

Sustainability Commitment 2023

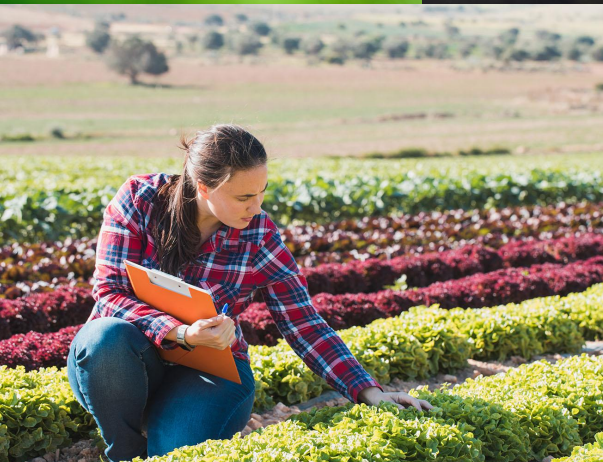


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Climate Action Plan

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Our Commitment

We're pleased to share our annual update of our Sustainability Commitment. This Commitment reports our progress to date, explains the efforts and steps we are taking to achieve our global sustainability goals, and includes information from our latest fiscal year, which ended Sept. 3, 2023 (FY23).

With more than 850 warehouses around the world, we understand the impact we have on environmental and sustainability issues globally. We believe sustainability is doing the right thing for our members, employees, suppliers, shareholders, communities and the environment. We have an obligation and responsibility to do our part, and we are committed to continuous improvement across all elements of our business. Here are a few highlights from this past fiscal year:

Our Climate Action Plan: Our plan details our holistic strategy on how we will do our part to address climate change. Our Global Energy Strategy is driving change to help us meet our Scope 1 and 2 direct absolute emissions reduction target of 39% by 2030. Included in this strategy are smarter operating procedures, lower carbon equipment in our warehouses and transportation networks, upgraded LED lighting, and the purchase of clean energy. The majority of our indirect Scope 3 emissions are related to our supply chains, and this year we set an intensity reduction target of 20% by 2030, excluding fuel. To help us meet this target, we have a Scope 3 Action Plan that focuses on supplier energy transition, regenerative and deforestation-free agriculture, sustainable livestock, energy-efficient items, sustainable packaging and a fuel transition plan.

People & Communities: Employee inclusion and development remain high priorities for us, and we are showing progress through numerous programs we offer our employees. We budget 1% of pretax profits for select charitable contributions. In FY23, that amount totaled more than \$75 million, an all-time high. Our charitable donations extend beyond these financial contributions to food and non-food donations from our warehouses. This makes a significant difference in our communities — adding up to 140 million meals donated through our partners — while helping us keep usable goods out of landfills. We have also increased our financial commitment to community investments that support Black- and women-owned small businesses. Finally, we continue to support our Supplier Diversity goals and have highlighted a few success stories this year.

Operations: Through our STAR program, we continue to improve the practices we follow in our warehouses to minimize water, waste, energy and emissions, and to meet our environmental compliance obligations. In our transportation network, which includes depots, smaller distribution centers and our Business Delivery fleet, we are piloting programs to replace traditional diesel-powered equipment with electric equipment, and we've started using renewable diesel in our California depots. We will expand these programs where feasible.

Merchandising: To help us responsibly source goods, we ask our suppliers six questions that address people, animals and the environment. We're also asking suppliers for details on their own emissions plans, as we know the steps they take are critical to our mutual goal of emissions reduction. Another important area is the packaging of our goods, as we seek smarter ways to reduce materials and use more recycled content. This past year we rolled out new packaging in numerous product categories, such as replacing the traditional plastic jars with smaller plastic sacks for our line of Kirkland Signature™ nuts. These efforts are making a difference: In FY23, we eliminated 14.4 million pounds of plastic in our Kirkland Signature and fresh produce packaging.

In summary, our efforts are woven into all aspects of our business. We support them through our organizational structure, training and commitment to continuous improvement. As always, we thank our employees, suppliers, members and the communities where we operate for their continuing support as we work together to do our part to help our world thrive.



Craig Jelinek
Chief Executive Officer



Ron Vachris
President & Chief Operating Officer



Inclusion



Our Code of Ethics makes clear our commitment to take care of our employees. This section describes the steps we take to promote an inclusive workplace in all areas of our business.



Our Goals for an Inclusive Workplace

We strive to:

- Empower our workforce and strengthen our culture by creating an environment where all employees feel a sense of belonging – that they are accepted, included, respected and supported because of who they are.
- Demonstrate leadership commitment to equity through consistent communication, education and support of diversity and inclusion initiatives within the organization.

It has always been Costco policy that employees deserve an environment free from all forms of unlawful employment discrimination. All decisions regarding recruiting, hiring, promotion, assignment, training, termination, and other terms and conditions of employment will be made without unlawful discrimination on the basis of race, color, national origin, ancestry, sex, sexual orientation, gender identity or expression, religion, age, pregnancy, disability, work-related injury, covered military or veteran status, political ideology or expression, genetic information, marital status, or other protected status.

Costco's philosophy of creating an inclusive and respectful workplace is part of our goal to ensure that everyone feels included and respected in all aspects of our business. We know that embracing differences is important to the growth of our company as it leads to opportunities, innovation and employee satisfaction. Recently, we have taken several steps to support these goals:

- **Inclusive Community.** Costco's commitment to its members, employees and suppliers is built on four pillars: Inclusion, Employee Development, Communities and Supplier Diversity. The role of the company's Chief Diversity Officer (CDO) is to support the advancement of inclusion at Costco, the growth of a diverse employee base, our relationships in the communities where we do business, and an increase in our base of diverse suppliers. In FY23 we continued our efforts in diversity by combining several departments — Diversity & Inclusion, Community Relations, Journeys for All and Supplier Diversity — under one team. This combined team is known as the Inclusive Community. Its focus is to support Costco's DEI strategy among employees, communities and suppliers.
- **Costco Connects.** In FY22, Costco piloted a program called "Costco Connects" with a select number of U.S. warehouses. This program was designed to enable creating a more open and inclusive environment at the warehouse — offering a space for employees to share their perspectives and discuss any topics, whether work-related or personal, and to connect more directly with company leaders. The success of the pilot led to a full rollout company-wide that started in FY23, and has been expanded to international locations. More than 144,000 employees participated in these open listening sessions.
- **Workforce Dashboard.** In FY22, Costco began developing a tool to help our operators be better acquainted with the workforce in their locations. This dashboard tool was launched in July 2023 in all locations in the U.S. This resource can help us continue to grow our legacy by investing in our talented workforce.

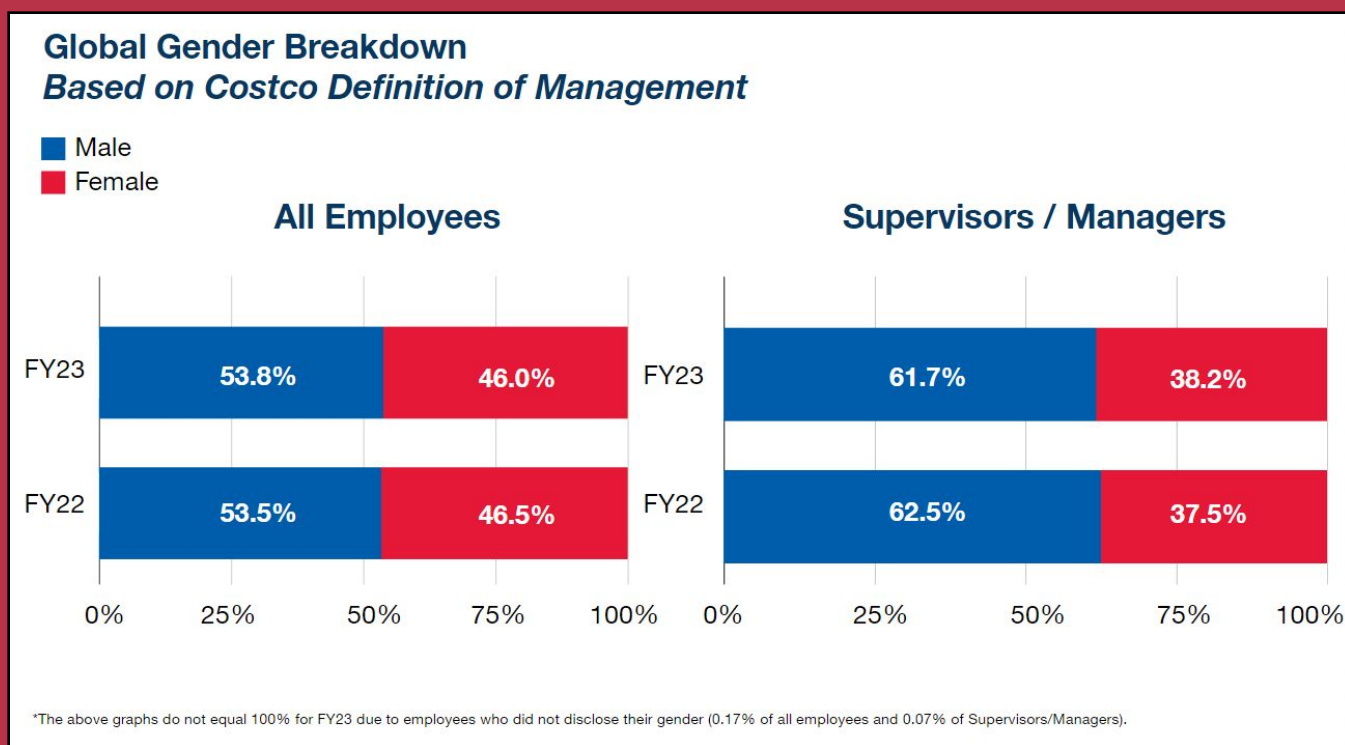
Diversity at Costco

- Supervisor in Training.** Costco continued its commitment to employee development through the Supervisor in Training Program (SIT). In FY23 we had over 7,800 employees complete the SIT course. This course invites employees from all backgrounds to get an idea of being a supervisor in a specific area within the business. Out of those who participated, 58.1% were male, 41.9% were female and 55.6% identified as People of Color.

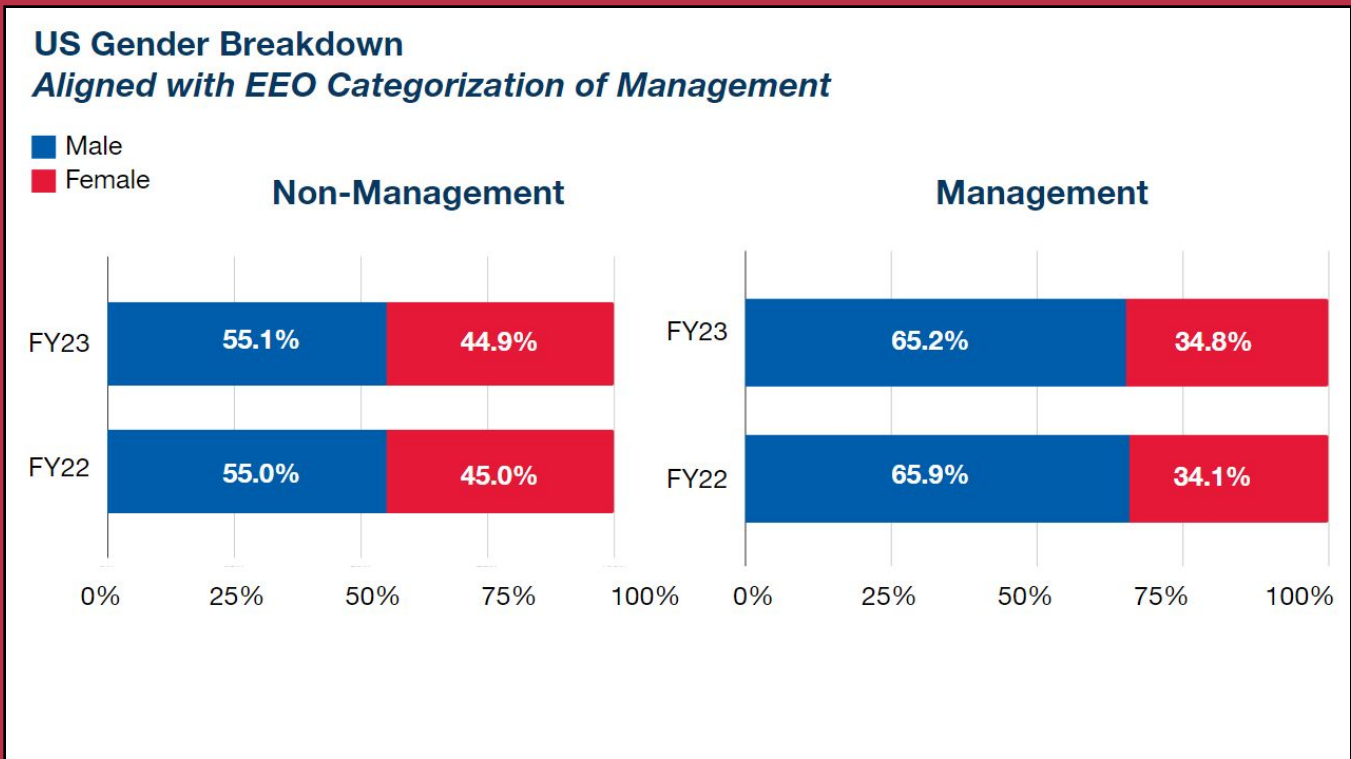
Our workforce is representative of the communities where we do business. We closely monitor demographic data at all levels across the organization.

Global Gender Breakdown - FY23 vs. FY22

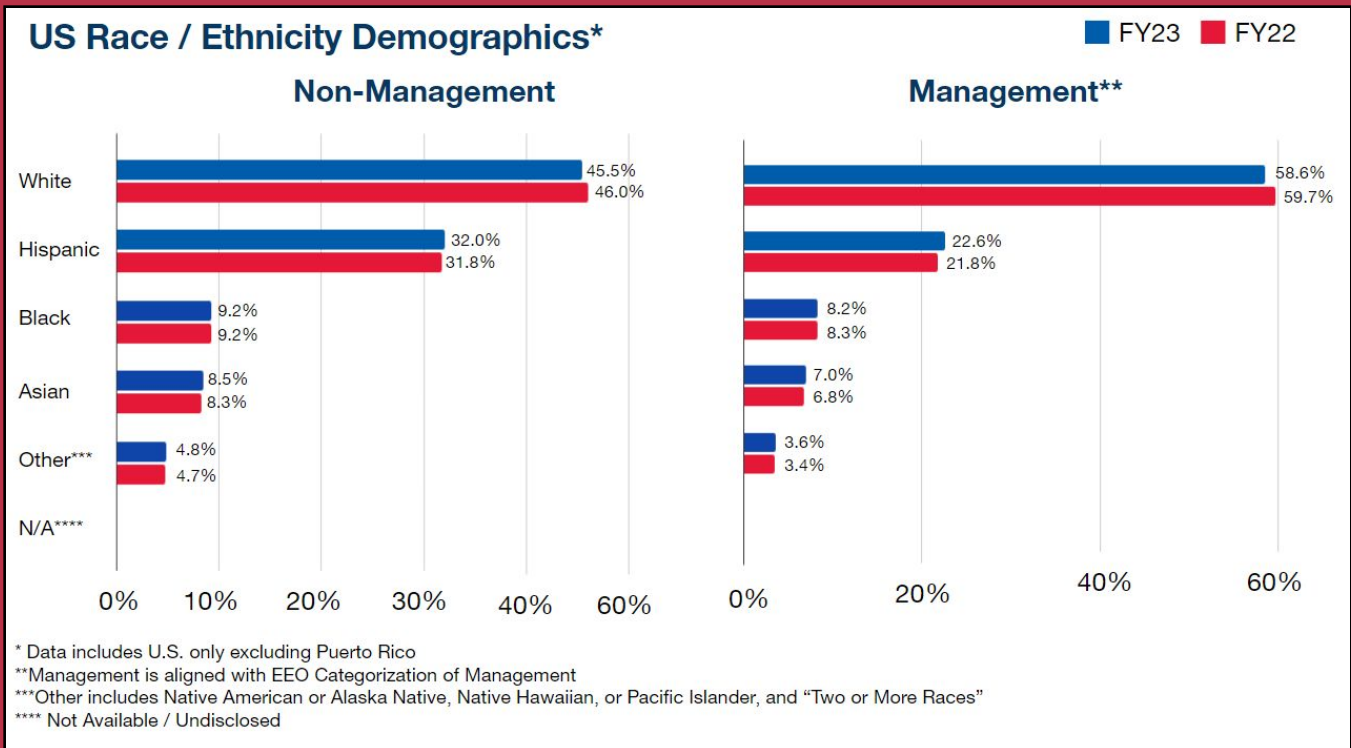
Here's a look at our global gender report for FY23. For our global numbers, we use our own internal definition for "Supervisors / Managers".



US Gender Breakdown - FY23 vs. FY22



US Race & Ethnicity Report - FY23 vs. FY22



More information about the demographics of Costco’s U.S. workforce can be found in this [Equal Employment Opportunity summary](#).

Our 12-member Board of Directors has four women and one person of color. For the company’s U.S. officers (Assistant Vice President and above), 27.9% identify as women and 19.3% identify as a race or ethnicity other than White.

More information about our diversity efforts within our communities can be found on the “Communities” page in our [People & Communities section](#), under “Community Investment.” See more about how we work with diverse suppliers on the “Supplier Diversity” page in our [People & Communities section](#).

Employee Development



Taking care of our employees is part of our Code of Ethics. A satisfied, challenged and respected workforce is the foundation of our success.

10 REDUCED INEQUALITIES



Employee Development Goals

When it comes to employee development, our goals are to:

- Provide all employees with training, education and opportunities for career development and advancement.
- Ensure there is fair access and resources to help employees succeed.
- Encourage leaders to continue to teach, mentor and sponsor employees, so that they will be ready to be considered for opportunities and greater responsibility.
- Encourage employees to take advantage of opportunities for development and advancement.

Pay & Benefits

Everywhere we do business, we seek to provide competitive wages and benefits to our employees. The vast majority of Costco's workforce consists of hourly employees in warehouse locations. Considering our combination of higher than average wages and low benefit premiums, we compensate these hourly employees well by retail standards. This is especially true as their tenure and responsibilities grow — with regularly scheduled pay increases and additional compensation. This helps us in the long run by minimizing turnover and enhancing employee productivity, commitment and loyalty. We encourage our employees to view Costco as a place for a long-term career rather than just a job.

