regularly engages with the Board and executive team, including periodic updates at monthly meetings of our global executive teams.

The Board exercises its oversight through a number of governing bodies, as shown in the image below:

Governance Structure



Roles and Responsibilities

The Board implements its risk oversight responsibilities primarily through the Audit Committee, which receives management reports on potentially significant risks that the Company faces and how the Company is seeking to control risk.

Board members also discuss risk as a part of their review of the ongoing business, financial, and sustainability activities of the Company. In more limited cases, such as with risks of significant new business concepts and substantial entry into new markets, risk oversight is addressed as part of the full Board's engagement with the CEO and management.

Committees of the Board

The **Nominating and Governance Committee** exercises oversight regarding risks associated with corporate governance and certain issues relating to the Company's ethics, compliance programs, and environmental, diversity and sustainability policies and initiatives, including climate-related risks and opportunities. This Committee receives updates at least annually from the SVP of Global Sustainability and Compliance.

The **Audit Committee** reports to the full Board on its risk-management oversight, including the enterprise risk management review, which includes (among other matters) sustainability-related and climate risks.

The **Compensation Committee** determines the amount and form of compensation to executive officers, including (with the Nominating and Governance Committee) bonuses for meeting environmental and social objectives. We have aligned a portion of our executive compensation with ESG priorities and climate-related considerations through our Executive Bonus Plan. Climate-related considerations have included reductions in global energy intensity, and Scope 1 and 2 emissions intensity against sales, global operational participation in both energy and emissions reduction initiatives, supplier action through CDP reporting participation and product certification through ENERGY STAR™ or equivalent programs. More details on remuneration can be found in our proxy statement. Executive ESG bonus goals are set and reviewed annually. In FY25 this bonus was fully achieved.

Management's Role

The SVP of Global Sustainability and Compliance also chairs the **ESG Executive Advisory Council**, which brings together executive leaders from across the company twice a year to chart goals and ESG strategy.

Climate-related impacts, risks and opportunities are also considered in our company-wide enterprise risk management assessment and in our strategy-setting and decision-making processes. We have various management committees and working groups that set strategy regarding our business and provide updates on progress on current initiatives.

- **Global Energy Task Force:** Sets strategy for reductions in energy consumption and emissions; identifies and prioritizes energy-reduction initiatives that are aligned with Costco's existing business strategy; and monitors progress, including returns on energy-reduction investments. The task force comprises Sustainability, Construction, Purchasing, Finance and International executives, and meets twice a year. This task force is supported by a cross-functional working group, which meets periodically for updates on individual initiatives.
- **ESG Reporting Steering Committee:** Oversees ESG reporting requirements and monitors company initiatives for reporting purposes. The Committee meets periodically and comprises Financial Reporting, Energy, Legal, IT, Sustainability, Internal Audit and International teams. This committee is supported by a dedicated ESG Reporting team. In FY25, meetings included discussions on enterprise risk management, scenario planning, and double-materiality assessments.

Executive and senior management hold ad hoc meetings to discuss sustainability-related matters. In FY25, meetings included discussions on climate-related enterprise management risks, human rights, and merchandising. e tables below provide a summary of climate-related risks that are impactful to our business over the short-, medium and long-term. Included are the estimated business impacts, a description of the potential financial impacts and our responses on risk mitigation and resiliency against these risks.

* Costco UK's market-based scope 1 and 2 emissions were 19,485 tCO₂e in FY24.

** Costco UK's market-based scope 1 and 2 emissions were 17,994 tCO₂e in FY25.

*** 1% of Costco UK's market-based scope 1 and 2 emissions are estimates

****In FY25 Costco UK's location based scope 2 emissions were 16,505 tCO₂e

*****Clean electricity as defined by the U.S. Department of Energy (DOE) includes solar, wind, hydroelectric, geothermal, nuclear and bioenergy.

*****The Statement incorporates here by reference the footnote on page 1 of the Costco Wholesale Sustainability Commitment.

Statement of Corporate Governance Arrangements

The Companies (Miscellaneous Reporting) Regulations 2018 require certain large companies to include a statement as to which corporate governance code has been applied and how during the financial year. For the year ended 31 August 2025, Costco UK Holdings Ltd (the "Company") qualifies for this disclosure and has adopted the Wates Corporate Governance Principles for Large Private Companies, which incorporates 6 key principles: Purpose & Leadership, Board Composition, Director Responsibilities, Opportunity & Risk, Remuneration and Stakeholder Relationships & Engagement. The principles were applied in full within this financial statement Section 172 statement and TCFD provide details as to how the company fulfils these requirements for Corporate Governance. Purpose and Leadership, Board Composition and Directors Responsibilities are explained in detail under TCFD page 9 and 10. We also have the Directors Responsibilities statement section on page 19. Board Composition consists of executive and independent non executive directors. Opportunity and Risk is explained in page 2 to 4 of the Strategic report. Climate related risk is further explained under TCFD page 12. Remuneration, Stakeholder Responsibility and Engagement is explained under Section 172 statement on page 5 and 6.

Costco UK Holding Ltd is a subsidiary of Costco Wholesales Corporation, (the ultimate parent) and group governance is exercised by Costco Wholesale Corporation senior management. Local day-to-day governance of UK operations is delegated to the Country Manager, who reports to and meets with Costco Wholesale Corporation executives regularly. Responsibility for the Company's statutory duties, approval of the annual financial statements and oversight of local risks also managed by Country Manager and local Management. More information to Costco Wholesale Corporation group's corporate governance can be found on <https://investor.costco.com/governance>

