

Costco Wholesale Australia

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Australia Home Office, PO Box
7196, Silverwater, NSW 2128
Telephone: 61 2 9469 7999
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www.costco.com

Re: Gratuity Policy

Dear Sir/Madam:

We wish to communicate to our suppliers with regard to the Gratuity Policy. As we understand the valuable role all of our suppliers play in our success, and we are aware that these accomplishments would not be possible without the contributions of long-time, loyal business partners we have developed in our supplier network. Therefore, we cannot allow our Company to be compromised in our business dealings, and acceptance of favours or gifts can impair our objective judgment. We would appreciate you can understand the necessity for such a policy, and that we can count on you to help us by insisting that everyone in your organisation, including sales agents employed by your firm, respect and adhere to these standards.

Gratuities are interpreted to include gifts, money, loans, trips, meals, lodging or special favours. The reason for the policy is obvious. Our policy expressly prohibits the acceptance of any gratuity from a vendor, supplier or service agency with whom Costco currently does business or is considering for future business. This rule applies to all Costco employees and failure of our employees to comply will be considered a most serious matter. Likewise, actions by any supplier in an effort to compromise our employees will result in our terminating business relations with that supplier.

Our Company Policy further prohibits any Costco employee from giving gifts to the employees of any supplier, where such gifts could be reasonably construed as an attempt to procure business improperly or as a bribe by any reasonable standard of business ethics.

All gratuities or inducements, regardless of the reason, intent, or circumstance, offered by suppliers or prospective suppliers will be politely, but firmly returned and/or donated to charity.

Business relationships, like the one that exists between our two companies, are valued assets with Costco. One of the basic tenets of our corporate mission statement is that we must as a company, "**Respect Our Suppliers**". We insist that our buyers be tough and demanding in all negotiations, but always be fair and aware of our obligations to honour our part of the deal. We recognise that no deal is good for long if it is not good for both parties. I trust you would feel obligated to be candid with us if you felt Costco was not abiding by its commitment to "**Respect Our Suppliers**".

Thank you for your cooperation. We hope our companies will continue to prosper together in our business relationship for many years into the future.

Sincerely,

A handwritten signature in black ink, appearing to be "Patrick Noone", written in a cursive style.

Patrick Noone
Managing Director