In the U.S., we provide generous benefits, including affordable health care coverage for full- and part-time employees, and sizable contributions to company-sponsored retirement plans, based on years of service. We provide twice-yearly bonuses, which we refer to as Extra Checks, for qualifying tenured hourly employees who reach the top of the wage scale. We believe that our paid sick, vacation and leave policies for hourly employees are very competitive by retail standards. We have adopted operational practices designed to benefit our hourly workforce, such as a minimum 50% full-time ratio at each facility, guarantees of minimum scheduled hours and weekly schedules posted at least two weeks in advance.

Our worldwide policies and practices are designed to mirror our practices in the U.S., subject to local regulations, customs and market conditions.

For salaried management in our locations, as well as positions in the corporate and regional offices, we also seek to provide competitive compensation and benefits. Although many salaried employees might find higher compensation or better perks at other companies, our retention rates, particularly for longer-term Costco employees, are very strong. We believe our competitive compensation and benefits, opportunities for growth and advancement and the stability and culture of the company drive our strong retention rates.



Workforce Tenure & Development

In the U.S., our employees average over nine years of service. Over 55% of U.S. employees have five or more years, and over one-third have more than 10 years. Costco also has long-tenured workforces elsewhere, particularly in more mature markets in Canada, the UK, Mexico and parts of Asia. Worldwide, we have over 13,500 employees who have 25 or more years of Costco service. We feel that the experience level and loyalty of our employees are great assets.

A related advantage comes from our philosophy and practice of promoting from within our employee ranks. We are proud of the fact that over 75% of our warehouse managers worldwide began their Costco careers in hourly positions. In addition, a majority of our corporate and regional office employees started in our warehouses, depots and business centers. Here's a look at other programs created to help employees succeed and grow at Costco:

Student Retention Programs. These programs, available worldwide, allow warehouse employees to maintain their employment status while attending college.

Journeys For All. Journeys offers all employees opportunities to succeed through education, mentoring and connection.

Supervisor in Training (SIT). SIT offers a way for warehouse employees to get a foot in the door for future management opportunities. Employees can sign up for training in an area of the business they would like to pursue. We updated and expanded the opportunities within SIT for hourly employees, resulting in a larger candidate pool.

Merchandising Training Course. This 12-week program provides supervisor-level merchandising training to management without merchandising experience. Merchandising is an important element of the competencies required of a warehouse general manager, a key position at Costco.

Costco Internship Program. This program offers a limited number of internships for U.S. warehouse employees to work for three-month periods in our corporate and regional offices. It offers a valuable hands-on learning experience and insight into career options.

Leadership Training. Leadership training for advancing careers is offered via an internal nomination process for selected employees from all areas of our business through the Costco Leadership Forum and LEAD (Leadership, Excellence, Accountability and Development) programs.

Program Spotlight: Costco Careers

This recruiting program was created to draw talent from our warehouses, depots and all other operational units for positions in the home and regional offices. The program educates employees on the roles and career opportunities in corporate departments. We believe that bringing different perspectives, as well as operational knowledge, into our home and regional offices is good for both our business and employees.



Culture, Ethics & Open Door

We strongly value our culture. Costco employees know that an important factor in our past and future success has been and will be our commitment to simplicity, value, fairness, member service and always striving to do what is right. Our employees are essential to teaching and reinforcing Costco's unique culture.

It is imperative that we continue to perpetuate this culture throughout the company globally. We encourage and support our Open Door Policy, which allows any employee to discuss any issue with any level of management.

All Costco employees and suppliers are expected to promptly report actual or suspected violations of law and our Code of Ethics. Multiple reporting options are available, ranging from the Open Door Policy to our confidential and anonymous ethics hotline available globally in multiple languages at www.costco.ethicspoint.com.

As a measurement of engagement, Costco conducts a global employee engagement survey to obtain feedback concerning ethics, compliance and engagement. Survey results have indicated a high level of satisfaction by employees with their work environment. In FY23, the company moved from an annual survey to a biennial one, with the next one slated for 2024. Where there are opportunities for improved engagement, Costco leadership is committed to taking action in those areas.

Communities

We strive to contribute to the well-being of the communities where we do business. We do this through charitable contributions, volunteer work and low-cost health services in our warehouses.

10 REDUCED INEQUALITIES



Our Approach

As we operate in communities around the world, our goals are to:

- Provide an inclusive shopping environment for our members, and support our local communities through charitable giving and service.
- In our charitable contributions, give special focus to those organizations that serve underrepresented groups in our communities.
- Invest in key programs that make a difference in communities.
- Encourage employees to serve and participate with community organizations.

Charitable Contributions

Costco is committed to being active and supportive in our local communities. We budget 1% of pretax profits for selected charitable contributions focused on children, education, and health and human services. Our Charitable Contributions Committee meets quarterly to determine which programs to support and how to best meet the needs within our communities. We have a particular interest in those organizations that serve historically underrepresented groups in our communities.

Community Investment

In fiscal year (FY) 2023, we contributed over \$75 million to hundreds of organizations through a variety of charitable programs and grants. Examples include American Red Cross, United Way, Children's Miracle Network Hospitals, Communities in Schools, Feeding America, American Red Cross, College Success Foundation, Thurgood Marshall College Fund, United Negro College Fund and Fred Hutchinson Cancer Research Center. Visit the list of our [top U.S. recipients for FY23](#).

We provide financial assistance for underrepresented minorities, including scholarships and other educational opportunities to help fill the financial gap. For example:

- In the past 23 years, we've raised over \$80 million through the Costco Scholarship Fund for scholarships for underrepresented minorities to attend the University of Washington or Seattle University; over 2,300 scholarships have been awarded.
- We've donated over \$70 million to other schools and organizations for scholarships and educational opportunities for underrepresented minorities. In 2023 alone, we donated over \$10 million for scholarships and other educational opportunities.
- We helped establish and have donated more than \$12 million to the College Success Foundation, which is dedicated to supporting underserved, low-income students beginning in middle school and continuing through college.

More information about our charitable programs can be found on our [Charitable Contributions page](#).

In order to support a more inclusive economy, and to break down race and class barriers to opportunity and growth, Costco has committed to investing in the following programs:

Community Investments in FY23

\$25 million committed to the Black Economic Development Fund (BEDF), managed by Local Initiatives Support Corporation (LISC) Fund Management. The primary objective of the BEDF is to improve capital access for financial institutions, developers, businesses and anchor institutions that incentivize economic activity and wealth-building opportunities in Black communities across America.



\$25 million committed to the BlackRock Impact Opportunities Fund (BIO). BIO aims to accelerate positive economic outcomes and create collective wealth for undercapitalized racial and ethnic groups within the United States with a focus on housing, financial inclusion, education, healthcare and digital connectivity.



\$10 million committed to the Entrepreneurs of Color Loan Fund (EOCLF) managed by Local Initiatives Support Corporation (LISC) Fund Management. EOCLF partners with Community Development Financial Institutions to improve capital access for diverse businesses by increasing the volume of loans for businesses owned and/or led by racial and/or ethnic minority entrepreneurs.



\$5 total million committed to the Fearless Fund and the Fearless Fund II, the first Venture Capital funds built by women of color, to bridge the gap for women of color businesses to access venture capital funding and provide them with the necessary support and resources.



\$5 million committed to the HBCU (Historically Black College and University) Founders Fund, a \$40 million venture accelerator fund investing in the most promising startups where at least one founder is an HBCU student, alumni or faculty.

Food Donations & Food Security

Our goal is to donate to the communities where we operate to support those in need, and we do so in several ways.

In FY23, we contributed \$7 million in cash grants and over 117 million pounds of food and other products from our U.S. warehouses and depots to [Feeding America](#). All of our international locations also donate to local food banks.

Our food donation programs are part of our waste-minimization efforts. We follow the Wasted Food Scale to prevent wasting food and keep it out of landfills. For details, see the “Minimizing Waste” page in our [Operations section](#).

Non-Food Donations

In addition, we make efforts in multiple ways that enhance food security for millions of people through our offerings of affordable and nutritious food. To learn more, review our [Report on Food Security](#).

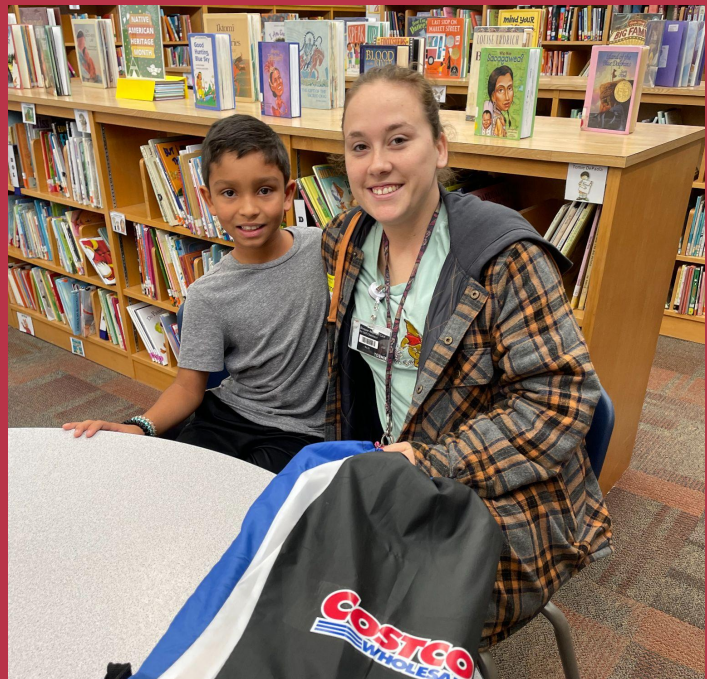
Costco continues to grow its program with World Vision to donate first-quality items that used to be destroyed, recycled or returned to the supplier. These goods go to people in countries around the world. More information can be found in the [Costco-World Vision Summary](#), which contains a list of the items donated and stories that illustrate the impact of these donations.

Employee Volunteering

The Costco Volunteer Center mission is to inspire our employees and their families to volunteer in the communities where they live and work. Watch this [United Way video](#) to learn more about how Costco employees engage with the community.

Employee Volunteers: Reading Buddies

Costco's Volunteer Reading Buddies Program, which is celebrating its 25th year, is in more than 400 warehouses in the U.S., Canada, Australia and Mexico. Reading Buddies matches Costco employees with local children who are struggling to read at their respective grade levels. Spanning 30 minutes a week for 10 weeks, kids in the first through fourth grades at qualified schools receive the individual focus of a dedicated Costco volunteer to boost their literacy skills and become more engaged readers. More than 2,200 volunteers contribute their time to this successful program.



Health Care in the Community

Costco offers low-cost, quality eye care through independent optometrists and our optical departments, hearing aid services and supplies in our hearing aid centers, and prescriptions and other health-related products in our pharmacies. Costco also offers flu shots and other immunizations, health screenings and other health-related programs. We are continuing to provide COVID-19 support by offering vaccines as referenced below.

Pharmacy Services

Besides being a low-cost source for prescription medications in our warehouses where we offer pharmacies worldwide, Costco offers the following special prescriptions and services in the U.S.:

- Specialty drug customized pharmacy services that require patient-specific dosing and careful clinical management. More information can be found at [Specialty Drug Programs](#).
- Access to naloxone without a prescription in states around the country and Puerto Rico. Naloxone is a life-saving medication that reverses an opioid overdose.
- Prescribing contraceptives in Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Maryland, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, South Carolina, Tennessee, Utah, Vermont, Virginia and Washington, with the intent to roll out the program where allowed by law.
- Travel Medicine Services in Alaska, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Maryland, Nevada, New Jersey, Oregon, Texas, Virginia, Washington and Wisconsin, which includes a pre-travel consultation to determine any health risks based on your itinerary and activities, a review of your health history and immunization status, tips on how to stay healthy during your trip, and a list of the recommended immunizations and medications.
- Since the start of the U.S. COVID vaccine campaign, Costco Pharmacies have given over 4.2 million vaccines to date, including partnering with school districts and organizations.

Costco Member Prescription Program

This program offers exclusive Costco member-only prices at thousands of local community pharmacy partners. It's a helpful option that offers value on medications for people who don't have insurance. More details can be found on the [Member Prescription Program page](#) on Costco.com.



Pharmacy Benefit Programs (PBM)

Costco Health Solutions (CHS) offers an alternative prescription benefits program dedicated to delivering the best pharmacy care to employers and their members. This includes cost-effective, high-quality clinical programs that provide CHS members with care to help meet their health and quality of life goals. Our PBM program guarantees that 100% of all discounts from manufacturers for prescriptions will be passed back to the employer. Companies that participate in Costco's prescription benefit program typically reduce costs by 10 to 25%. More information can be found here:

[PBM programs.](#)

Optical Services

Along with being a low-cost source for eyewear in optical departments worldwide, Costco also provides access to optical health services in the U.S., such as:

- Independent Doctors of Optometry located at or next to Costco Optical in most states.
- Licensed and/or Certified Opticians to answer eye care questions. Costco accepts most vision insurance plans.

Hearing Aid Services

Costco has hearing aid centers worldwide, staffed by licensed hearing aid specialists. Besides providing hearing aid tests and low-cost, high quality hearing aid devices, Costco also helps to improve the education of Hearing Aid Specialists through the Hearing Aid Apprenticeship Program. As a result, Costco has helped more than 1,300 people in the U.S. become hearing aid specialists since 2006.

Supplier Diversity

Working with qualified diverse suppliers in the communities where we do business is consistent with our overall commitment as a company to foster an inclusive environment. Our buyers work closely with these small businesses to get their products into Costco.

10 REDUCED INEQUALITIES



Supplier Diversity Goals

Specifically, our goals around supplier diversity are to:

- Work with qualified minority- and women-owned suppliers in our communities to provide greater opportunities to do business with Costco.
- Partner with community organizations to identify qualified diverse suppliers to support our business.

Diversity in Costco's Product Line

Since 2005, Costco's buying teams have worked with small businesses in our Supplier Diversity program. In the typical scenario, we have featured their products in select regional warehouses or online at Costco.com. These items are a part of our unique "Treasure Hunt" variety of products that complement the everyday essentials at Costco.

Success Stories

Our diverse suppliers provide us innovative products, from snacks to skin-care solutions. Here are snapshots of a few from the recent past.

Blueland

When Sarah Paiji Yoo became a mom, she naturally became concerned about the quality of the food and water she was feeding her baby. One concern was microplastics that are detected in many of the foods we eat.

Seeking a solution to single-use plastic bottles, she and co-founder John Mascari in 2019 started [Blueland](#), which offers household products in reusable containers. Those containers can be refilled with Blueland's tablet-based soaps and cleansers—eliminating all single-use products in the process. “They’re sustainable, as well as effective, affordable and easy to use,” Sarah says.

Blueland toilet cleaner tabs are available in select Costco locations and online at [Costco.com](#). “It’s been a dream to see our toilet bowl cleaner tablets at Costco,” says Sarah. “We think it’s an incredible success with its compostable paper packaging standing out proudly in a sea of plastic.”



Carmichael's Honey



Nathan Carmichael learned beekeeping from his grandfather and his father. As he began making honey for sale himself, he knew he was making a top-quality product, but it was sold to brokers for products like cereal bars. “I thought it would be delightful for consumers to get it in a bottle and put it on whatever they want,” he says. “That’s when the dream came alive.”

He and his wife, Marcela, founded [Carmichael's Honey](#) in 2013, offering 100% pure raw, unfiltered honey. They started by selling bottles to local grocers around their hometown of Youngsville, Louisiana. Now their products are found in stores in 10 states, including several Costco locations.

“Working with Costco has given us a platform that helped reach communities that we did not have exposure to,” says Marcela. “Being a Costco supplier has helped us grow and propelled us to learn new strategies.”

Orgain



As he was recovering from cancer, teenager Andrew Abraham was advised to drink protein shakes to provide needed nutrition. But he couldn't find anything with simple, organic ingredients. He wouldn't forget that lesson later in life, first as a doctor and then in 2009 as the founder of [Orgain](#).

Orgain offers drinks and mixes made without soy, artificial flavors, sweeteners or preservatives. The company's philosophy is that real nutrition has the power to make a real difference in people's lives. "Costco believed in our purpose since day one," says Abraham, "and we continue to develop exclusive products that meet the evolving health needs of Costco's members."

Siete Family Foods

Miguel Garza, CEO of [Siete Family Foods](#), knows firsthand the challenges of growing a small business from scratch. There are the typical growing pains, competition in the marketplace and ups and downs of a new business. On top of that Latino-based businesses tend to receive far less funding — critical to really growing their businesses — than other groups in the U.S. Yet Siete Family Foods has grown from a single product, almond-flour tortillas developed by Miguel's sister Veronica, into a full line of gluten- and dairy-free Mexican American staples available in 16,000 stores, including Costco. And now, the company gives back through the [Siete Juntos Fund](#), offering mentorship and awards to growing Latino food businesses. The awards will total \$2 million over five years. "By providing financial resources to entrepreneurs across the country through our Siete Juntos Fund, our goal is to build a more equitable and prosperous future for businesses and communities to thrive over the next five years—and hopefully, many years to come," says Miguel.



Resources for Suppliers

Are you interested in selling products at Costco or providing a service? Click this [Supplier Diversity Resource](#) for further details.

Human Rights



Costco is committed to respecting and protecting the human rights, safety and dignity of the people who contribute to the success of our business.

8 DECENT WORK AND ECONOMIC GROWTH



Introduction: Our Commitment to Human Rights

As a retailer with operations, logistics and merchandise supply chains spanning the globe, we recognize the impact we can have on the human rights of individuals directly and indirectly related to our business. We have an obligation and responsibility to do our part.

Our [Human Rights Statement](#) outlines our commitment to respect human rights, which is reinforced by the following policies:

- [Code of Ethics](#)
- [Open Door Policy](#)
- Anti-Harassment Policy
- Anti-Retaliation Policy
- [Supplier Code of Conduct](#)
- [Palm Oil Policy](#)
- [Conflict Minerals Policy](#)

In 2023, Costco conducted a range of initiatives to more closely align our work with the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#). This section provides an update on our ongoing efforts to strengthen our human rights work across our operations and in our supply chain. We look forward to further advancing this work in 2024.

Stakeholder Engagement & Risk Assessment

In the spirit of continuous improvement, we recently partnered with ELEVATE (now known as [LRQA](#)) to complete the following multi-step process to inform our Human Rights Statement:

- **Stakeholder mapping** of 60-plus organizations with relevant expertise in the geographies and sectors where Costco operates and/or sources our merchandise.
- **Selected stakeholder interviews** with a subset of the mapped stakeholders to strengthen our understanding of key human rights factors that could affect our work.
- **Salient risk assessment** to identify the highest potential risks to human rights as a result of Costco's activities or business relationships. This assessment included the review of stakeholder feedback alongside a variety of additional data sources, as well as an internal validation process.

