

## **COSTCO WHOLESALE CORPORATION COMPENSATION COMMITTEE CHARTER**

### **Membership and Power to Act**

The Compensation Committee will be comprised of at least two members of the Board. Committee members will be elected by and serve at the discretion of the Board. Unless a chair is elected by the Board, the members of the Committee may designate a chair by vote of the Committee.

Each member of the Committee will be: (1) “independent” as defined under applicable Nasdaq (or applicable stock exchange) rules (except as otherwise permitted under such rules); and (2) a “non-employee director” under Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934. See Exhibit A.

In the event that the Committee has more than two members and one or more members of the Committee are absent from a meeting of the Committee or being present at a meeting recuse themselves from an action taken, the remaining members of the Committee (provided there are at least two such members) acting unanimously shall have the power to take any necessary action. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two members of the Committee.

Except with respect to matters relating to compensation of the Chief Executive Officer (“CEO”), with respect to which the Board delegates to the Committee exclusive authority during such period of time that the Committee is empanelled with at least two qualifying members as required above, the Board simultaneously reserves to itself all authority delegated hereunder to the Committee. This reservation of authority does not in any way limit the Committee’s authority to act definitively on matters delegated to it. The Board reserves the right at any time to revoke or change the authority delegated in this charter.

### **Meetings**

The Committee will meet at such times as it deems appropriate to discharge its duties, but not less than twice annually. The Committee may act by unanimous written consent.

### **Authority and Responsibilities**

This description of authority and responsibilities is not exclusive, and the Committee may act and establish policies and procedures that are consistent with this charter or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee.

1. The Committee has exclusive authority to determine the amount and form of compensation paid to the CEO and to take and direct such action as is necessary and advisable to compensate the CEO in a manner consistent with its determinations. The Committee will review at least annually the CEO’s performance and determine his or her compensation. The CEO shall

not be present during any Committee deliberations or voting with respect to his or her compensation.

2. The Committee has authority to determine the amount and form of compensation paid to the Company's executive officers, officers, employees, consultants and advisors and to review the performance of such persons in order to determine appropriate compensation, as well as to establish the Company's general compensation policies and practices and to administer plans and arrangements established pursuant to such policies and practices. The Committee has authority to take and direct such action as is necessary and advisable to compensate such persons and to implement such policies and practices in a manner consistent with its determinations. It is expected that the Committee may delegate its authority on these matters with regard to non executive-officer employees and consultants of the Company to officers and other appropriate Company supervisory personnel.

3. The Committee has authority to administer the Company's equity compensation plans, including (without limitation) to amend and interpret such plans and the awards and agreements issued, and to make awards to eligible persons under the plans and determine the terms of such awards.

4. The Committee has authority to administer, monitor compliance with, and periodically consider and provide the Board input on or approve the Company's policies with respect to the recovery or "clawback" of compensation granted, awarded or paid to the CEO, senior executives or other employees of the Company in accordance with the terms of such policies.

5. The Committee has the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any compensation consultant, independent legal counsel or other advisor ("compensation advisor") as it deems necessary and advisable to assist the Committee in the performance of its duties, but only after taking into consideration factors relevant to the compensation advisor's independence from management specified in Nasdaq Listing Rule 5605(d)(3). See Exhibit B. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation advisor retained by the Committee. The Company must provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation advisor retained by the Committee.

6. Except with respect to the responsibilities set forth in paragraph 1 above, the Committee may delegate its authority to a subcommittee of the Committee (consisting either of a subset of members of the Committee or any members of the Board who would be eligible to serve on the Committee). In addition, to the extent permitted by applicable law, the Committee may delegate to one or more officers of the Company (or other appropriate personnel) the authority to grant stock options and other stock awards to employees who are not executive officers or members of the Board.

7. The Committee will review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's proxy statement for its annual shareholders' meeting or annual report on Form 10-K and, based on such review and

discussion, determine whether to recommend to the Board that the CD&A be included in the Company's annual proxy statement or annual report.

8. The Committee will produce the Compensation Committee Report required to be included in the Company's proxy statement for its annual shareholders' meeting or annual report.

