



DRUG AND ALCOHOL-FREE WORKPLACE POLICY

I. Policy Statement

- A. In compliance with all applicable statutory requirements and its commitment to a drug and alcohol-free workplace, Costco Wholesale (“Costco” or the “Company”) adopts the policy that prospective and current employees in any Costco location must be free of the presence and adverse effects of unauthorized substances. This policy serves to ensure the health and safety of our members, employees, and suppliers. Our alcohol and drug-free work environment will provide a safe shopping and working environment, which reduces accidents, injuries, and protects the interests of Costco. In the event this policy deviates from applicable state law requirements, Costco will comply with the applicable legal requirements. This policy is not intended to create a contract or alter the terms of the **Employee Agreement**. Costco reserves the right to revise, supplement or rescind this policy in its discretion in accordance with the requirements of applicable law, its collective bargaining agreements, or for any other lawful reason.
- B. Education for managers, supervisors, and all employees will be provided annually. Costco’s educational program includes, but is not limited to, information on the health and workplace safety risks associated with the use of unauthorized substances.
- C. This policy will be distributed to each employee, who will acknowledge its receipt prior to the start of drug and/or alcohol testing.

II. Scope

This policy applies to all applicants and employees, who must comply with this policy as a condition of their employment. It is the policy of Costco that all employees, including management, are to be free of the presence and adverse effects of unauthorized substances at all times so they are capable of exercising good judgment and safe work behavior.

III. Definitions

Adulterated specimen means a specimen that has been altered, as evidenced by test results showing either a substance that is not normally present in the specimen, or showing an abnormal concentration of a substance that is normally present in the specimen.

Alcohol means the intoxicating agent in beverage alcohol or any low molecular weight alcohols such as ethyl, methyl or isopropyl alcohol. The term includes beer, wine, spirits and medications such as cough syrup that contains alcohol.

Company premises include, but are not limited to, all land, property, buildings, offices, facilities, grounds, parking lots, and places owned, leased, managed or used by the Company.

Company vehicle means all vehicles owned, leased or used by the Company and all vehicles that are used by employees, regardless of who owns or leases them, while working for the Company.

Dilute specimen means a urine specimen that has creatinine and specific gravity values that are lower than expected for human urine.

Illegal drugs mean all controlled substances, designer drugs, synthetic drugs, and other drugs not placed in a schedule by the federal government that are not being used or possessed under the supervision of a licensed health care professional or that are not being used in accordance with the licensed health care professional’s prescription. (Controlled substances are listed in Schedules I-V of 21 U.S.C. § 812 and 21 C.F.R. Part 1308.)

Inhalants mean volatile solvents, aerosols, gases and nitrites, such as paint thinners or removers, gasoline, lighter fluid, butane lighters, glue, hair or deodorant sprays, nitrous oxide, or other similar substances that are inhaled intentionally or produce feelings of intoxication, euphoria or stupefaction.

Medical Review Officer or MRO is a licensed physician who has knowledge, training, and clinical experience regarding substance abuse disorders and who will, among other things, review applicants’ and employees’ positive drug test results and evaluate any medical explanations for such results.

Refuse to cooperate means refusing to take a drug or alcohol test, not promptly proceeding to a collection site when told to do so, failing to remain at a collection site until the testing process is complete, attempting to provide or providing an adulterated or substituted specimen, failing to provide sufficient specimens, failing to sign testing and other required forms, and any other conduct that disrupts or interferes with the collection and testing process.

Substituted specimen means a urine specimen that has creatinine and specific gravity values that are so diminished or divergent that they are not consistent with human urine.

Test positive for alcohol means to take an alcohol test that results in an alcohol concentration of .04 or more.

Test positive for drugs means to take a drug test that results in a concentration of marijuana, cocaine, opiates, amphetamines, and phencyclidine (and other controlled substances such as barbiturates, benzodiazepines, propoxyphene and oxycodone as may be dictated by the circumstances in accordance with the requirements of applicable law), or their metabolites, that is equal to or exceeds the cutoff levels that are set forth in 49 C.F.R. Part 40 and are subject to change by the U.S. government.