Salient Human Rights Risks

From our salient risk assessment, we identified the five most salient human rights risks, below, related to our business. While these issues may occur anywhere along the value chain, we recognize they will have the greatest likelihood of occurring in our supply chain.

- Child Labor and Young Workers
- Forced Labor and Exploitation of Migrant Workers
- Discrimination and Inequality (including gender-based discrimination)
- Concerns to Indigenous Peoples' and Community Land Rights
- Occupational Health and Safety Risks

Our human rights due diligence work will be guided by and focused on these salient risks.



Our Employees

Taking care of our employees is critical to Costco's success, and is part of our Code of Ethics. We follow these steps in working toward this goal:

- We seek to provide competitive wages and benefits to our employees throughout our global operations.
- We are committed to numerous programs that support career development and advancement.
- Our Open Door Policy allows any employee to discuss any issue with any level of management.
- We conduct a global employee engagement survey to gauge employee satisfaction.

We're proud of the tenure rates within our company, in a retail industry where turnover is traditionally high. For more details, see the "Employee Development" page in our [People & Communities section](#).



Our Communities

We strongly believe in supporting the communities in which we operate around the globe. We work toward that goal through our:

- Food and non-food donation programs
- Policy of budgeting 1% of pretax profits for charitable contributions
- Employee volunteer programs in local communities

For more details, see the "Communities" page in our [People & Communities section](#).

Our Supply Chain



Costco's supply chain is complex and global in nature. It touches a number of vulnerable groups, including women, migrant workers, indigenous peoples and other marginalized communities. We respect these communities' rights and seek out partnerships to help uphold and protect these rights.

Our suppliers, for example, are vital to our success in these efforts. As part of a shared commitment to respecting and upholding human rights, Costco expects its suppliers, including Costco-owned manufacturing facilities, to adhere to its [Supplier Code of Conduct](#) ("the Code"), and to provide the Code and our Human Rights Statement to all other business relationships throughout the supply chain.

Additionally, our collaboration with multi-stakeholder coalitions is key to shaping our response to our salient human rights risks.

Our Supplier Code of Conduct

The Code was established to protect the human rights and safety of the people who produce, process, harvest and transport the products we sell, while recognizing and respecting cultural and legal differences found worldwide. To this end, Costco:

- Prohibits illegal child labor; forced, bonded, indentured, slave, prison or convict labor, and human trafficking; physical, sexual, verbal or mental abuse or harassment; bribery or attempted bribery; health and safety conditions posing immediate risk to life and limb; corruption, deception or falsification of records; and auditors denied timely entry by facility.
- Expects our suppliers to comply, at a minimum, with the applicable labor and environmental laws and regulations of the country where the merchandise is produced.
- Encourages our suppliers to work to achieve what we call "Above and Beyond Goals."

Selected Partnerships & Initiatives

Moving forward, Costco will center much of its human rights work, including our partnerships, around the salient risks we identified.

Some examples of this work currently taking place include:

- Costco helped establish and is an active member of the [Seafood Task Force \(STF\)](#), a collaboration tackling human rights and environmental issues in the seafood industry. Exploitation of workers, including migrant workers, is prevalent in the seafood industry, with much of the risk taking place throughout the recruitment process. Costco works with STF's Responsible Recruitment Oversight working group to advance the industry's efforts for responsible labor recruitment. For more information on STF, see "Seafood & Aquaculture" in our [Merchandising section](#).
- Seasonal migrant workers in the United States' agricultural sector often face forced labor and exploitative recruitment processes. Costco and some of its fresh produce suppliers partner with [CIERTO](#), a nonprofit that provides transparent, no worker-fee recruitment for farm workers in order to ethically and legally recruit farm labor for U.S. agricultural products.
- In response to human rights abuses associated with mining, we adopted a [Conflict Minerals Policy](#). To further address risks in the mining sector, Costco joined the [Responsible Minerals Initiative \(RMI\)](#), which helps companies address responsible sourcing of minerals used in many consumer products. We use the RMI's Conflict Minerals Reporting Template and Extended Minerals Reporting Template to trace the supply chain, and the RMI's Responsible Minerals Assurance Process and database to monitor smelters and refiners in our supply chain that are likely to supply minerals of tin, tantalum, tungsten and gold ("3TG") and cobalt. Costco also leverages its membership in RMI to learn about emerging issues and best practices on responsible mineral sourcing, and to work on addressing shared challenges. More information can be found in our [Form SD](#) and [Conflict Minerals Report](#).

- Costco is part of a fresh produce multi-stakeholder effort, [Equitable Food Initiative \(EFI\)](#), that includes farmers, suppliers, buyers and NGOs to improve labor practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. EFI provides workers and managers with training on conflict resolution and problem-solving strategies, as well as on pesticide safety and personal protective equipment. Costco pays a premium for EFI-certified produce, to directly compensate farmworkers for the extra effort they provide in meeting EFI's rigorous standards. In addition to investing \$2.5 million to EFI's development, Costco has paid over \$21 million in premiums since 2014, generating nearly \$19 million in worker bonuses.
- Costco and several of its produce suppliers support a program with [Fair Trade USA](#), which directly engages with farmworkers to promote sustainable incomes, safe working conditions, responsible labor recruitment, environmental stewardship and transparent supply chains. For every Fair Trade Certified™ product sold, farmers and workers earn an additional amount of money, empowering them to improve their lives and fight poverty. Since 2014, the total amount raised from Costco's Fair Trade Certified produce purchases is \$25.8 million.

Other Key Partnerships

Below are additional organizations Costco works with to support workers and communities:

- [Nirapon](#)
- [Responsible Labor Initiative](#)
- [Labor Mobility Partnerships \(LaMP\)](#)
- [Truckers Against Trafficking](#)



Additionally, for more information on our efforts to mitigate the risks of forced labor and modern slavery, below are links to our Modern Slavery statements:

- [Australia Modern Slavery Act Statement](#)
- [California Transparency in Supply Chain Act Disclosure](#)
- [UK Modern Slavery Act Statement](#)

Remediation & Capacity Building

To support suppliers, facilities and workers in our supply chain, Costco employs tools to identify and address human rights concerns.

We have a global confidential ethics hotline to promote and monitor compliance with our Code of Ethics, our Supplier Code of Conduct, and other legal and ethical policies: www.costco.ethicspoint.com. Costco also supports the operation of certain grievance reporting mechanisms in high risk supply chains through various relationships, and requires all suppliers to provide an anonymous and confidential method for all supplier employees to raise concerns to senior level management at the facility without fear of retaliation.

To help educate suppliers on human rights-related topics and provide guidance on correcting Code violations, we continue to offer eLearning video lessons. These web-based lessons (often in the local language) give Costco suppliers tools to continuously improve. In FY23, 9,046 lessons were completed by suppliers and/or their facilities. The most frequently used lessons cover the categories of Working Hours, Health & Safety and Fire Safety.



Construction, Landscaping & Preservation



Costco operates more than 850 warehouses around the world, with more added each year. Our design and construction approach encompasses energy efficiency, smart use of materials and more to help meet our sustainability goals.



Sustainable Principles & Design

Our warehouse designs are generally consistent with the requirements of Leadership in Energy and Environmental Design (LEED), an internationally accepted benchmark for green building design and construction. While some jurisdictions require masonry buildings, we prefer to build full metal buildings, as they offer numerous advantages. Our new buildings:

- Can use less materials overall, such as in columns and roof joints, thanks to engineering and design improvements.
- Use recycled materials where possible, reducing the need for new materials.
- Are built to be energy-smart, through metal roofs and reflective materials that block the sun, LED lighting, energy-efficient refrigeration systems and smart energy-management systems.

As we plan new buildings, we are mindful of wetlands and habitats, and preserve natural wonders in designing our landscaping. We aim to provide larger, shade-producing trees, drought-tolerant plant species, native and ornamental vegetation and rocks in lieu of manicured lawns in the landscapes surrounding our buildings.

These approaches are critical as we expand our network of Costco warehouses around the world.

Recycled Materials

In building our new warehouses, we choose materials with as much recycled content as possible to reduce the use of virgin resources. Examples include:

- New U.S., Canada, Mexico and some locations in Spain, Taiwan and Australia use prefabricated structural steel systems that are made with recycled content and can eventually be recycled again.
- Metal building insulation uses ECOSE® Technology, which contains an average of 61% recycled content.
- We use recycled asphalt in new parking lots, with recycled concrete base material, if available.

Other Sustainable Features

When we can, we take other steps to reduce the use of resources and to save money. These include:

- Roofs built with materials to achieve a high reflectance rating, lessening the heat gain on the roof.
- The erection efficiency of the structural system (columns, beams, trusses and bracing) and envelope (metal roof and siding) reduce the overall construction duration, saving time and money.
- High-efficiency restroom fixtures save 32% more water over standard fixtures.
- Mechanical heat from refrigeration systems is captured to preheat hot water tanks.



2023 Update: China

In opening our new warehouse in Pudong, China, we designed a roof with 20% grass to meet local zoning code requirements. These roofs help absorb heat, while adding insulation and reducing stormwater runoff.

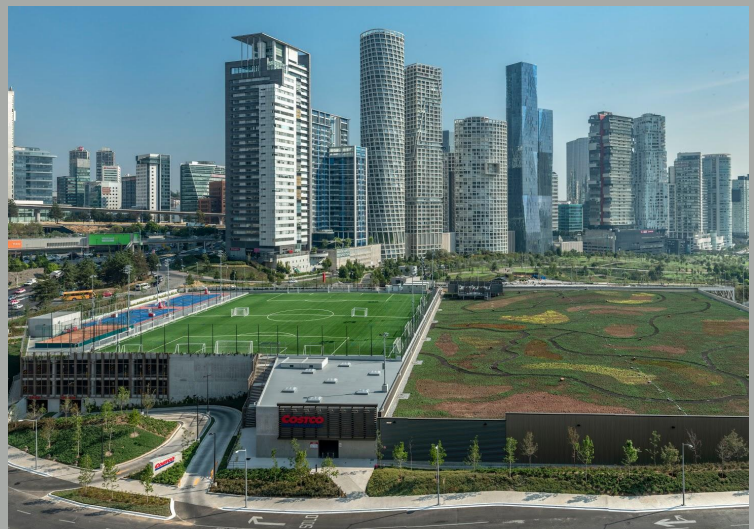


For example, in **Villebon, France** (above), we incorporated additional sustainability features that include:

- Increased landscaping areas.
- Two “green” walls.
- Recovery of rainwater for watering and water retention system.
- Natural lighting to minimize energy consumption linked to artificial lighting.
- Water and energy meters for each type of use to monitor and optimize consumption together with sanitary fittings to reduce water consumption.
- Electric charging stations available for members to charge their vehicles.

Creative Approach: Santa Fe, Mexico City

Costco worked with local entities to integrate a new warehouse within a park called Parque La Mexicana. This project started with clearing land that had historically been used as a municipal waste landfill. The new warehouse has a landscaped “green” roof, featuring a variety of drought-tolerant and low-water-use succulents, pre-built hives for pollinators, and an elaborate watering system using recycled water for landscape irrigation and toilets. On top of the adjacent parking garage is a soccer field, skate park and basketball and sports courts. A local park association will operate the sports facilities.



Natural Preservation

Preservation of natural wonders or indigenous lands is important to Costco; our landscaping designs try to take this into account. For example, the Merida, Mexico location has a cenote (a natural sinkhole filled with groundwater) onsite that was restored and rehabilitated. Onlookers can view the natural feature from above on an interpretive plaza. In another example, our SW Calgary, Alberta, warehouse is located on the lands of the Tsuu T'Ina First Nations People. Only native plant and tree species were used in landscaping to reflect the heritage of the plains.



Adaptive Reuse & Historic Preservation

In some cases, we have been able to use an existing building for a new Costco. Besides minimizing the environmental impact, this “adaptive reuse” in some cases supports historic preservations. For example, in Stevenage, England, we adapted a building originally built in 1963. This helped preserve an architecturally important structure, while using less new building material.



Creative Landscaping Steps

Costco experiments with vegetation removal using goats, with programs in Oregon, Texas and Washington. These programs can save us money in landscaping costs and eliminate the use of herbicides to kill unwanted and invasive vegetation. We continue to look for opportunities to expand this program where it makes sense.



Transportation & Logistics

Optimizing and streamlining our ordering and distribution systems is critical for Costco. We aim to reduce our carbon emissions by seeking ocean, rail and road transportation efficiencies throughout operations. We also support our employees' efforts to reduce their transportation energy consumption.



Our Distribution System

Costco operates a complex distribution system to efficiently transport products in all global operations. It comprises a network of large depots and strategically located smaller distribution centers to handle products for our warehouses and e-commerce business. Throughout this distribution system, we are committed to operating procedures that reduce delivery costs, save energy and lower our emissions.

We continually evaluate other parts of our business to improve shipping efficiencies. For example, smart packaging design can mean more products on a pallet, which reduces delivery trucks on the road. Also, our plastic pallet initiative reduces the pallet weight of each truckload – lighter loads are more efficient.

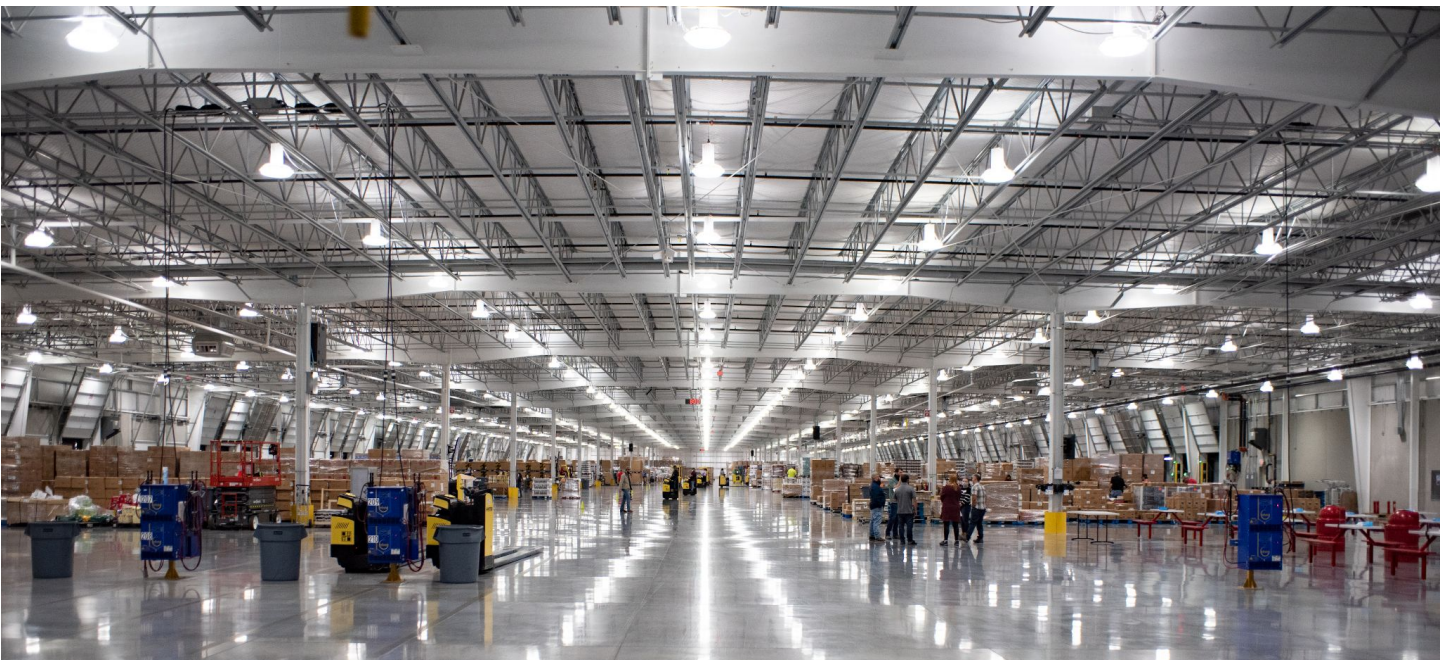
On the roads, Costco reduces costs by analyzing state weight and length oversize permits, and by using specialized equipment where geographically possible to handle heavier loads. Costco also employs longer combination vehicles to maximize trailer utilization.

Smart Logistics

In the depots, operations center around a cross-dock system for handling full pallets of merchandise from suppliers to our warehouses (selling locations). This system quickly and efficiently moves products from the depots to the warehouses, reducing labor and storage costs.

Another key is “reverse logistics” — steps we take to reduce empty trips involving trucks returning to the depots from the warehouses. The goal is to have our trucks as full as possible whenever they’re on the road in a coordinated system. For example, when we have returned goods that are headed to salvagers or need to be returned to the supplier, the shipments are consolidated into truckloads. Likewise, donated goods and materials to be recycled are staged until truck space at the warehouse is available.

This approach reduces truck trips, which lowers costs and carbon emissions. It also helps us to reduce our merchandise handling costs and helps free up sales floor space in the warehouses.



Initiatives for Improvement

We took several steps in fiscal year (FY) 2023 in our efforts to find ways to lower emissions and costs. These include:

Renewable diesel. We have begun using renewable diesel, made from biomass and other sources, on tractors that transport products from our California depots, and are exploring where we can begin using it in other states where available. Also, all trucks in our Business Delivery fleet in California are using 100% renewable diesel. We are researching expanding this program in other states where possible.

Using smaller trucks. We are leasing smaller trucks in certain metro areas for better gas mileage.

Electric yard goats. We started a pilot test at one of our depots using electric yard goats — the tractors used to tow trailers around a yard — to replace traditional diesel-powered equipment. This pilot is helping us to create a roadmap to meet our Climate Action Plan goal of electrifying this equipment systemwide by 2035. We also installed a solar energy system at the site (below) to power these new yard goats.



Our Business Delivery Fleet

For our Business Delivery fleet, we continue to expand an initiative called “Truck of the Future,” which is aimed at maximizing efficiency in our growing delivery fleets. This initiative started in 2018 with a field test of a customized vehicle that improves the payload capacity by reducing body weight. This test found that the lighter truck increased the miles per gallon, lowering our fuel costs and carbon footprint. We are now choosing these new vehicles as we add and renew fleet leases.

Additional efficiency features and pilot programs include:

- Using solar power to replace batteries on trucks. Adding a solar panel on the truck to help power equipment enables us to eliminate one battery, reducing vehicle weight.
- Using half pallets that are lighter and more efficient for delivery to small businesses.
- Implementing new coolers that reduce the amount of dry ice by replacing them with gel packs. Using these coolers lightens the weight of a truck, increasing efficiency.
- Continuing to test EV trucks and investigate onsite charging options.
- Using technology to analyze driver behavior to achieve better fuel efficiency.

