

October 15, 2019

Dear Valued Supplier or Service Provider,

We again take this opportunity to extend good wishes to our business partners around the world. We also extend our appreciation to you as a valued supplier. We have been very fortunate, and much of our success can be attributed to the valuable support and encouragement we have received from suppliers such as your company. Our fiscal year concluded on September 1st with sales of over \$149 billion and net income of nearly \$3.66 billion.

We also take this opportunity to review our Company policy with regard to gratuities. This policy is fundamental to our philosophy and a business imperative for Costco and all of its suppliers. We prohibit the acceptance by our employees of any gratuity from a vendor, supplier, or service agency with whom Costco currently does business or is considering for future business. Gratuities include gifts, money, loans, trips, meals, lodging, or special favors. The reason for the policy is obvious, we cannot allow our Company to be compromised in our business dealings, and acceptance of favors or gifts can impair our objective judgment, as well as violate the law. All gratuities or inducements offered by suppliers or prospective suppliers, regardless of the reason, intent or circumstances, will be politely but firmly refused or returned.

This rule applies to all Costco employees, and failure of our employees to comply will be considered a most serious matter. Likewise, efforts by any supplier to compromise our employees will result in our terminating business relations with that supplier and possible referrals to government authorities. Our policy further prohibits any Costco employee from giving gifts to the employees of any supplier. It also prohibits our business partners or potential business partners from giving gratuities to other parties (including, importantly, government employees) in connection with Costco-related business. As a business person you can understand the necessity for our policy, and I am sure that we can count on you to help us by insisting that everyone in your organization, including sales agents used by your firm, adhere to these standards.

Our business relationship with you is a valued asset. A key tenet of our corporate mission statement is that we must "Respect Our Suppliers." We insist that our buyers be tough and demanding in all negotiations, but always be fair and aware of our obligation to honor our part of the deal. I trust you would be personally candid with me or any member of the Costco management team if you felt Costco was not abiding by this commitment.

We maintain a confidential Costco Ethics Line, which can be accessed at www.costco.ethicspoint.com. This tool allows, in multiple

languages, reports to be made confidentially, via telephone or through the internet, by suppliers and others to raise concerns about improper or illegal conduct by our suppliers or employees, including violations of our Vendor Code of Conduct. Please use this tool to help us maintain our high standards.

Thank you for your cooperation and respect for our Company. We hope that both of our companies will continue to prosper together for many years into the future. Sincerely,

Walter Chao

Taiwan General Manager