Unauthorized substances are defined as alcohol, illegal drugs, inhalants and any legally prescribed drugs being used in a manner for which they were not intended or prescribed, including, but not limited to, the use of prescription drugs prescribed for another individual.

Under the influence means to test positive for drugs or alcohol or an employee’s actions, appearance, speech or bodily odors that reasonably cause the Company to conclude that the employee is impaired because of the use of unauthorized substances.

IV. Work Rules

- A. **Costco specifically prohibits employees from engaging in the following conduct while working, while on Company premises, while conducting Company business at any location, or while utilizing Company vehicles, machinery or equipment:**
1. The use, possession, purchase, sale, solicitation, manufacture, distribution, dispensation, or transfer of illegal drugs or drug paraphernalia.
 2. The unauthorized possession of open containers of alcohol or use of alcohol at any point during the workday, including meal periods.
 3. Being under the influence of unauthorized substances.
 4. The use of inhalants.

In addition, Costco specifically prohibits:

5. Refusal to cooperate in a drug or alcohol test required by this policy.
6. Reporting for duty or remaining on duty with the presence or adverse effects of any unauthorized substance in an employee's system.

Employees may possess and consume alcohol at Company sponsored or authorized functions or in certain legitimate business settings such as client entertainment. At all such times, however, employees are expected to act responsibly and to drink moderately (not to the point that they are under the influence). Costco may withdraw these privileges if an employee abuses them or if an employee violates this policy.

This policy does not prohibit employees from the lawful possession and use of over-the-counter and prescribed medications. Employees have the responsibility to consult with their doctors or other licensed medical practitioners about the effect of over-the-counter and prescribed medications on their ability to perform their specific job duties in a safe manner, and to promptly disclose any work restrictions to their Managers or the Human Resources Department. Employees should not, however, disclose underlying medical conditions, impairments or disabilities to their Managers or the Human Resources Department unless specifically directed to do so by their doctors or other licensed medical practitioners.

The use of marijuana, even if permitted by state law, will not be considered a legitimate medical explanation by Costco, and its MRO, for a positive drug test result for marijuana.

V. Testing

To ensure compliance with the policy, Costco will conduct drug and alcohol testing for unauthorized substances in the following situations:

A. Pre-Employment Testing

All final applicants being considered for a position must pass a drug test before they receive an unconditional offer of employment and/or begin working for the Company. This includes all rehires for full-time, part-time or Seasonal employment.¹

B. Reasonable Suspicion Testing

If a Manager, based on reasonable conclusions drawn from specific facts, reasonably suspects an employee is using or is under the influence of an unauthorized substance while the employee is working, on Company premises, or utilizing a Company vehicle, machinery, or equipment, or conducting Company business at any location, then the Company may require the employee to undergo a drug and/or alcohol test.

C. Post-Accident Testing

When the Company reasonably believes an employee caused or contributed to a work-related accident that results in damage to Costco vehicles, machinery, equipment or property, or results in an injury to a person who requires off-site medical treatment, the employee will be required to submit to a drug and alcohol test as soon as practicable following the accident. An employee who is required to submit to a post-accident drug and alcohol test will be removed from the performance of safety-sensitive functions pending the final result(s) of the test. Employees must notify their Manager as soon as possible after any accident, even if it does not result in serious damage to Company vehicles, machinery, equipment or property, or an injury to a person.

D. Return to Duty and Follow-Up Testing

An employee who has signed a **Contract for Continued Employment (CCE)** and has undergone a substance abuse evaluation, whether or not through the Care Network, will not be permitted to return to duty without passing any appropriate drug and/or alcohol tests and is subject to follow-up drug and/or alcohol testing at times and frequencies determined by Costco for up to two (2) years.

¹ Except regular layoffs rehired within 180 days and Seasonal terminations rehired within 60 days.