Employee Transportation

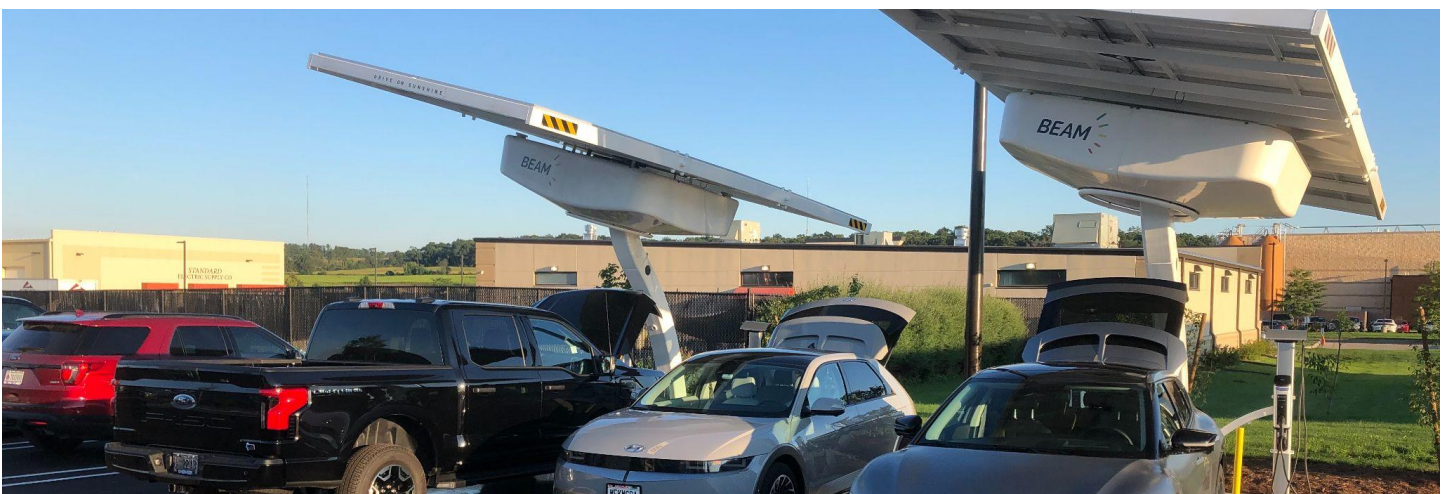
- Using electric plug-in shore power, tying into the grid to allow our refrigerated trucks to maintain temperature while being loaded and stored. This eliminates the previous practice of running the diesel reefer engine, thus saving fuel and reducing emissions.
- Using telematics, a routing system now on all 2017 and newer trucks. This allows us to identify opportunities to enhance mileage consumption through efficient routing, which also decreases idle time.

Costco encourages its employees to use alternative forms of transportation with the goal of reducing energy consumption, emissions and commuter gridlock. Under the Commute Trip Reduction (CTR) program, which began more than 20 years ago at the corporate office, vans, fuel, maintenance and insurance are provided by five local transit agencies. Employees who participate in the CTR program also receive a substantial financial subsidy from Costco, which in many cases covers their entire monthly commute expenses. Employees who regularly ride the bus are also eligible for this financial subsidy. Costco also has vanpools at its San Diego, Los Angeles and Mexico City regional offices, as well as many Costco warehouses.

We also have many employees who choose to informally carpool with coworkers. We also offer secure bicycle storage facilities and locker room use for employees. Finally, charging stations are available at our corporate offices for employees who drive electric vehicles.

Charging Stations

Costco continues to increase available electric vehicle charging stations in our warehouses, corporate offices and other facilities.



Energy & Refrigeration

Using clean energy and efficiently managing our operational energy and refrigeration systems are critical for reducing our Scope 1 and 2 CO₂e emissions, as well as for reducing expenses.



Energy & Our Warehouses

With more than 850 warehouses around the world, we are aware of just how large our environmental footprint can be. We are working to minimize that footprint through energy-efficient systems and smart operating procedures. We know this is critical because purchased energy is the largest source of our carbon emissions created within our operations.

Our strategy to achieve our carbon reduction goals and reduce emissions involves both how we source energy, and how we use it. We are working toward these goals by:

- Increasing our use of clean energy, with a goal of 80% clean purchased energy by 2030. We also have more than 100 on-site solar systems, which we will expand where feasible.
- Adopting smarter systems within the buildings. This includes using energy and lighting management systems to control heating and cooling set points, set lighting schedules and provide information for system troubleshooting and diagnostics.
- Converting older U.S. warehouses to more energy-efficient LED lighting systems. Our new warehouses use LED lighting technology; also, older generations of LED are being replaced by newer versions.

- Improving the overall efficiency of our “building envelope.” This includes eliminating skylights in new construction where appropriate, covering skylights in select existing locations to lessen the workload of HVAC systems, and taking other similar steps.
- Considering innovative system designs based on operational and regional needs. For example, in some warmer climates, we have installed hybrid systems that use an energy-efficient combination of fans and misting to cool refrigeration systems throughout the day.
- Committing to education and training for our employees to increase staffing expertise. This includes Certified Energy Management training, among other programs. We share best practices and ensure compliance through our STAR program in the warehouses.

Energy efficiency also saves expenses, which helps us to remain a low-cost operator. You can find more specifics and results related to our energy-saving measures, including our Scope 1 and 2 emissions, in our [Climate Action Plan](#).

Case Example: Insulated Doors

Warehouses are using various techniques to save energy. One example is insulated doors to the walk-in refrigeration coolers. Where possible in our U.S., Canada and Mexico locations, these doors are closed when the warehouse is not open. The process helps keep the coolers cool, putting less stress on the refrigeration system. The savings from these insulated doors are 25,000 to 35,000 kWh per location. Given these continued savings, we will continue to add the insulated doors in our new locations and remodels when appropriate.



Auditing Our Energy Use

We have launched a pilot program in select warehouses to take an in-depth audit of energy consumption throughout the buildings. The Warehouse Energy Audit Pilot, conducted by a professional energy auditing engineering firm, entails examining all energy-consuming equipment, from fans and lighting to ovens and coolers. This project will yield a detailed energy use analysis that will help us identify where we can improve operations and equipment in existing warehouses, and how to increase our efficiency as we grow in future years.

Managing Refrigerants

We recognize that hydrofluorocarbons (HFCs) and other gases in our refrigeration systems have a major impact on our climate. We continue to explore new technologies and carefully select refrigerants that are low in Global Warming Potential and reduce CO₂e emissions. We're taking these steps to manage refrigerants in our global operations:

- Testing new emerging leak detection technologies to identify refrigerant leaks and trigger alerts for faster resolution.
- Retrofitting our existing locations with high GWP refrigerants to lower refrigerants, such as using CO₂ as a refrigerant, where the required equipment and labor are available, and where it is operationally viable.
- Working with certified contractors who adhere to best management practices in installing, maintaining and decommissioning equipment.
- Working on obtaining platinum-level certification from the Environmental Protection Agency's [GreenChill program](#). So far, as of the end of FY23, we have 15 warehouses that have been certified Platinum Level by GreenChill.

Costco in Iceland

Iceland's geothermal system produces hot water that provides space heating and hot water supplies throughout our warehouse. This system also facilitates snowmelt to free up sidewalks and key areas in front of the building, including the gas station forecourt (filling area) and the freight area ramp. Our Iceland warehouse also has a traditional turf roof to blend into the area.



Managing Water

Costco understands the importance of water conservation and has adopted Sustainable Development Goal (SDG) 6 – Clean Water and Sanitation— as one of our SDG goals. We have implemented comprehensive water management programs and are committed to using less water overall.



Our Water Management Systems

Making sure we do whatever we can to avoid wasting water in our global operations is critical to our sustainability efforts, from both environmental and economical viewpoints. From an environmental perspective, water is a precious and limited resource that cannot be wasted. With rising temperatures, water use is also rising, causing shortage concerns throughout the world. Economically for us, minimizing water waste lowers overall operating costs — specifically, sewer, energy and maintenance costs. Our goal worldwide is to use the least amount of water that is practical and to reduce waste.

Water monitoring systems are currently in use in our warehouses worldwide. These systems enable our warehouse operators to:

- Detect mechanical failures in real-time for quick fixes.
- Identify operational water waste so that behaviors can be modified through education and training.
- Consume less water to lower the amount of energy and cost necessary to run mechanical equipment and systems, which in turn reduces Costco's carbon footprint, expenses and environmental impact.
- Create an enhanced awareness of water use and stewardship throughout all facets of our operations.

Costco's Estimated Global Water Usage Summary

	Sales (\$MM)	Gallons ('000s)	Water Use Increase (YoY)	Water Intensity ('000 gal / \$MM sales)
FY20	\$163,022	3,745,971	N/A	22.98
FY21	\$192,052	4,027,322	7.5%	20.97
FY22*	\$222,730	4,141,135	2.8%	18.59
FY23	\$237,710	4,233,311	2.2%	17.81

*Value is restated due to updated information on our usage. It reflects a 4.8% decrease versus the previously stated number.

Note: Consumption based on all invoiced water usage, may exclude some water for common area landscaping and locations with well water.

New Approaches in Landscaping

Landscaping around our facilities is important for the beauty it provides, and for preserving natural habitat. When we build new warehouses, we seek to include effective landscaping that uses the least amount of water possible. This entails integrating native, drought-resistant and artificial landscaping materials to minimize irrigation.

We are also finding these measures to be helpful:

- Using smart technologies and subsurface irrigation to improve efficiency and reduce water waste in irrigation systems.
- Installing bioswales to preserve groundwater and prevent runoff in select locations.

Using Less Water in Landscaping

In our existing warehouses, we are reviewing the feasibility of replacing landscaping with surfaces and features that use less water. These photos show parking areas that have been redesigned. Updates also can include drip irrigation systems. New warehouse sites are designed with water-efficient landscaping in mind.



Wastewater & Stormwater Plans

Each U.S. Costco location has wastewater and stormwater plans and procedures to ensure that we remain in compliance with local and federal regulations. We have a team of Environmental Sustainability and Compliance Managers throughout the U.S. who, in partnership with our corporate water systems team, work directly with all locations to track and respond to water waste or quality concerns. International locations have taken examples from the U.S. and are applying smart approaches to improve waste and stormwater management.

Examples of Water Savings

We are constantly seeking new ways to save water in our operations, in both small and large ways. Here are some recent examples:

- In our U.S. Food Courts, we are upgrading the way we safely clean the pots and pans used to prepare food. A new high-efficiency dishwasher uses 197 fewer gallons a day than the old system, while requiring less energy and labor hours as well. So far, we have installed nearly 200 new dishwashers as we grow the program. It all adds up to an annual estimated savings of 13.9 million gallons of water per year.

- In 20 Mexico locations, all water used in the warehouses (bathrooms, fresh food areas and so on) go from the drains to on-site small treatment plants, instead of the sewer. This treated water is then used for site irrigation. This not only reduces the impact on local sewer systems, but saves us money on irrigation costs.
- In Australia, rainwater is captured and stored on-site for use in toilets, cooling refrigeration systems and irrigation.
- In the Los Angeles region, we are using a water capture system to catch rainwater and refrigeration condensate, which is stored on-site in large, underground cisterns. This water is used for irrigation. If the tanks are ever completely full the location issues the water back to the city.
- In our regional office in Kisarazu, Japan, rainwater is captured in an underground storage tank for irrigation and flushing toilets. Up to about 27,000 gallons of rainwater, collected from gutters at the rooftop and fourth floor terrace, can be stored underground.
- In the Midwest, simple new processes in washing dishes in the Food Courts and fresh food departments have saved 200 gallons of water a day in each location.

Water Savings in Our Chicken Plant

In 2019, Costco began selling chicken in our vertically integrated facility in Fremont, Nebraska, which was designed with water preservation, re-use, efficiency and treatment in mind.

Costco worked with the city of Fremont to expand its wastewater treatment plant to ensure that the wastewater generated is treated before returning to the municipal wastewater treatment plant. In addition, through a process of air chilling, we save a substantial amount of water in comparison to typical water chill processing.



Car Washes

Wastewater in our on-site car washes is reduced in the following ways:

- Digital water metering identifies spikes in usage that indicate a potential leak or equipment malfunction. With real-time monitoring, these spikes can be addressed immediately.
- Every wash has a reclaim system to filter and recycle water to be used for everything that does not require fresh water. This cuts fresh water use by more than 50%.
- Water main shut-off valves are utilized when the car wash is not in use.
- All car washes strictly follow water usage permits and requirements.

In fiscal year 2023, we were able to improve the washing process, enabling us to eliminate the “rain bars” at the entrance of the car wash. This saves us an estimated 4.8 million gallons of water per year.



Minimizing Waste



Costco understands our potential impact on the global waste stream and emissions caused by waste generated within our operations. Our aim is to continually decrease the amount of waste going to landfills, with a goal to divert 80%. See our [Global Waste Stream Report](#) for our annual update.



Diverting Waste from Landfill

Effective waste diversion conserves natural resources, saves energy, cuts expenses and reduces emissions. We continue to examine our waste disposal programs to maximize efficiency and reduce costs.

Regarding our 80% diversion goal, in fiscal year (FY) 2023, we diverted 80.5% of our waste from landfills. We define waste diversion as the total tons (measured in U.S. tons) of waste that is not directly dumped into landfill sites or burned at incineration facilities that do not create energy (we include Waste to Energy as part of our diversion program). Other diversion examples include donations, anaerobic digestion, recycling, composting and animal feed. Costco is committed to expanding these programs through partnerships, enhanced efficiencies and emerging technologies. See our five-year waste-diversion and donation results on page 7.

Tracking Emissions

Costco started measuring its baseline for total waste emissions in FY20. Since then, we have estimated our total Scope 3 (GHG Protocol Category 5) waste emissions for all reporting Costco locations based upon the total tonnage to landfill and total tonnage diverted. Here are the results:

- FY20: 137,098 mtCO₂e
- FY21: 147,138 mtCO₂e
- FY22: 154,090 mtCO₂e
- FY23: 168,967 mtCO₂e

Reducing Food Waste

We take a variety of steps to keep food out of landfills, whether it's by creating a new product, donating it to needy people, or feeding it to animals. For food waste, we follow the [Wasted Food Scale](#), as defined by the U.S. Environmental Protection Agency:



Preventing Wasted Food

One way of reducing food waste in our operations is by creating new items for our members. These products change from time to time and by location, as we seek creative new ideas. For example, unsold rotisserie chickens are made into deli items, reflecting local tastes, such as chicken noodle soup and pot pies in the U.S.; enchiladas and pizza in the UK; and Singapore Laksa in Taiwan.

Likewise, ground beef from the U.S. meat departments are used for stuffed peppers and meatloaf in the deli, and for shepherd's pie and stuffed bell peppers in Canada.

All in all, our goal is to keep food that is still fit for human consumption out of landfills.

Food Donations

Costco has programs and partnerships with [Feeding America](#), [The Global FoodBanking Network](#) and food banks to prevent food from being wasted. These efforts provide meals to individuals and families who are food insecure. We offer our food donation program in all states and most countries/regions where we operate, and have continued to grow it year over year. Our U.S., Canada and Mexico warehouses have added the ability to donate cooked food from our Food Courts by creating food safety procedures. More information can be found in our *Costco Connection* article, [Do not discard](#).

We understand the importance of the types of food donated, so we strive to provide healthy and nutritious food. In FY23, 71% of the food donated in the U.S. was in the following categories:

- Produce/fruit/vegetables (40%)
- Grains/bread (18%)
- Dairy/protein (13%)

Other Uses for Food

- We divert organic materials for feed to local programs, including animal sanctuaries, rescue centers, local farms for cattle, hogs and other animals, and city zoos.
- Organic waste is recycled into usable products, such as organic fertilizer, biofuels and electricity. For example, our chicken grease from rotisserie chickens is converted into biofuel.
- Some locations send organic waste to commercial compost facilities to create a nutrient-rich soil conditioner.
- Where possible, trash from our in-warehouse compactors is hauled to waste-to-energy facilities.





Reducing Non-Food Waste

Costco is committed to reducing non-food waste through efficiencies and other programs.

Donating

Costco has grown its program with [World Vision](#) to donate first-quality items that used to be destroyed, recycled or returned to the supplier. These items are donated to people in need around the world. More information can be found in the [Costco-World Vision Summary](#), which contains a list of the items donated and some stories that illustrate the impact of these donations. These efforts have the added benefits of reducing trips to the landfill and saving on trash fees for both Costco and our suppliers.

Eyeglass Donation Program

Costco has partnered with Assist International for an Eyeglass Donation Program. Members can drop off used prescription glasses, readers or sunglasses in boxes located in the Optical Center in our warehouses. Costco sends this eyewear to Assist International, which works alongside a team of volunteers and partner organizations to sort and distribute donated eyewear internationally to those in need.



The Making of a Trash Bag

Working with supplier Poly-America, Costco has developed a program to recycle the stretch film that encases products on pallets during the shipping process for use in making some Kirkland Signature™ trash bags. Here's how this closed-loop process works:

- Stretch film secures products as they are transported to Costco locations. In the warehouses, this film is cut off and put into balers.
- The bales of clean stretch film are sent to Poly-America plants. There, the film is broken apart, shredded into small particles, washed and dried.
- This material is then extruded into pellets for use in making new products. These pellets are known as post-consumer recycled (PCR) content, and are useful for new products.
- Finally, the pellets are used in the manufacture of certain Kirkland Signature trash bags. Those bags, incidentally, are shipped to Costco's distribution depots in stretch film, and the process begins all over again.



Recycling

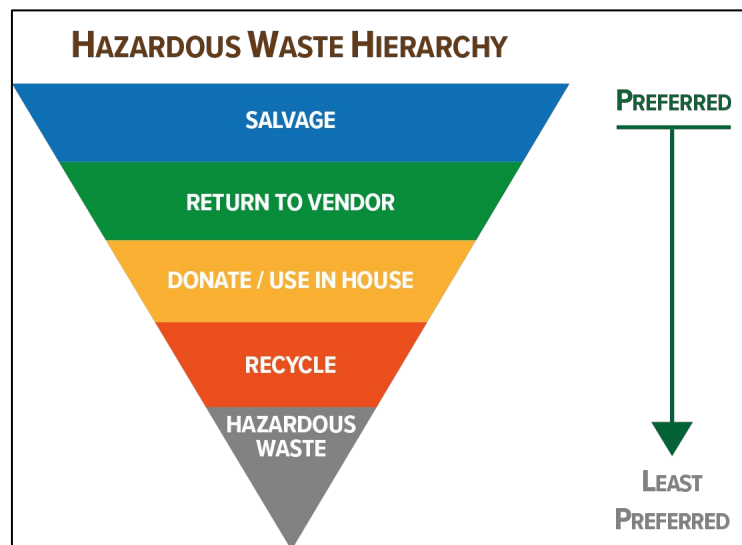
We have developed programs to recycle a wide variety of materials (actual amounts are shown in this [Global Waste Stream Report](#)):

- **Corrugated Cardboard and Shrink-Wrap.** We send shrink-wrap and corrugated material generated from daily operations to our distribution centers for recycling.
- **Tires.** While 15% of our tires are resold, over 80% are recycled into uses like crumb rubber for roads or decorative mulch.
- **Car Batteries.** Costco reimburses members their core fee when batteries are returned for recycling. Up to 99% of a car battery is recyclable and can be used to make new batteries.
- **Paper.** Costco has established a recycling program for paper in our offices and warehouses, and we continue to move to paperless programs when applicable.
- **Metal.** We're testing a program to recycle scrap metal that cannot be processed through standard single stream recycling bins. We will continue to roll out this program where feasible.
- **Styrofoam®.** In certain locations, expanded polystyrene (foam) is densified and distributed to manufacturers that make picture frames, crown molding and other polystyrene products.