9. The Committee will periodically review its own performance and report on its conclusions in this regard to the Board.

10. The Committee has the authority to perform such other activities and functions as are required by law, applicable Nasdaq (or stock exchange) rules or provisions in the Company's charter documents, or as are otherwise necessary and advisable, in its or the Board's discretion, to the efficient discharge of the Committee's duties.

#### Reports

1. The Committee will record its actions and determinations in written form. These records will be incorporated as a part of the minutes and actions of the Board.

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## **Exhibit A to Compensation Committee Charter**

### **1. Independent Director.**

The Compensation Committee must be composed solely of “independent” directors, as defined in Nasdaq Listing Rules 5605(a)(2) and 5605(d)(2). If the Compensation Committee is composed of at least three members, one non-independent director who is not a current officer or employee or family member of such person may serve on the Compensation Committee for up to two years if the Board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its shareholders and certain disclosures are made.

The following would not be independent under Nasdaq Listing Rule 5605(a)(2):

- (a) An officer or employee of the company;
- (b) A director who has been employed by the company or any parent or subsidiary of the company within the past 3 years;
- (c) A director who received, or who had a family member who received, payments from the company of more than \$120,000 during the current fiscal year or any of the past 3 years, other than compensation to the director for Board service or compensation to a family member who is an employee but not an executive officer of the company, its parent, or any subsidiary;
- (d) A director who is the immediate family member of any person who was an executive officer of the company or any parent or subsidiary of the company within the past 3 years;
- (e) A director who is a partner, executive officer, or controlling shareholder of any organization to which the company made, or from which the company received, payments that exceed 5% of the recipient's gross revenues for that year, or \$200,000, whichever is more, during the current or any of the past 3 years, other than payments arising solely from investment;
- (f) A director who is an executive officer of another company where any of the company's executive officers has served on the compensation committee of the other company within the past 3 years;
- (g) A director who was a partner or employee of the company's outside auditor and worked on the company's audit during the past 3 years;
- (h) Any person who has a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment.

In addition, Rule 5605(d)(2) imposes the following requirements:

In affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board must consider all factors specifically relevant to determining whether the director has a relationship to the Company which is material to the director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to the director; and (ii) whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

2. Non-Employee Director.

Rule 16b-3(b)(3)(i) of the Securities Exchange Act of 1934 defines a Non-Employee Director as a director who:

(a) Is not currently an officer (as defined in Rule 16a-1(f)) of the issuer or a parent or subsidiary of the issuer, or otherwise currently employed by the issuer or a parent or subsidiary of the issuer;

(b) Does not receive compensation, either directly or indirectly, from the issuer or a parent or subsidiary of the issuer, for services rendered as a consultant or in any capacity other than a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Rule 404(a) of this chapter;

(c) Does not possess an interest in any other transaction for which disclosure would be required pursuant to Rule 404(a) of this chapter; and

(d) Is not engaged in a business relationship for which disclosure would be required pursuant to Rule 404(b) of this chapter.

## **Exhibit B to Compensation Committee Charter**

### **Independence of Compensation Consultants, Independent Legal Counsel and other Compensation Advisors**

Under Nasdaq Listing Rule 5605(d)(3), the Committee may select, or receive advice from, a compensation consultant, independent legal counsel or other compensation advisor (“compensation advisor”) only after taking into consideration the following factors:

- The provision of other services to the Company by the person that employs the compensation advisor;
- The amount of fees received from the Company by the person that employs the compensation adviser, as a percentage of the total revenue of the person that employs the compensation advisor;
- The policies and procedures of the person that employs the compensation advisor that are designed to prevent conflicts of interest;
- Any business or personal relationship of the compensation advisor with a member of the Committee;
- Any stock of the Company owned by the compensation advisor; and
- Any business or personal relationship of the compensation advisor or the person employing the compensation advisor with any executive officer.

After considering the independence factors outlined above, the Committee may select, or receive advice from, any compensation advisors it prefers, including ones that are not independent. The Committee is not required to conduct the independence assessment outlined above for in-house counsel or any compensation advisor whose role is limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (ii) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation advisor, and about which the compensation advisor does not provide advice.