VI. Summary of Alcohol Collection and Testing Procedures

Except where precluded by applicable state law, Costco will follow the general collection and testing procedures set forth below:

- A. Employees subject to alcohol testing will be required to sign a written consent form in which they consent to and authorize testing.
- B. Employees shall be sent or transported to a Company designated collection site where they shall be required to verify their identity and cooperate in the site's normal specimen collection procedures.
- C. The collection and testing will be conducted, in private, by a trained technician who will use approved testing devices and testing forms. If the practice is not precluded by applicable state law, the collection and testing will be conducted on-site by trained Costco personnel. Chain of custody procedures shall be maintained from collection to the time specimens may be discarded to ensure proper identification, labeling, record keeping, handling and testing of specimens.
- D. A screening test will be done first. If the employee's screen test result is less than .02, the employee will have passed the test.
- E. If the employee's measured alcohol concentration is .02 or more, the employee shall be required to take a confirmation test. The results of the confirmation test, not the screen test, are determinative. If the employee's confirmation test is less than .04, the employee will have passed the test. If the employee's confirmation test result is .04 or more, the employee will have tested positive for alcohol. For any specimen between .02 and .0399, the result will not be considered positive; however, the employee will be relieved of duty for the remainder of his or her shift and may use sick/personal time or vacation to cover the absence.
- F. The technician will notify Costco of the employee's test result in a confidential manner. The Company will notify the employee of their test results.

VII. Summary of Drug Collection and Testing Procedures

Except where precluded by applicable state law, Costco will follow the general collection and testing procedures set forth below:

- A. Applicants and employees subject to drug testing will be required to sign a written consent form in which they consent to and authorize testing.
- B. Applicants and employees shall be sent or transported to a Company designated collection site where they will be required to verify their identity and otherwise cooperate in the site's normal specimen collection procedures. Applicants and employees will have the opportunity to disclose any over-the-counter or prescribed medications that they are using or have recently used, or any other information, medical or otherwise, that they think may be relevant to the testing.
- C. Specimens shall be collected, in private, by a trained collection site person who will use approved collection containers and custody and control forms. Chain of custody procedures shall be maintained from collection to the time specimens may be discarded to ensure proper identification, labeling, record keeping, handling and testing of specimens.
- D. Collected specimens shall be transmitted to and tested by a certified laboratory. The laboratory shall test specimens for marijuana, cocaine, opiates, amphetamines, and phencyclidine (and such other controlled substances as may be dictated by the circumstances in accordance with the requirements of applicable law). The laboratory shall first screen specimens. If the screen test is negative, the laboratory will report to Costco that the applicant or employee has passed the drug test. If the screen test is positive, the laboratory will analyze the applicant's or employee's specimen using gas chromatography/mass spectrometry. The laboratory will send the test results to the MRO.
- E. The MRO is responsible for ensuring the accuracy and integrity of the drug testing process. If an applicant or employee has a confirmed positive, adulterated, substituted or invalid drug test result, the MRO will contact the applicant or employee by telephone at the numbers listed on the custody and control form. Applicants and employees should promptly cooperate with the MRO. During the MRO interview, the applicant or employee will have the opportunity to disclose any over-the-counter or prescribed medications that they are using or have recently used, or any other information, medical or otherwise, that they think may be relevant to the testing.
- F. The MRO shall advise Costco if an applicant or employee has passed or failed the test, refused to cooperate, if a specimen is dilute, or if a test has been canceled. If the MRO determines that there is a legitimate medical explanation for a positive, adulterated, or substituted test result, the MRO will report a negative test result to Costco. If the applicant or employee does not provide a legitimate medical explanation for a positive test result, the MRO will verify the test result as positive. If the applicant or employee does not provide a legitimate medical explanation for an adulterated or substituted test result, the MRO will report to Costco that the applicant or employee has refused to take a drug test. Invalid test results will be canceled and, depending on the circumstances, may subject an applicant or employee to additional testing.
- G. The Company will notify applicants and employees of their test results.
- H. Costco shall advise applicants and employees of their rights, if any, to have their specimens retested or their split specimens tested by a certified laboratory.