Also, in an effort to make sure everybody knows about recycling procedures and goals, all employees in our U.S. warehouses are required to take a special recycling course through our internal educational program called Costco U. We are expanding similar training internationally where feasible.

Reducing Hazardous Waste

Hazardous materials pose a risk to the environment, human health and/or the communities we operate. These include common everyday items such as dish soaps, detergents, batteries, light bulbs and electronics. As with other waste programs, Costco follows a hierarchy to reduce or eliminate hazardous waste (shown below). Here's a look at our programs to manage hazardous waste:



- **Electronic Recycling.** We use an electronic recycling program through approved, licensed recycling vendors. We are able to manage both member returns and company assets while ensuring the highest levels of sensitive data destruction alongside material recovery through the vendor's e-scrap shredding system.
- **Batteries & Light Bulbs.** We recycle household batteries and light bulbs from returned products or used in operations.
- **Fuel Station Materials.** Byproducts from our fuel station operations are managed in ways to minimize waste. Used and drained fuel filters can be managed as scrap material.
- **Ethanol Recovery.** Items containing ethanol such as alcoholic spirits, perfumes, colognes, cough syrup, vanilla extract and hand sanitizers (classified as consumer chemical products) are hauled off-site, depacked and shredded at various facilities. The liquids are processed for ethanol recovery.

Waste Minimization: By the Numbers

Waste Diversion

	FY19	FY20	FY21	FY22	FY23
Landfill/Incineration (US tons)	312,487	291,269	327,874	317,663 ²	315,512
Diverted from Landfill/ Incineration (US tons)	831,594	907,114	1,188,243	1,262,477 ²	1,300,775
Diversion %	72.7%	75.7%	78.3%	79.9% ²	80.5%
Reporting Regions	10	12	12	12	14

Donations Over The Past Five Years

	FY19	FY20	FY21	FY22	FY23
Food Donations (Millions Lbs.)	76.9	92.8	99.0	125.8	168.6
Meals Donated (Million Meals)	64.1	77.3	82.5	104.8	140.5
Warehouses & Depots Donating Food	772	794	823	844	870
Number of Non-Food Pallets Donated	42,493	54,332	80,304	131,438 ¹	100,933
Non-Food Product Value (\$, Millions)	\$76.2	\$79.9	\$137	\$278	\$110.7

¹ The number of pallets significantly increased in FY21-22 because our growing Costco Logistics program, which delivers appliances, TVs and other large items purchased on Costco.com, is now part of our donation program.

² These figures from FY22 are corrected from last year's report.

Environmental Compliance



Our Code of Ethics calls for us to obey the law, and complying with environmental regulations is an example of that directive. Our environmental compliance efforts are integral to our corporate sustainability initiatives.



The Role of Compliance

Our Environmental Compliance program encompasses a variety of environment-related sustainability goals. We implement best practices aligning with environmental regulations to ensure our business is sustainable. Our program covers regulations related to stormwater, sanitary water use, wetlands, environmental mitigation, endangered species, air quality and more. The program applies to inspections, maintenance and reporting for all of our properties, including our warehouses (retail locations) as well as our industrial properties (manufacturing, distribution, logistics, etc.).

In addition, our global compliance team works in conjunction with representatives from numerous departments throughout the company to review and identify opportunities to enhance compliance and sustainability programs and policies, as well as to ensure we remain in compliance with regulatory requirements. Team members also support location operators in daily operations, training and educational opportunities. Finally, team members have been instrumental in helping us implement our [Climate Action Plan](#).

We hold a Global Environmental Sustainability Summit each year to share best practices, review compliance and discuss upcoming projects, with the goal of creating a consistent and global approach to environmental compliance, while respecting local laws and regulations.

STAR in the Warehouses

We continue to build on our existing environmental compliance platform through the Sustainability Technical Assistance Review (STAR) program to formalize standards and requirements in five key focus areas. By working toward STAR goals, Costco is building the capabilities to track compliance and dynamically monitor resource use at all our warehouses. Our aim is to integrate the people, systems, policies, data and standard operating procedures in support of the following five focus areas:

- Ensure environmental compliance
- Govern water use inside and outside our facilities
- Minimize energy consumption
- Increase waste diversion
- Reduce carbon emissions

The STAR program is promoted in employee break rooms and supported by regional specialists who visit the buildings, and best practices are shared through the *STAR News* bulletin.

Enhanced data “dashboarding” programs and reporting capabilities added in 2022 allow us to respond more quickly as any situations arise. We also continue to digitize our environmental records and automate compliance programs to aid in both accuracy and efficiency while reducing operator fatigue.

Meanwhile, we are continuing to build a Central Monitoring program (Central Station) in our U.S. and Canadian buildings (warehouses, depots and businesses). This system monitors refrigeration, burglary and fire alarms, enabling us to fix problems and improve our operations.

Animal Welfare

Animal welfare is part of Costco's culture and responsibility, and we are committed to a global approach to this important issue. We are working toward a uniform program in the countries/regions where we operate, while respecting that each country may have its own regulatory and social requirements.



Our Mission Statement

Costco is committed to the welfare and proper handling of animals that are used in the production of products that we sell. This is not only the right thing to do, but it also is an important moral and ethical obligation we owe to our members, suppliers, and most of all to the animals we depend on for these products. Costco has adopted the Five Domains for assessing animal welfare. The domains are:

- Nutrition
- Environment
- Health
- Behavior
- Mental State

If animals have positive experiences in the first four physical/functional domains, then the end result would be a positive experience with the fifth domain — a good mental state, leading to good welfare and a positive quality of life. We have worked with Dr. Temple Grandin (click [here](#) for more information), an independent and prominent animal welfare expert, in adopting these domains. You can find additional resources concerning the Five Domains at these sites:

- [MDPI](#)
- [National Library of Medicine](#)

Collaboration with Experts & Suppliers

We coordinate our efforts through an Animal Welfare Task Force, made up of members from corporate and international buying, animal welfare auditing, global sustainability and compliance, legal and global food safety departments. Our efforts are informed by various global standards and benchmarks. We seek to stay abreast of new technologies and methods through our suppliers, academia and industry experts.

Our engagement with the [Center for Food Integrity](#) included forming an Animal Welfare Committee of outside academics who are experts within dairy, pork, poultry and beef cattle. These four experts, including Dr. Grandin, are highly regarded in their fields with decades of experience in the areas of animal science, animal welfare and animal behavior.

This engagement reviewed our animal welfare policies and procedures, identified issues and opportunities related to animal welfare and provided insights to our team. We have reviewed their suggestions and have already taken action to implement some of them and are evaluating others for consideration.

Scope & Risk-Based Phased Approach

Because of the number of suppliers Costco has and their geographic dispersion, it is not practical to audit on an ongoing basis to confirm that all suppliers are in compliance with all aspects of our animal welfare policies. Accordingly, we take a risk-based approach with respect to targeting audits and otherwise seeking to confirm compliance. The approach is based upon several factors, including prior audit performance. This has resulted in placing emphasis on auditing suppliers of Kirkland Signature™ items, particularly in the U.S. Even as to those items, however, the large number of producers in the supply chain limits the scope and frequency of audits that may feasibly be conducted and evaluated.

"The Five Domains emphasize the importance of both preventing suffering and providing animals with positive experiences." —Dr. Temple Grandin

Animal Welfare Audits

Costco utilizes recognized audit standards and programs conducted by trained auditors, and looks at animal welfare both on the farm and at processing. The purpose of an audit is to gather current, accurate information concerning the overall welfare of animals. This information is made available to members of the Costco food safety and technology group, and buying staff. Audits apply to:

- **On-farm audits / assessments.** These inspect the welfare of live animals on the farm in their living environment. Currently these are conducted for the following species to varying degrees: chicken (egg-laying hens), dairy cows, pork, poultry (chicken and turkey) and veal.
- **Meat plant audits.** These take place at the plant where animals are processed for these species: beef, pork, poultry (chicken and turkey) and veal.

Audits can be conducted by Costco auditors, suppliers or third parties. Audit type, frequency and intensity can vary across suppliers and species. Costco requires U.S. animal welfare auditors to be certified. Below we outline our current animal welfare audit policies and procedures by species.

Organic certification in the U.S. in certain respects also includes animal welfare components. Costco sells large quantities of organic items derived from animal products, and these items are required to be certified organic in accordance with the law in all of the countries in which we do business.

U.S. Poultry: Broilers

Here is our audit policy covering broilers in the U.S.:

- Costco requires animal welfare audits at processing in accordance with the [National Chicken Council \(NCC\) Recommended Animal Handling Guidelines](#) and the [National Turkey Federation Animal Care Guidelines](#).
- Costco also audits hatchery and grow-out facilities.
- Costco implements animal welfare audits for laying hens:
 - Audits can include [American Humane](#), [Certified Humane](#) and [United Egg Producers](#) audits.
 - Audits now extend in varying degrees to conventional cage, cage-free and organic housing systems.

Costco's Broiler Policy

Costco Wholesale is committed to the welfare of animals in its supply chains. This includes broilers, which are chickens raised for meat (as opposed to eggs). Although these chickens have a life cycle of less than 50 days, their welfare is as important as that of animals that have longer life cycles. Most of our poultry needs are met by our complex in Nebraska (Lincoln Premium Poultry or LPP) and three other facilities in the Southeast, which are owned by third parties. One of these producers is certified organic, which brings with it animal-welfare requirements prescribed by the United States Department of Agriculture. These four facilities are our primary suppliers (which we call dedicated suppliers).

With respect to our dedicated suppliers: all broilers are cage-free, in chicken houses where they are free to move about without restriction. The minimum standards followed in these houses are based on those developed by the National Chicken Council (NCC). These can be found by clicking [here](#). The National Chicken Council represents companies that account for approximately 95% of broiler chicken production in the United States. For our dedicated suppliers, compliance with the NCC standards is regularly audited by third-party auditors, who are independent of Costco and the producers, and are certified by the Professional Animal Auditor Certification Organization (PAACO). For more about PAACO, click [here](#).

An important element of broiler welfare is how the animals are prepared for production. LPP and our dedicated organic supplier use a technique called Controlled Atmosphere Stunning (CAS). That technique is recognized as a superior method for processing, using methods that are calming for the animals and conducive to the welfare of employees who monitor the process. We are exploring the potential for transition to CAS at other facilities.

Our broiler welfare efforts are currently most highly focused on LPP, which raises around 100 million birds per year. In addition to CAS, LPP has adopted or is focusing on other key elements of welfare:

Density. In evaluating density, it is important to keep in mind that the broilers at LPP are raised to a weight smaller than industry average. When applying density standards that are expressed in weight per area, it is also important to remember that birds are under the maximum weight for the vast majority of their lives. Our dedicated suppliers are operating at a density standard of at least .92 square feet per bird. Due to one of our dedicated complexes being impacted by Hurricane Idalia, they are currently operating at a temporary higher density until those lost houses can be rebuilt. Once completed, the density will return to .92 square feet per bird at that complex.

Catching and Transport. LPP uses what it regards as state of the art equipment for gathering of birds when they are ready to leave the chicken houses. This highly automated system reduces opportunities for human mistakes and adverse welfare issues that can occur with manual processes. In addition, the transportation of broilers occurs with covering and ventilation options that are adaptable to the wide range of weather conditions found in Nebraska and Iowa.

House and Environmental Enrichments. Across the industry, poultry companies have experimented with trials and husbandry improvements to enrich the experience of broilers in their houses. LPP continues to monitor studies that examine whether these enrichments improve poultry welfare outcomes, provide environmental enrichments, or benefit farm workers who work with the broilers. In addition, LPP is continuing to experiment with enrichments in a limited number of houses to evaluate whether wider deployment is warranted.

Costco's Broiler Policy (continued)

Breeding. Some parties have advocated that Costco and others change to breeds that grow more slowly. We have concerns that slower-growing breeds increase environmental impacts on climate and water due to greater feed demands, elevated energy usage, and higher waste output. These greater impacts should not be incurred absent meaningful gains in broiler welfare. As we increase engagement with our suppliers over reducing emissions in the production of goods for us, it is important that we set a good example in our own operations.

Our dedicated broiler operation has continued communications with breeding stock suppliers, current research, and utilizing current studies concerning selection that could over time enhance key welfare indicators, like leg strength of broilers, in an effort to reduce welfare issues. The nature of selective breeding means that this process occurs slowly. Notwithstanding, due to the decreased density and smaller size of LPP's broilers, we believe that the incidence of adverse welfare impacts associated with larger fast-growing broilers under more crowded conditions is lower.

Our work and understanding of slow-growing birds is ongoing. Our suppliers are researching and trialing various breeds to evaluate bird health and welfare, product quality and environmental impacts.

While we believe we have achieved significant progress in our broiler welfare programs, we recognize that there is room for improvement and innovation. LPP has engaged a full-time animal welfare officer and a full-time auditor for growers (in addition to the full-time veterinarian on staff) and enhanced the training requirements for auditors that work in the chicken houses that supply it. LPP's objective is to audit each grower three times annually.

Early in 2021 we engaged the services of Dr. Grandin, an independent and prominent animal welfare expert, to examine the practices at LPP and make recommendations for enhancements. Dr. Grandin has provided her recommendations, which are now in various stages of implementation. Among other things, they entail enhanced education for farmers raising broilers, improvement of hatchery procedures, improved security for houses, and reduced stocking density. Many of her recommendations have been adopted. A variety of external events have slowed some of our intended progress, but we remain committed to improvements. We continue to engage with Dr. Grandin at our LPP complex annually in person and throughout the year.

Our Vertically Integrated Poultry Facility

In 2019, Costco began selling chicken produced in Lincoln Premium Poultry, our vertically integrated facility located in Fremont, Nebraska, which is described in more detail on the “Kirkland Signature” page of our [Merchandising section](#). Animal welfare is a critical component that has been integrated into all aspects of the chicken supply chain, from the hatchery to the grower houses to the processing facility.

The design of the buildings and equipment, and corresponding programs to handle the chickens, featured animal welfare as a key component and included the following:

- The latest technology for poultry handling and processing is incorporated into the hatchery, feed mill and processing facility.
- The farmer-owned houses for the pullet, breeder and broiler chickens are state of the art in design and equipment.

The animal handling processes also incorporate strict animal welfare programs and a summary of some of these policies include the following:

- Stocking density is limited to allow birds more space.
- All houses have automated ventilation systems designed to improve bird air quality and comfort.
- Apollo Gen 2 automatic harvesters are used to more humanely collect our broilers.
- Broiler transport includes trailers with curtains to keep animals sheltered.
- Broilers are unloaded inside a lairage area, to protect them from the weather and help the birds acclimate.
- The lairage area can hold approximately two-hour inventory to allow birds to rest.
- State-of-the-art Controlled Atmosphere Stunning (CAS) system.





Poultry: Laying Hens

Costco has introduced the Costco Hen House Audit in the U.S. This tool seeks to promote a sense of responsibility and accountability to the supplier and provides a means for annual house evaluations:

- Kirkland Signature egg suppliers are required to audit each house twice a year using the Costco Hen House app platform. The results are automatically transmitted to Costco upon completion.
- The app-based system gives visual examples of how to score each question as needed.
- The app requires the supplier to submit photo documentation for each question, along with the answers as applicable.

Cage-Free Eggs

Costco is committed to procuring cage-free eggs. In FY23, the percentage of cage-free shell eggs we sell worldwide declined slightly, due to Avian Flu, as indicated in the table on the following page.

In addition, Kirkland Signature Liquid Eggs are cage-free in the U.S. The transition to cage-free eggs will continue to increase with added availability and capacity of cage-free production.

Note: Supply shortages in the U.S. have recently required us to source a small quantity of non-cage-free eggs to meet our member requirements. We expect this to be temporary.

Percentage of Cage-Free Shell Eggs by Region

Regions	FY19	FY20	FY21	FY22 ⁴	FY23
Australia	59.6%	48.2%	43.8%	50.5%	55.6%
Canada	23.7%	22.8%	22.9%	22.7%	22% ⁴
China ¹	N/A	0%	0%	2.1%	2.9%
France	100%	100%	100%	100%	100%
Iceland	100%	100%	100%	100%	100%
Japan ¹	0.6%	0.8%	2.9%	3.6%	10.1%
Mexico	91%	97.3%	100%	100%	100%
New Zealand	N/A	N/A	N/A	N/A	100%
South Korea	3.4%	9.6%	18.7%	77.7%	100%
Spain	100%	100%	100%	100%	100%
Sweden ³	N/A	N/A	N/A	N/A	100%
Taiwan ^{1,2}	0%	0%	8.1%	13.8%	16.1%
United Kingdom	100%	100%	100%	100%	100%
United States	90.7%	93.2%	94.2%	97.0%	91.6% ⁴
Global	70.8%	72.3%	73.9%	79.7%	77.7%⁴

1) Our progress in Taiwan, China and Japan is dependent upon local available infrastructure and appropriate food-safety practices. Taiwan, China and Japan are selling cage-free eggs in select locations and will continue to expand based on availability.

2) In Taiwan, the balance of the eggs that are not cage-free come from larger enriched cages, improving bird welfare by providing them with more usable space, scratch pads/mats, perches and nest boxes, allowing the hens to perform more natural behavior.

3) Sweden opened in 2023.

4) U.S. & Canada cage-free supply issues were affected by High Pathogenic Avian Influenza during the winter and spring time period. To keep eggs in stock for our members, we had to resort to conventional eggs.

U.S. Beef

Costco requires third-party animal welfare audits at processing in accordance with the [North American Meat Institute Recommended Animal Handling Guidelines](#).



U.S. Dairy

- Costco requests animal welfare audits at the farm level. We have worked with third-party audit providers as well as parties that can implement second-party dairy audits. Our goal is to have an outcome-based program that recognizes sustainable practices in place and guides change at the dairy through training, sound protocols and a valid Veterinary Client Patient Relationship.
- The National Dairy FARM Program (Farmers Assuring Responsible Management) seeks to provide consistency and uniformity to best practices in animal care and quality assurance in the dairy industry. Costco works with larger cooperative suppliers that utilize the FARM Program to increase the frequency of third-party verification.
- Costco does not support tail docking and has actively sought to use suppliers that do not allow this practice. Current suppliers do not practice tail docking.
- Costco requires its suppliers to implement standards regarding age and pain management as it relates to dehorning practices.
- Costco strongly supports advances in dairy farming practices to include the use of genetic breeding programs to promote polled cattle (naturally hornless). Costco believes this will benefit the welfare of the cows and of the farmers who care for them by eliminating the need for dehorning.
- Costco recognizes that through the years its suppliers have embraced new ways to improve the welfare of the animals in their care. Costco expects suppliers to continue to seek improvements that promote good animal health and well-being.

Veal

Costco veal is traceable to the farm level and farms are inspected for compliance to the requirements. Here is our veal policy:

- Inhumane treatment of calves is unacceptable and will not be tolerated at any stage of the animal's life.
- Calves must never be tethered while in a stall.
- There must be a minimum of two calves per stall after 8 to 10 weeks of age. (This is dependent upon calf behavior and health issues that would require a calf to be separated.)
- All stalls must be large enough to allow calves to freely turn around, lie down and maintain normal postures.
- Calves must be inspected at least twice daily by the farmer or caregiver to ensure cleanliness of the animals as well as the stall.
- The farmer or caregiver will also ensure proper fresh air and ventilation at all times.
- Calf diets must consist of nutritious feed and fresh water.
- Veal barns are to receive, at a minimum, one annual third-party humane handling audit per year. These audits are to be made available to Costco Wholesale.
- Veal barns are to be visited by a veterinarian at a minimum of once every grow-out cycle.
- Electric prods are never to be used.
- Non-ambulatory animals are never to be used in production.

Pork

In the U.S., Costco uses the Pork Quality Assurance Plus program. This is a producer-driven program that farmers can use to ensure that pork products are of the highest quality and are safe, and animals are cared for in a way that ensures their well-being. Also:

- We continue to encourage suppliers to limit the use of gestation crates for pregnant sows in favor of group housing.
- Based upon supplier reported data for FY23, 95.5% of Costco's fresh pork and Kirkland Signature cooler items sold in the U.S. and Canada came from sows raised in group housing or confinement that permit sows to turn around. Since January of this year, we have exclusively sourced these items from sows raised in group housing, limiting the time sows spend in gestation crates.
- Approximately one third of our U.S. fresh pork supply is from California Proposition 12-compliant housing. The proposition requires that breeding sows and their immediate offspring have at least 24 square feet of usable floor space per sow and are not confined in gestation crates.
- Globally, in the regions we operate in, excluding the U.S. and Canada, 74.5% of our fresh pork supply came from sows raised in group housing or confinement that permit sows to turn around.
- There may be certain times during a sow's gestation period when she should be separated from the rest of the group. An example of this is the time between insemination and confirmation of pregnancy. Our goal over time is to continue to minimize the time sows are in confinement.
- Over the long term, we will target suppliers outside the United States and Canada for compliance, to the extent they are not held by local law to the same standard or a higher standard; and work with suppliers to achieve compliance for branded (non-Kirkland Signature) cooler items to further reduce the number of days that breeding sows spend in gestation crates.



Antibiotics Overview

Costco's goal is to be judicious in the use of antibiotics that are medically important to humans in our meat and poultry supply chains, which is consistent with our goal of protecting the health and welfare of our members. Our objective is that producers follow the United States Food and Drug Administration Veterinary Feed Directive (VFD) rule ([21 C.F.R. section 558.6](#)) regarding administration of medically important antibiotics to food-producing animals. Medically important antibiotics are to be limited to therapeutic use only for the prevention, control and treatment of disease under the supervision of a licensed veterinarian in a valid veterinary client/patient relationship. You can read more on the [FDA website](#).

In 2023, we continued our engagement with a number of U.S. suppliers. This year we have asked our suppliers to participate in [The Sustainability Insight System \(THEISIS\)](#) which will give us a better understanding of our suppliers' animal welfare progress, including antibiotic use. It remains difficult in many supply chains to obtain verifiable certificates or affidavits in order to have quantitative metrics regarding the phase-out of routine use of shared use antibiotics. Supply chains are, for the most part, only minimally vertically integrated (particularly for beef and pork), with our suppliers being a few steps removed from those who are raising animals. Many of these growers lack developed systems for aggregating metrics concerning antibiotic usage. This makes it very difficult for our suppliers to gather and aggregate such information to report to us and to track changes in metrics over time.

Chicken Antibiotic Update

We continue to work with our chicken suppliers and have made progress on our previous commitments.

In FY23, our supplier-reported data showed that over 99% of volume (by mass) was raised without routine use of antibiotics important to human medicine. Our dedicated suppliers occasionally resort to market purchases from third parties to fulfill requirements. We do not have this data at this time and will work with our suppliers who purchase from third parties to determine antibiotic use and comply with our policy.

We anticipate that by December 2024, 100% of our Kirkland Signature™ chicken (defined as raw-frozen, sold in the meat case, rotisserie case and canned) sold in the U.S. will be raised without routine use of antibiotics important to human medicine.

Down & Feathers

Costco has committed to responsible down sourcing. Costco now requires a certification to be present with all Costco production of down and feather products. Costco accepts certifications from International Down and Feather Lab (IDFL), Downpass, or Responsible Down Standard (RDS).

Compliance to these standards promotes ethical sourcing of down and feathers through the verification of supplier traceability systems, general animal welfare, risk assessment and other important best practices.

For more information, see the *Costco Connection* article, [Down's upside](#).

Monkeys & Coconut Harvest

Costco does not support the use of monkeys for coconut harvesting. We require our suppliers to contractually prohibit the use of any animal labor from their coconut providers. We also require these suppliers to audit their farms and have a third party independently verify compliance.

Environmental Impacts & Land Stewardship

Costco understands that it has a responsibility to source its products in a way that is respectful to the environment and to the people associated with that environment. Our goal is to help provide a net positive impact for communities in commodity-producing areas by doing our part to help reduce the loss of natural forests and other natural ecosystems, which include native and/or intact grasslands, peatlands, savannahs and wetlands. Pollinator health is part of this effort.



Land Stewardship Goals

We want to work with suppliers and others to support good land stewardship practices. These include, but are not limited to:

- Avoiding deforestation and conversion of natural ecosystems
- Conserving or restoring natural ecosystems
- Protecting High Conservation Value (HCV) and High Carbon Stock (HCS) forests
- Requiring free, prior and informed consent of indigenous people
- Respecting basic human rights
- Avoiding pollution
- Protecting water resources
- Protecting from harmful chemicals
- Protecting, restoring and promoting soil health
- Supporting the increased healthy production-efficiency of lands currently in production

Forest Conservation Commitment

Deforestation is occurring at a rapid rate as natural forest landscapes are converted to land for growing livestock and agriculture. These natural ecosystems provide high environmental and social value, including habitat for diverse animal species, carbon sinks and long-term livelihoods for people living in and near these forests.

We believe that our most impactful steps are to (1) source our wood, paper and fiber-based products from responsibly managed and certified forests, and (2) use recycled content and alternative fibers when feasible. While we desire all products to be sourced this way and encourage our suppliers to follow this goal, we have focused our efforts on our Kirkland Signature™ products. Our goals are explained in our [Forest Conservation Commitment](#).

Certified Product

Costco accepts forest management certifications from three leading organizations: Forest Stewardship Council® (FSC)¹, Sustainable Forestry Initiative (SFI) or Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. These certifications help to ensure that the needs of the forest ecosystems and their communities are balanced with conservation.

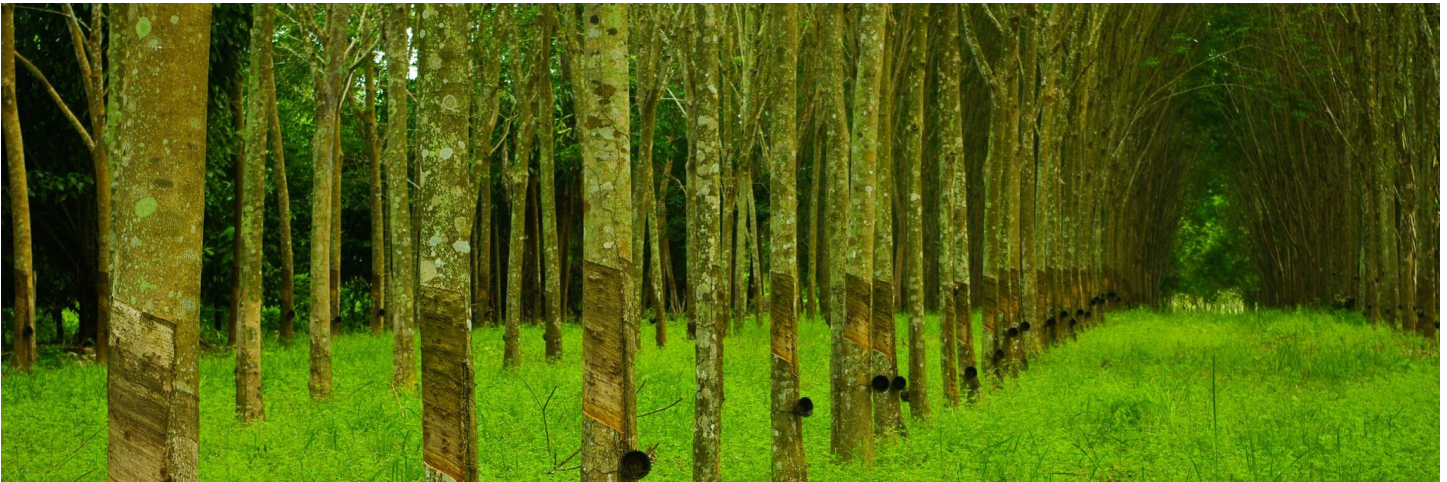
Virgin & Recycled Fibers

Virgin fibers and recycled fibers both play important roles in making everyday products like paper, cardboard and bath tissue. Fiber products are not infinitely recyclable — after about seven times they degrade, lose their strength and are no longer usable. This is why virgin fibers have an important role. Virgin fibers are valued for products that require their strength, softness, color and absorbance qualities, such as premium bath tissue. To reduce our use of virgin fiber, we have a preference for recycled fiber where feasible and where we believe it is a more sustainable alternative to virgin fiber. The final choice of fiber will be determined by quality and food safety requirements, product specification and performance, and legal requirements.

1. Costco's FSC license code FSC-N003307

Recycled fibers, in contrast, are the best choice for making such things as cardboard and packaging, which don't require as much softness or absorbency.

For these reasons, responsible forest management is an important component in sourcing fiber for paper-based packaging. Costco is committed to sourcing the fiber used for its products and packaging from known sources, be legally harvested under certified forest management programs and not contribute to deforestation or degradation. A major focus for us is to increase recycled content in packaging, especially with Kirkland Signature products.



Seven Key Commodities

We are committed to eliminating deforestation in seven key commodities in our Kirkland Signature supply chains that historically contribute to deforestation: palm oil, wood/pulp/paper, soy, cocoa, coffee, beef and rubber. You can find details on how we source products in these categories by going to “Commodities & More” on our [Merchandising page](#).

Palm Oil: Costco is a member of the Roundtable on Sustainable Palm Oil (RSPO) and we're committed to ensuring that the palm oil and associated products are responsibly sourced.

Wood, Pulp & Paper. We are committed to sourcing from certified forests all of our wood, pulp and paper products.

Soy. Because soy is a major driver of tropical deforestation in countries such as Brazil, we source Kirkland Signature soy-based products, such as Kirkland Signature soybean oil, vegetable oil and organic soy beverages, from the U.S. and Canada.

Pollinator Health

Cocoa. Working through the Sassandra Cocoa program, we are funding the distribution and replanting of trees, and working to increase the number of farmers participating in the program.

Coffee. We offer several Kirkland Signature coffee items, sourced from areas around the world. Our commitment is to use responsibly grown coffee.

Beef. With concerns that beef production contributes to tropical deforestation in countries such as Argentina, Brazil, Colombia and Paraguay, our intent is not to source beef from high-risk deforestation regions until comprehensive traceability and monitoring systems are in place.

Rubber. At this time, no Kirkland Signature products contain natural rubber. If they do in the future, our goal is to responsibly source rubber.

We update our progress on deforestation efforts each year in this Sustainability Commitment. Also, beginning in fiscal year 2022 we are disclosing sourcing information about these forest risk commodities through the CDP Forest questionnaire. This report is available through [CDP](#), a global disclosure system.

Native pollinators and managed honeybee populations are threatened by pests, pathogens, pesticides and poor nutrition. These pollinators are necessary for pollinating approximately one-third of the food we eat, including many fruits, nuts and vegetables. More information can be found in our *Costco Connection* article, [Honeybee health](#).

We're supporting pollinator health through research, smart agricultural practices and more:

Supporting Research. Tapping a portion of the sales from our Kirkland Signature honey, we financially support Project *Apis m*. This group funds critical research, offers information on best forage practices for bees, and serves as a resource to beekeepers, growers and others. More information can be found on the [Project Apis m. Blog](#) and on the "Oils, Honey & Spices" page in our [Merchandising section](#).

Reducing Chemical Use to Support Bees

Promoting Pollinator-Friendly Agricultural Practices. We work with our fresh produce and almond suppliers to encourage the planting of buffer zones to benefit pollinators. We also encourage almond growers to use cover crops to increase the density, diversity and duration of bee forage in California orchards, which also improves soil health. See this [Costco Connection article](#) for information on the [Seeds for Bees](#) program of [Project Apis m.](#)

In the American Midwest, a critical area where efforts are focused to support honey production, pollination and native pollinators, we are working with The Bee and Butterfly Habitat Fund's Seed A Legacy Program. [See this report](#) for more information on this program.

We are taking these steps to help reduce chemicals in our live goods, fruit and vegetables to support pollinator health:

Pollinator Health Policy. Our [Pollinator Health Policy](#) involves suppliers of live goods (garden plants), fruit and vegetables. Costco encourages these suppliers to limit the use of non-essential chemicals, utilize eco-friendly methods of pest and disease control, and incorporate Integrated Pest Management (IPM) strategies and other creative solutions for the use of least toxic alternatives. Suppliers are encouraged to phase out the use of neonicotinoids and chlorpyrifos, unless mandated otherwise by law and when possible to avoid regrettable substitutions. Costco seeks to partner with suppliers that share our commitment to pollinator health and IPM, and make reasonable progress in a timely manner.

Other practices to support pollinator health. Our global suppliers report various efforts to support pollinator health and improve farm practices. These include integrated pest management (IPM); use of beneficial insects, biological alternatives, oils and soaps; physically excluding plant pests by creating barriers and separations; working with extension offices and/or local government; setting aside land for pollinator habitat and planting pollinator friendly native plants; and increasing regenerative and organic growing practices.



Equitable Food Initiative (EFI). Costco is part of EFI, a fresh produce effort consisting of farmers, suppliers and NGOs working to improve labor practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. In addition to labor and food safety standards, EFI addresses pollinator health by requiring participating members to have:

- An implemented **Integrated Pest Management** plan that includes a stepped approach starting with biological controls followed by cultural, physical and finally chemical responses.
- Application records for conventional and open fields operations to be entered into the **Pesticide Risk Tool** (PRT) to generate a risk assessment to guide spray decisions. EFI continues to partner with The **IPM Institute of North America** to aggregate and analyze pesticide application records entered into the PRT.
- A written justification for each application of a highly hazardous pesticide, aligned with their IPM plan and documenting that risk management measures were implemented during application.
- Irrigation practices that limit erosion, and uncultivated buffer strips to further protect water habitats.
- Worker training for appropriate pesticide use, which addresses prohibited off-label pesticide use; proper personal protective equipment; reporting procedures about all applications; and medical monitoring of workers handling certain pesticides.



Products Supporting Bee Health

Weed & Insect Control Products. Costco sells a number of organic and alternative gardening products, which contain natural and/or organic elements. Globally, we no longer offer weed and insect control products containing glyphosate, neonicotinoids or chlorpyrifos.

[Bee Better Certified](#) Products. This label on food products certifies pollinator and biodiversity conservation on farms. This includes Silk Almondmilk, available at select Costco warehouses (learn more about this product in our [Silk Brand Showcase](#) and in this article, [Bee Better Certified: One Acre At A Time](#)).

Organics & Greenhouses. We continue to expand our selection of organic products and have increased products grown in greenhouses, which in turn supports pollinator health. Costco's selection of organic products continues to grow worldwide to meet our members' demands.

For more information, please see the "Organics, Greenhouse Grown & Horticulture" page of our [Merchandising section](#).



Supporting Regenerative Agriculture

Costco believes protecting and regenerating nature is imperative and the right thing to do. We strongly encourage our suppliers to follow the principles of regenerative agriculture, which include practices that minimize soil disturbance, increase plant diversity, keep living roots in the ground year-round, keep soils covered and integrate animals back onto the land. These principles help create healthier soil. Healthy soils are critical to long-term agricultural production because they reduce plant vulnerability, can improve crop production and can improve farm profitability. Increasing the organic matter in soil helps the land hold and retain more water, which is critical in times of drought or excessive rainfall. For a related story, see “Smarter Egg Farms” in the “Eggs, Dairy & Plant-based Alternatives” page of our [Merchandising section](#).

Suppliers Doing Their Part: Cargill

Regenerative agriculture practices not only improve crop productivity and soil health, but also support the livelihood of farmers across the country while helping to reduce carbon emissions. Costco is participating in Cargill’s regenerative agriculture program, Cargill RegenConnect®. Cargill RegenConnect® is focused on supporting farmer adoption of regenerative agriculture practices such as no till, reduced till and cover crops. Farmers are then paid for positive environmental outcomes, such as sequestering carbon in the soil. The goal is to enable farmer adoption of regenerative agriculture practices that provide positive environmental benefits, while helping farmers become more resilient.



Photo courtesy of Cargill

Case Study: Roam Free

Regenerative agriculture can be practiced in a variety of settings. For Jon Sepp and Brittany Masters, it's with raising bison for custom-made meat products on a rolling ranch in western Montana.

Their [Roam Free Ranch](#) follows ranching practices to build the soil, sequester carbon and protect water resources, with an ultimate goal of leaving the land better than they found it when they started the business in 2014. Their bison are born and raised on the natural prairie, and are allowed to roam free to naturally socialize. The animals can help revive native grasslands with their hoof action and manure.

“What we are trying to do is make the ecosystem a little bit healthier every year. Instead of extracting topsoil, we’re adding topsoil,” says Brittany. “Instead of losing biodiversity, we’re adding biodiversity.”