VIII. Inspections

Costco reserves the right to inspect all parts and aspects of its premises for illegal drugs, drug paraphernalia, alcohol, inhalants, or other contraband. All employees and visitors may be asked to cooperate in inspection of their persons, work areas and property (such as purses, wallets, tool boxes, lunch boxes, backpacks, water coolers, thermos bottles, flasks, briefcases, desks, cabinets, lockers or vehicles) that might conceal illegal drugs, drug paraphernalia, alcohol, inhalants, or other contraband.

IX. Consequences

- A. Applicants who refuse to cooperate in a drug test or who test positive for drugs will not be hired by Costco, and must wait one (1) year before they are eligible to reapply for employment with Costco.
- B. Employees who refuse to cooperate in a drug and/or alcohol test will be terminated.
- C. Employees who are subject to post-accident drug and alcohol testing will be removed from the performance of safety-sensitive functions pending the final result(s) of the test. Employees who are subject to reasonable suspicion drug and/or alcohol testing will be off work without pay pending the final result(s) of the test(s). If the employee does not test positive for drugs and/or alcohol in violation of this policy, Costco will reinstate the employee with back pay.
- D. Employees who test positive for drugs and/or alcohol or who otherwise violate this policy will be subject to appropriate disciplinary action up to and including termination of employment. Depending on the circumstances, an employee's return to work, reinstatement, and/or continued employment may be conditioned on the employee's execution of a CCE, successful participation in and/or completion of any and all evaluations, counseling, treatment, and rehabilitation programs, passing of return-to-duty and follow-up tests, and/or other appropriate conditions as determined by Costco.
- E. For any employee with a measured alcohol concentration between .02 and .0399, the result will not be considered positive; however, the employee will be relieved of duty for the remainder of his or her shift and may use sick/personal time or vacation to cover the absence.
- F. Costco may take disciplinary and/or other appropriate action when an employee is involved in any crime that damages the Company's operations or reputation.

X. Confidentiality

Information and test results obtained from the collection site, laboratory, and the MRO are confidential and will be maintained in files separate from employees' personnel files. All information, interviews, reports, statements, memoranda, and test results may not be disclosed to anyone except:

- A. The applicant or employee or a third party designated in writing by the applicant or employee.
- B. Management staff, including warehouse, facility, and department managers, on a need-to-know basis.
- C. Costco Home Office Human Resources Department.
- D. The MRO, the **Care (Confidential Assistance and Resources for Everyone) Network**, a substance abuse professional, physician or other health care provider responsible for determining an employee's ability to safely perform his/her job and/or the employee's successful participation in and/or completion of any and all evaluations, counseling, treatment, and rehabilitation programs.
- E. In connection with any legal or administrative claim arising out of Costco's administration of this policy.
- F. Where otherwise required or allowed by applicable state law.

XI. Availability of the Care Network

Costco encourages employees with drug and alcohol problems to seek help from the Care Network before they become subject to discipline for violating Costco's Drug and Alcohol-Free Workplace Policy or any other Costco policies. Costco will support, assist, and accommodate those employees to the extent required by applicable law.

Any employee of Costco may voluntarily access the Care Network for any work-related or drug and alcohol issue. The Care Network offers qualified, licensed, or certified providers experienced in psychology, social work, and counseling. These providers have specialized training in workplace and family issues, alcohol and drug abuse treatment, and other related areas of concern.

Employees will not be disciplined by Costco because they request assistance from the Care Network or other resources. Employees may not, however, avoid discipline by requesting assistance after they violate Costco's policies or are notified of their selection for drug or alcohol testing. In addition, employees who request assistance will not be excused from complying with Costco's policies, including its standards for employee performance and conduct.

XII. Notice of Legal Sanctions

There are legal sanctions, including fines and/or imprisonment, under federal, state and/or local law for the unlawful manufacture, distribution, possession, or use of a controlled substance.