Jon adds, “When we look at what we’re doing regeneratively on this ranch, we’re trying to return to sinking carbon into the ground and optimize the grasses to make it as natural as possible, as best as possible. That’s our mission day in and day out.”



Chemical Management

Costco's Chemical Management Policy strives to protect the health and safety of our members, those who make the products we sell, and the environment. Through various processes we aim to deliver products that are safer, healthier and more sustainable.



Our Approach

Through our Chemical Management Policy, we aim to go beyond regulatory compliance, in an effort to reduce or remove potential chemical harm to consumers, the environment and those who manufacture our items. In addition to contractually requiring our suppliers to comply with laws regarding chemicals in products and packaging, we provide guidance for preferred chemical choices by product category. We encourage suppliers to understand the chemicals that are used in their products, supply chains and facilities in order to:

- Identify chemicals of concern (COCs) utilizing comprehensive testing programs.
- Remove identified COCs or use a safer alternative — a chemical, material, product, process or technology that is less hazardous for humans and the environment than the existing approach.
- Identify ways to change their manufacturing processes to reduce hazardous chemical use.
- Review and obtain qualified third-party certifications.

Our intent is to continuously review and improve our program on a minimum of an annual basis.

Chemical Testing & The Costco Smart Screening Program

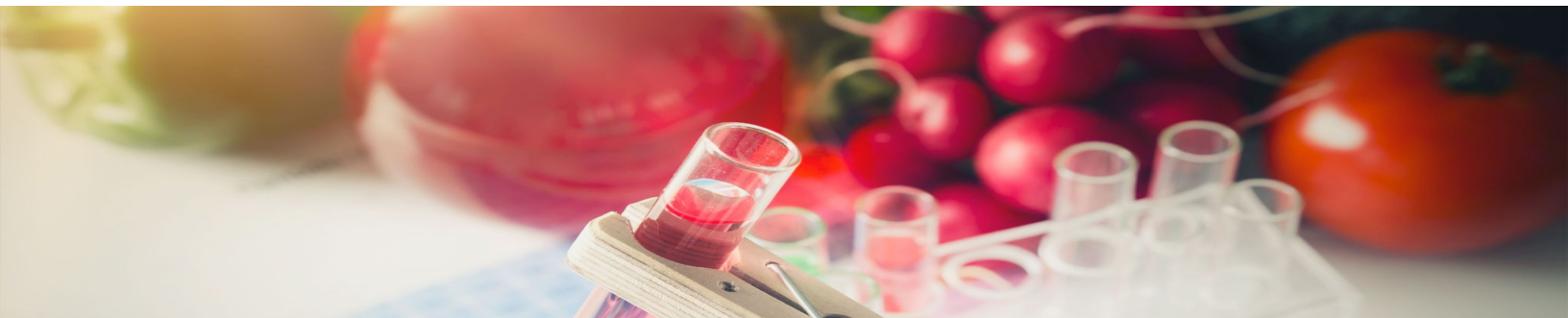
Costco tests many product categories worldwide for the chemicals regulated in the countries where we do business. Product categories tested include juvenile products, food use, furniture, electrical, apparel and home textiles.

Examples of regulated chemicals that we test for include soluble heavy metals, heavy metals found in surface coating, Substances of Very High Concern (SVHCs), formaldehyde, flame retardants, dyes, phthalates, BPA and PFAS.

We work with third-party laboratories to identify and test for COCs in many items that are not legally prohibited. We call this the Costco Smart Screening (CSS) program. These requirements include regulatory, industry and Costco analytical standards.

We cannot test all products to our Smart Screening program. We prioritize assessments for certain product categories. A priority in the Smart Screening program is our Kirkland Signature™ line, including items such as apparel, cleaning products and packaging. Items and packaging within branded categories that may be subjected to the program include apparel, bedding, home textiles, furniture, holiday decor, sporting goods items and products intended for pets. Additional details about some of these categories and products are below.

Costco-approved third-party labs verify item specifications provided by suppliers by carrying out physical testing. These labs pull samples of consumer goods during Costco production to conduct analytical tests for both regulated chemicals and COCs. Costco recognizes and accepts a number of third-party certifications for its Smart Screening program. The third-party certifiers aim to provide safe, traceable and sustainable products. Products that have achieved these certifications are not subject to CSS. However, Costco reserves the right to test any product it sources and sells.



Costco Restricted Substances Lists (RSLs)

The Costco Restricted Substances Lists include substances that may or may not be currently regulated for a specific material or product type. These lists include chemicals from EU Reach Substances of Very High Concern (SVHC), California Proposition 65 list, the U.S. Toxic Substances Control Act (TSCA), flame retardants, PFAS and more. The RSLs are regularly updated to keep up with global regulatory chemical restrictions in consumer products. Here are the lists by category:

- [Apparel & Textiles Restricted Substance List](#)
- [Cleaning & Beauty Aid Restricted Substance List](#)
- [Furniture & Hard Goods Restricted Substance List](#)
- [Luggage & Bags Restricted Substance List](#)
- [Packaging Restricted Substance List](#)

Over the years, the Costco Smart Screening Program has tested more product categories. The Costco RSLs have also grown to keep up with industry standards, evolving science from our third party labs, and regulations. The testing capabilities at the labs continue to improve, which allow them to screen for more chemicals each year.

In addition to the chemical increase to the packaging RSL, the scope of materials tested for packaging has expanded. In earlier years some materials were not screened.



Textiles



The largest category of products in the Costco Smart Screening Program is textiles. This area is based on the Apparel and Footwear International RSL Management (AFIRM) Working Group. The AFIRM Restricted Substance List (RSL) has been adopted by Costco and applied by the third-party testing labs that perform testing on Costco’s textile and footwear products. Examples of products tested include apparel and footwear, sporting goods, luggage, handbags and home textiles such as blankets, sheets, rugs and towels. More information can be found at the [AFIRM Group website](#).

Costco encourages its textile suppliers to implement the Zero Discharge of Hazardous Chemicals (ZDHC) [Manufacturing Restricted Substance List \(MRSL\)](#). The ZDHC MRSL assists factories in protecting workers, creating safe products for our members and eliminating chemicals that are harmful to the planet.

Some examples of other third-party certification programs include:

- The Blue Way by BLUESIGN® represents the vision and mindset of responsible and sustainable manufacturing of textile consumer products. More information can be found on the [BLUESIGN](#) website.
- OEKO-TEX® STANDARD 100 assesses over 1,000 harmful substances. Labeled textile products – and each of their components – have been independently tested and certified. More information can be found on the [OEKO-TEX® STANDARD 100](#) website.
- OEKO-TEX® LEATHER STANDARD is a testing and certification system to protect consumer health from harmful substances in leather. More information can be found on the [OEKO-TEX® LEATHER STANDARD](#) website.

	FY20	FY21	FY22	FY23
% Increase/Decrease in OEKO-TEX® Certifications for Costco products	28%	12%	37%	-3%

Product Packaging

The labels and packaging of Costco items are tested for COCs as follows:

- Packaging of products that are part of the Costco Smart Screening Program use the AFIRM Group packaging material RSL. Examples of packaging components include paper, wood, cartons, stickers, plastic wrap, finishing dyes, inks, coatings, metal, tape, textiles and desiccants. More information can be found on the [AFIRM website](#).
- Many product categories that are tested but are not in the scope of Costco Smart Screening have their packaging tested by a third-party lab to meet U.S. [Toxics in Packaging Clearinghouse](#) and EU heavy metal testing requirements.
- Suppliers producing packaging for Kirkland Signature items must comply with the AFIRM Packaging RSL. The supplier will have items selected to be audited with Costco Smart Screening testing. See the Costco Packaging Reference Chemical List in the “Costco Restricted Substance Lists” section below.
- Food contact packaging materials used in the Costco meat department, bakery, deli and food court are tested in the Costco Smart Screening Program. Examples of packaging include meat trays, bakery containers, deli tins and pizza boxes.

For more about Costco packaging, see the “Packaging” page in our [Merchandising](#) section.

Cleaning & Beauty Aid Formulated Products



Suppliers are encouraged to provide Costco with ingredients either on the packaging, on their website or with a third-party chemical management tool. Costco works with third-party platforms to gather bills of substances (BOS). These platforms allow Costco and its suppliers to better understand the chemicals used in products.

Costco tests for COCs using Costco Smart Screening on Kirkland Signature cleaning, health and beauty formulated products. Costco recognizes and accepts certain third-party certifications into its Smart Screening program, which aim to provide safe, traceable and sustainable products. An example of a third-party certifier for formulated products is Safer Choice. The U.S. Environmental Protection Agency (EPA) created the Safer Choice label to identify products made with safer ingredients for the health of families, pets, workplaces and the environment. Safer Choice-certified products have been carefully evaluated by EPA scientists.

Measuring Chemicals in Products & Packaging

Costco measures suppliers' compliance with our policies by testing products for COCs using different RSLs, depending on product or article material. Currently we are screening many of our products and their packaging, following our prioritization process for product category selection. See product types listed in the "Chemical Testing & The Costco Smart Screening Program" section above. When a COC is identified in a product or packaging, the information is provided to the suppliers. Suppliers then work on corrective action plans by item to remove or replace the concerning chemical.

Reports are provided for suppliers summarizing CSS results against their results in previous years. These allow suppliers to investigate any concerning chemicals within their supply chains across their operations. Costco shares industry resources with our suppliers via the [Costco Smart Screening Guide](#) to help them navigate their chemical management.

Summary of Costco Smart Screening Results

Measure of Chemicals of Concern	FY20	FY21	FY22	FY23
The number of CSS reports managed by Costco	5,924	6,708	8,458	6,988
Costco Smart Screening results with NO chemicals of concern (Lab Report for product and packaging)	78.7%	81.2%	79.4%	81%
CSS reports without COC findings for packaging	89.8%	90.8%	87.8%	85.9%

Chemicals Used in Agriculture & Horticulture

Strategy, Training & Education

Costco is also concerned about the chemicals applied to live goods/plants, fruits and vegetables, and our [Pollinator Health Policy](#) addresses this topic:

- Suppliers are encouraged to limit the use of non-essential chemicals, utilize eco-friendly methods of pest and disease control and incorporate Integrated Pest Management strategies and other creative solutions that use the least toxic alternatives.
- Suppliers are encouraged to phase out the use of neonicotinoids and chlorpyrifos, unless otherwise mandated by law and when necessary to avoid regrettable substitutions.
- Costco seeks to partner with suppliers that share our commitment to pollinator health and IPM, and are making reasonable progress in a timely manner. Details can be found in “Environmental Impacts & Land Stewardship” in our [Merchandising section](#).

Partnering with our suppliers to support development of their chemical management programs for their supply chain, we provide suppliers with Costco RSLs, Costco Smart Screening results, Good Manufacturing facility audits results and the Costco Smart Screening guide to help them source suitable alternative components and materials. We also work with chemical and consumer product industries to increase our understanding and to find more environmentally friendly alternatives for chemicals and practices of concern. Examples include:

- We work with Dr. Sally Edwards and Dr. Ann Blake, our industry expert consultants, to review our chemical management program and Costco Smart Screening Program (conducted with the Berkeley Center for Green Chemistry and entitled “Beyond Compliance at Costco: A Comparative Analysis of Chemical Assessment Frameworks and Recommendations for Best Practices,” 2017-18), suggest enhancements, and to help us identify potential future trends.
- We educate our buyers and suppliers globally on the process, expectations and their testing progress by providing them with safe alternative resources, third-party certification programs and third-party lab testing services.
- The Costco Smart Screening Program provides information for suppliers on safe replacement chemicals and processes within [The Costco Smart Screening Guide](#).

Packaging

Packaging is a complex aspect of our business that has many components, including concerns about plastic waste in landfills and the oceans, the need for more uniform waste collection programs, the need for better recycling infrastructure, and the inconsistency of laws and regulations. This section explains our steps toward packaging sustainability.



Our Packaging Goals

The Six Rights of Packaging Sustainability

Costco's goal is to reduce our packaging waste by improving our efficiencies, with the added benefit of reducing expenses. We also strive to provide sustainable packaging without compromising food safety, product quality or sales while ensuring our packaging: (1) complies with laws and regulations; (2) reduces materials; and (3) communicates effectively with our members.

To meet those goals, our packaging strategy follows these Six Rights of Packaging Sustainability which we have also shared with our suppliers at our annual Supplier Day event and in the form of Global Sustainable Packaging Guidelines. Our focus is on our Kirkland Signature™ products; also, many of our branded suppliers are taking similar steps:

- The right reduction
- The right amount of post consumer recycled content (PCR)
- The right fiber: tree-free or certified forest content
- The right recyclable packaging
- The right certified compostable packaging
- The right labeling

In this document, you will find more information and examples on each of these six rights.



The right reduction

Using less conserves natural resources while reducing water use, greenhouse gases and pollution.

Our goal is to reduce the amount of packaging needed overall, without compromising product integrity, and to reduce plastic used in the packaging. With Costco's volumes, even the smallest reductions can create a significant impact. We continue to seek opportunities to reduce our packaging footprint year over year. Here's a look¹:

- 2019: 6 million pounds of plastic
- 2020: 8.6 million pounds of plastic
- 2021: 17 million pounds of plastic
- 2022: 6.4 million pounds of plastic
- 2023: 14.4 million pounds of plastic

¹These figures are from produce packaging and Kirkland Signature packaging.

FY23 Reduction Success Stories

Country	Description	Impact (Plastic reduction in pounds)
U.S.	Removed the inner wraps on the Kirkland Signature Paper Towels	9M+
Canada	In the produce department, reduced plastic in several packages	17K
Taiwan	Changed the Spicy Chicken Wings from rigid plastic to a bag	78K
U.S.	Reduced the gauge of our Ecommerce shipping envelopes	150K
U.S.	Reduced the gauge of the film used on the Kirkland Signature Bath Tissue	662K
South Korea	Multiple bakery items changed to paper box	46K
Mexico	Soy oil bakery packaging changed from rigid plastic to a bag	55K
Multiple Countries	Assorted produce packaging moving from plastic to fiber-based packaging or rigid to flexible in 11 different items	1.1M

Success Stories of Our Branded Partners

Altogether, efforts from our branded partners reduced plastic packaging by a reported 5 million pounds. Examples include:



In Canada, Band-Aid® 220s switched from PLA to paper, reducing their plastic by over 140,000 pounds.



In the U.S., Kevin's® Natural Foods packaging eliminated over 190,000 pounds of plastic.



In South Korea, Maeil Bio Aloe reduced plastic packaging by 139,000 pounds.



In Mexico, Clorox® reduced packaging plastic by 17,000 pounds.



The right amount of post consumer recycled content (PCR)

Recycled content use creates needed demand for recycled materials¹.

Our goal is to optimize recycled content for all packaging. When we use recycled content in all materials, including paper, plastic, glass and metal, we support global recycling programs by creating demand for those materials.

Using recycled content may reduce energy use in the production of packaging by lowering greenhouse gas emissions. The procurement of raw materials has an energy footprint that can be reduced by recycling existing materials, which is less carbon-intensive. Additionally, recycling diverts materials from landfills, which reduces methane emissions from materials in landfills.

In FY23, 6.7 million pounds of plastic recycled content was implemented and 1.5 million pounds of paper recycled content was implemented across 56 Kirkland Signature™ items, for a total of 8.2 million pounds¹ of new recycled content. We continue to encourage our suppliers to incorporate recycled content to promote recycling, reduce the use of virgin materials and support the circular economy.

¹As used herein, the term "recycled content" is based on supplier-reported data and may contain a mix of post-consumer and post-industrial recycled content.

Recycled Content Success Stories

Country	Description
United States	Ecommerce mailer bags contain 75% recycled content
Canada	Kirkland Signature Diapers plastic bags now have 20% recycled content
United States	Kirkland Signature Extra Virgin Olive Oil PET bottles contain 50% recycled content
Taiwan	Kirkland Signature fresh meat PET trays have 100% recycled content
Canada	Over 2.6 million pounds of recycled content has been incorporated into trays and shippers for over 50 items
United States	Kirkland Signature Himalayan Pink Salt 5-pound tub contains 50% recycled content

The list above represents a small sample of the many packaging components that now contain recycled content. Additionally, we continue to support previously reported recycled content accomplishments from years past, such as Ecommerce shipping boxes, Food Court pizza boxes and multiple beverage containers. Over the past several years, we have incorporated recycled content¹ in all materials, paper, metal, plastic and glass, in over 800 Kirkland Signature product packages.

¹Based on supplier reported data





The right
fiber:
tree-free or
certified
forest
product

Responsible forestry supports biodiversity and carbon sequestration, and water and air quality.

We believe that our most impactful first steps to help support good forest stewardship practices and to protect forests are to (1) source our wood, paper and fiber-based products from responsibly managed and certified forests; and (2) use recycled content and/or alternative fibers when feasible.

Costco currently accepts forest management certifications from three leading organizations: Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI) or Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC.

More information about Costco's deforestation goals can be found on the "Environmental Impacts & Land Stewardship" page in our [Merchandising section](#).

Recycling conserves natural resources and reduces pollution.

Using recyclable packaging is critical to creating a supply of recycled materials. Recycling promotes a circular process where materials can be used more than once before reaching the end of life, which helps preserve natural resources.

To be considered "recyclable," various rules, regulations and guidelines require that the product be "widely recyclable," meaning at least 60% (or more depending upon the geographic area) of the population has access to recycle the packaging. Widely recyclable packaging is dependent upon the availability of needed materials from recycling streams, which are inconsistent. This underscores the need for a multifaceted approach to recyclability.

Costco relies on the support of many organizations that provide guidance in recyclability, have labeling programs, evaluate materials, support local programs and provide insight into upcoming solutions, regulations and opportunities to collaborate.



The right
recyclable
packaging

Member Organizations



How2Recycle



The Association of Plastic Recyclers



SUSTAINABLE PACKAGING COALITION®



PAC Global



**AUSTRALIAN PACKAGING COVENANT ORGANISATION
MEMBER**



RETAIL INDUSTRY LEADERS ASSOCIATION



The right certified compostable packaging

Composting puts valuable nutrients back into our soils.

Compostable packaging offers an option for packaging that can't easily be recycled. A successful compostable packaging program relies on access to industrial composting services. In the Food Courts of our warehouses where those services are available, we're transitioning to compostable food service packaging in phases as we seek to learn the most effective options while responding to member feedback. We continue to make progress in our Food Court packaging globally and actively seek solutions for the remaining food service items to help reduce single-use plastic.



The right labeling

Labeling facilitates proper sortation and reduces contamination of the recycling stream.

We want our members to know how to properly recycle, compost or dispose of packaging. If appropriate or legally mandated, we also want to communicate recycled content used in the packaging materials.

Costco uses many different labeling schemes worldwide, in our initiative to label our Kirkland Signature packaging with the appropriate regional guidance. It is our intent to label all of our private-label consumer packaging with the proper recycling information.

This past year we have increased our How2Recycle labeling to over 35% of our U.S. Kirkland Signature items and some Canadian items. We now have over 500 products labeled with the How2Recycle system.

We continue to aggressively expand our labeling efforts in all of our regions, engaging in material evaluations and local regulatory requirements to better understand the global differences in recycle collection, and how best to serve our members.

A new labeling plan: Mexico

Costco's sustainability team in Mexico has created a new labeling program called Recicla-Tips that will make it easier for members to recycle packaging. The new labels are color-coded to indicate recyclability. They include the type of material used in the packaging, such as aluminum, along with instructions on how to prepare the package for recycling. The new labels are first appearing on select Kirkland Signature items, with plans to add other products to the program over time.



In order to facilitate messaging recyclability to members, all recycling labeling solution will have stop light labeling incorporated.



STOP LIGHT LABELING

The stop light color is assigned based off a combination of post consumption and available collection in Mexico.

- | | | |
|---|--|---|
| <p>GREEN</p> <p>Biodegradable materials under environmental conditions; it is widely recyclable in Mexico.</p> | <p>AMBER</p> <p>Materials that are compostable or only recyclable in certain conditions or locations.</p> | <p>RED</p> <p>is not recyclable and recommended to change materials if possible.</p> |
|---|--|---|



Material Health

Material health in packaging is reviewed by our Quality Assurance department. For detailed information on our testing and screening process, see the “Chemical Management” page in our [Merchandising section](#).

Packaging Data Collection

Costco has developed a packaging data collection survey to identify and account for the specific materials used in all packaging components for our Kirkland Signature products. Suppliers are assisting us in collecting this information for the purposes of developing comprehensive strategies and to identify areas of improvement.

FAQs & Archived Reports

For more information on packaging, please review our [Packaging FAQs](#).

Please see below for archived reports:

- [Reduction Archives | 2019-2022](#)
- [Recycled Content Archives | 2019-2022](#)
- [Recyclability/Compostability Archives | 2019-2022](#)



Kirkland Signature

KIRKLAND *Signature*

While a majority of our merchandise is branded, Costco's line of exclusive private-label products called Kirkland Signature™ continues to grow and expand. Kirkland Signature has grown into a global brand with over \$80 billion in sales in fiscal year 2023.

The Kirkland Signature Concept

Costco's mission is to continually provide our members with the best quality goods and services at the lowest possible prices. With Kirkland Signature, we're able to meet that mission in an exciting range of products. We're also able to focus on our sustainability goals with these products because in developing them we have better insight into the entire supply chain, including where the product comes from, environmental impacts, labor conditions, packaging and under what conditions it is produced. In developing Kirkland Signature items, we follow the principles of our sourcing strategy, which means the products:

- Are respectful of the people or animals who produce them.
- Are respectful of the environment in the way they are produced, grown, harvested, processed, transported and packaged.
- Are sourced from suppliers who are committed to reducing emissions related to their products and operations.

Our buyers work with our suppliers to continually improve our sourcing practices to enhance the quality and value of Kirkland Signature products, expand traceability, provide a fair return to people in the supply chain, and facilitate access to global or regional markets.

Traceability

Traceability is important for several key reasons. It enables Costco to know the quality and safety of the product; examine issues related to environmental impacts; list product origin information on the label; and help people in the supply chain receive a fair return, so that the product can succeed in the long term.

Materiality Assessment

Costco worked with Verisk Maplecroft to provide an independent, comprehensive and data-led view of sustainability challenges across a broad range of agricultural raw materials, with a focus on our Kirkland Signature products. This review enables us to make evidence-led decisions to help prioritize sustainability strategy and risk mitigation efforts. Indices reviewed included:

- **Environmental.** Greenhouse gas (GHG) intensity, water stress, deforestation, climate change vulnerability, biodiversity and protected areas.
- **Social.** Child labor, forced labor, gender inequality, decent wages, modern slavery and indigenous people's rights.
- **Governance.** Corruption and government stability.

Fair Return

A fair return in the supply chain is important — for Costco to be successful, its suppliers must thrive. This commitment helps to ensure long-term supply and quality while also using market-based approaches to address poverty and malnutrition. Costco believes a fair return is more than the price paid for the item. It includes programs that (1) support producers (i.e., ranchers, farmers, growers/workers) and their communities through training for higher yields, quality and adaptation to climate change and extreme weather events; (2) pay premiums for high-quality products; and (3) improve access to health care, education, housing, clean water and nutritious food for farmers/workers and their communities.

Continuous Improvement

We're working toward these goals one item at a time. Though there is still a way to go in certain areas to meet them, we are also encouraged by stories of success in the Kirkland Signature items to date. You can see several examples under "Commodities & More" on our [Merchandising page](#).

Innovation & Kirkland Signature

In order to secure long term-supply, ensure quality products, create efficiencies and eliminate unnecessary costs, Costco has been exploring vertical integration and in-country processing of some key Kirkland Signature items.

Vertical Integration and Poultry Production

To meet growing member demands for our Kirkland Signature Rotisserie Chicken and fresh chicken in the meat case, Costco has a vertically integrated facility in Fremont, Nebraska. It is operated by Lincoln Premium Poultry (LPP), a wholly owned subsidiary of Costco with poultry experience.

In creating the chicken complex, Costco and LPP set out to build a vertically integrated facility that:

- Incorporates state-of-the-art equipment and design in its buildings.
- Provides significant economic benefit to the local community and farmers.
- Treats the chickens in accordance with high animal welfare standards.
- Is environmentally responsible through on-site processes to manage water (including waste water), emissions, energy use and more.
- Provides our members with the highest quality product at the lowest possible price.



The Processing Facility. The chicken complex is located on approximately 430 acres and includes a feed mill, hatchery, processing plant and testing laboratory. The facilities are designed to conserve water, prevent runoff and treat the water before returning to the watershed. See information about these water savings on the “Managing Water” page in our [Operations section](#).

Facility Employees. The complex employs approximately 1,100 people. Besides paying good wages and providing competitive benefits such as health care, 401(k) retirement opportunities, and paid vacation and sick leave, the plant is subject to audits conducted by an independent third party auditor to ensure it is in compliance with the same Costco Supplier Code of Conduct that other Costco suppliers worldwide abide by. See information about our Supplier Code of Conduct on the “Human Rights” page in [People & Communities section](#).

Local Farmers and Growers. The complex relies on the support of approximately 100 farm families in the area to grow the chickens required for the successful operation of the complex. Key features include:

- Growers receive a 15-year GIPSA contract (USDA Grain Inspection, Packers and Stockyards Administration), with a guaranteed base pay and the ability to earn a bonus. The state-of-the-art barns and equipment are built according to Costco/LPP specifications and are grower-owned and/or operated.
- LPP provides growers with the chicks, feed (see below), a feed management plan, technical expertise and veterinary services.
- Grower contracts allow for peer review for grower improvement programs and to resolve disputes.
- Growers will be subject to strict animal welfare procedures audited by independent third party auditors, and biosecurity measures approved and monitored by the Nebraska and Iowa Departments of Agriculture. More information can be found on the “Animal Welfare” page in our [Merchandising section](#).

Local Grain. The feed mill sources corn and soybeans from local farmers, which adds another economic benefit to the region surrounding the chicken complex.

These grains are used to provide nutritious feed for the growers at no additional cost, as feed is included in the grower contracts.

For more information, here is a [video from a local grower](#).

In-Country Production

In order to reduce ocean freight and transportation emissions, lower costs while retaining product quality, and increase the shelf life of food items, Costco is now exploring in-country production of some of its high volume Kirkland Signature items. Some examples include bath tissue and bottled water, which are now produced in nine global regions.

The Canadian Commissary

Costco operates a 93,700-square-foot state-of-the-art facility in Vaughan, Ontario, to produce frozen baked goods that are shipped to U.S., Canadian and Mexican warehouses. The facility features four production lines that produce only eight items for the greatest efficiency. Focusing on producing our high-volume items for Costco Bakeries, while controlling costs and maintaining high quality ingredients, allows us to lower the cost to our members. The commissary has been able to achieve approximately 97% yield on average from all lines, with the remainder shipped off-site and converted into animal feed. Utilizing bulk ingredient delivery systems also keeps the packaging of plastic and cardboard to a minimum. In addition, when requested, some of the packaging has been repurposed for creation of other products.



Reducing Food Waste

We continually search for creative opportunities to reduce food waste when producing Kirkland Signature items. Here are two examples:

- For tilapia items, for a more uniform thickness, Costco uses only the top loin for its frozen Kirkland Signature Tilapia Loins. This process leaves the thinner bottom loin of the tilapia as potential waste. Solution: It's used in frozen tilapia items found in Costco's freezer section such as High Liner Tortilla Crusted Tilapia and Trident Seafoods Panko Breaded Tilapia.
- Unused cashews from our whole nut program are used in other Kirkland Signature products such as our Kirkland Signature Cashew Clusters and Kirkland Signature Protein Bars.

Cocoa & Coffee



Kirkland Signature Cocoa

The Sassandra Program in Côte d'Ivoire

Our goal is to have 100% of our Kirkland Signature™ chocolate products made from cocoa sourced through programs that promote sustainable practices by December 2025. One way we are working toward that goal is through the Sassandra Cocoa program, which provides cocoa from Côte d'Ivoire. The Sassandra Program, named after the Sassandra River in the southwest region of Côte d'Ivoire, is a partnership that began with Costco, Blommer and ofi (formerly known as Olam) in 2009. This is the original location of the cooperatives from where we source some of our cocoa beans for Kirkland Signature chocolate products. Since then, the program has expanded and remains exclusive to Costco.

The program is designed to provide a quality product that is traceable, improves profits and livelihoods for the farmers/cooperative members, and introduces respectful environmental practices. Each of our cooperatives are audited by an independent third party. The program includes these components:

- Traceable and segregated cocoa
- Child Labor Monitoring and Remediation System coverage
- Social infrastructure investment, which includes schools, health centers, maternity wards and community investments such as water pumps and storage facilities
- Community development with a focus on women's empowerment through literacy and numeracy programs, alternative income-generating activities, village savings and loan programs, and community gender-equality programs

- Premiums paid for beans produced under the Sassandra program
- Cooperative development and training
- Improved production through financing and farmer training

Our annual review of this program shows progress in several areas, as shown in the graphic below. In particular, we see progress in deforestation efforts through expanded polygon mapping and satellite monitoring, which can help ensure forests aren't being destroyed for cocoa production. Also, community development activities are expanding to more villages, with many of the programs aimed at training women for income-generating activities. Here's a look at FY23 at a glance:



A Personal Look: Sylvie Kouakou

Sylvie participates in a Sassandra Cocoa Program financial plan called Village Savings & Loan Association (VSLA), which gives farmers critical access to cash. She says: “VSLA has restored my dignity in this village, because I was not considered because I had no money, and I did nothing for lack of access to credit. Today, thanks to loans from VSLA, I raise pigs and I am doing very well. In addition, the training that I liked the most is the couple dialogue. This allowed us to understand that we had to overcome certain beliefs such as there would be activities or responsibilities dedicated to men and there would be some dedicated only to women. Our eyes are open now.”



Cocoa & Child Labor Issues

Costco is dedicated to preventing and remediating child labor wherever it is found. Unfortunately, child labor is a long-term systemic issue in cocoa supply chains. Our goals through the Sassandra program are to address this important issue through child labor monitoring and remediation programs; better education through new classrooms and basics such as school kits; and resources that help women in the communities. For an update on progress in these areas, see the graphic on the previous page. For more details on child labor, see the “Human Rights” section in our [People & Communities page](#).

Cocoa & De- forestation

Costco supports efforts to eliminate deforestation in cocoa production. We are aware that Côte d’Ivoire has lost 80% of its forests in the past 50 years and that cocoa production is one of the drivers of that loss. We are funding the distribution and replanting of trees to help facilitate reforestation and agroforestry efforts, as shown in the graphic on the previous page.

Our goal is for all cocoa farmers in the Sassandra program to have their farms GPS polygon-mapped for monitoring. This is done to ensure the farms are not located in protected forests, and to help preserve these forests from any further encroachment. An update on these goals and more details on the Sassandra Program can be found in the [Côte d’Ivoire Report](#).



8 DECENT WORK AND ECONOMIC GROWTH



Kirkland Signature Coffee

Costco offers numerous Kirkland Signature coffee items, which come from areas around the world. Our commitment is to use responsibly grown coffee and to maintain quality relationships with the farmers who supply it. That is why we focus our efforts in sourcing Kirkland Signature coffee from farms that are certified by one of these organizations: [Rainforest Alliance](#), [Fair Trade](#) and/or [Enveritas](#). More information can be found about these programs in our *Costco Connection* article, [Family perks](#), as well this [Rwandan video](#) and [Guatemalan video](#).

In addition, Kirkland Signature Ground Colombian Coffee is nitrogen-flushed, allowing for a lighter can, which allows Costco to put fewer trucks on the road and to lower the product's carbon footprint. See this [nitrogen-flushed](#) graphic to see how that works. Also, we recently redesigned the can to reduce the amount of tin used, aligning with one of our packaging goals to reduce materials used.

Eggs, Dairy & Plant-Based Alternatives



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Kirkland Signature Eggs

Costco buyers works closely with egg producers domestically and internationally to bring quality Kirkland Signature™ eggs to our members at a fair price. Concerning organic eggs, we support several producers in converting conventional operations to organic. More information can be found in this [Wilcox Farms video](#).

Kirkland Signature Cage-Free Eggs

Costco is committed to providing cage-free shelled egg options for our members and we continue to increase the percentage of cage-free eggs we sell worldwide. More information can be found on the “Animal Welfare” section in our [Merchandising section](#). In addition, Kirkland Signature™ Liquid Eggs are cage-free in the U.S.



Smarter Egg Farms

One of Costco's Kirkland Signature organic egg suppliers, [Handsome Brook Farms \(HBF\)](#), based in New York, has launched an ambitious program to promote environmentally friendly production processes among its 100-plus small egg producers across 10 states. The Climate Smart Organic Egg Project will help participating farms with innovative practices aimed at reducing on-farm emissions, increasing biodiversity, and improving soil, water and hen health. Costco and others supported HBF in applying for a grant from the United States Department of Agriculture (USDA), as the project supports our own Climate Action Plan. The project is financed through a \$3.6 million USDA grant and \$2.8 million in matching funds from HBF.



Photo by Michael George



Kirkland Signature Milk

For the Kirkland Signature Organic Milk program, we have partnered with suppliers that provide high-quality milk at competitive prices. The story of one of these suppliers that works with Costco to ensure a long-term supply of organic milk and feed can be found in this [Organic Milk video](#). Other Kirkland Signature milk suppliers are featured in the *Costco Connection* article, [Dairy queens](#).



Plant- Based Alternatives

Costco understands that soy is a major driver of tropical deforestation in countries such as Brazil. For that reason and others, we source the soy for Kirkland Signature Organic Soy Non-Dairy Beverage and Kirkland Signature Organic Non-Dairy Vanilla Soy Beverage from the U.S. and Canada.

In addition, Costco offers members additional Kirkland Signature plant-based alternative beverages sourced from oats, almonds, soy and coconuts.

Gas & Automotive



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CLIMATE ACTION



Kirkland Signature Gasoline

Costco Gas Stations offer high-quality fuel at a true value for our members. Kirkland Signature™ gasoline has been certified to meet the TOP TIER™ performance standards (find out more at www.toptiergas.com).

Our Kirkland Signature gasoline is formulated to clean your engine, helping deliver optimal engine performance and efficiency. Our fuel, tested to ensure quality and guarantee performance, is formulated with powerful deposit-control additives that deep-clean your engine, restore fuel economy and reduce emissions by helping to lower tailpipe pollution caused by intake valve deposits and plugged fuel injectors. More information can be found on the [Kirkland Signature Gasoline](#) page.

With many of our warehouses offering gas stations, members are able to get gas and shop in one trip, thus reducing their mileage and fuel consumption.

Our Gas Station equipment is designed to limit emissions arising from station operations and to contain gasoline vapor during bulk deliveries and the refueling process. Examples include:

- The nozzles have been upgraded to create fewer spills and drips, resulting in less evaporation to air pollution, and a cleaner gas purchase.
- Costco is the first retailer to place tank pressure management systems in California to greatly reduce the emissions generated from the storage tanks during routine business. Similar systems are installed at other Costco stations all around the country.



In addition, our stations have corrosion-proof, double-wall underground storage tanks, piping and containment sumps that are continuously monitored for leaks. Finally, our station attendants and management staff are trained and certified on safety and environmental issues.



Electric Vehicle Charging Stations

Several Costco locations have charging stations installed. We will continue to evaluate the need for additional charging stations at each of our locations, and will install additional chargers as the population of electric vehicles increases.

Grains



Kirkland Signature Chia Seeds

As we do with all of our Kirkland Signature™ items, we're working with our suppliers on sustainable practices in the production of our chia seeds. [Mayorga Organics](#) is a good example of these efforts. They are one of Costco's sourcing partners for Kirkland Signature Organic Chia Seeds sold in Canada. Mayorga Organics focuses exclusively on organic crops and develops direct relationships with smallholder farmers in remote regions of Latin America. The company focuses on crop diversification and crop rotation to ensure that small farmers maintain healthy soils and diversified sources of income. In addition, Mayorga supports producers with access to financing, payment advances, agronomists and seeds, and by paying fair prices.

For more information, please view this [video](#) from Mayorga's partner chia farmers.



Kirkland Signature Organic Hemp Hearts

Hemp hearts, the soft inner center of the hemp seed, come from the same plant that has been used to make paper, rope, clothing and other products. Kirkland Signature Organic Hemp Hearts are sourced from Canada and Lithuania.

In Canada, our hemp hearts are supplied by [Manitoba Harvest](#), a certified [B-Corporation](#). Manitoba Harvest's hemp is grown without herbicides or pesticides. They work with growers to provide agronomic coaching for field selection and crop rotation and seed fertility practices, and to meet requirements for organic certification. Learn more about Kirkland Signature Organic Hemp Hearts in these *Costco Connection* articles: [Hemp hearts buzz](#) and [Glutton for gluten-free](#).

Oils, Honey & Spices



8 DECENT WORK AND ECONOMIC GROWTH



Kirkland Signature Extra Virgin Olive Oil

Costco has a long history of supporting smallholder olive farms. Since 1996, we have directly supported thousands of smallholder farms in Tuscany to make high-quality Kirkland Signature™ Toscano PGI (Protected Geographical Indication) Extra Virgin Olive Oil. More information can be found in this [Tuscan Olive Oil video](#).

PGI signifies that:

- Every grower is registered with the program.
- The number of trees and yields on each property are verified.
- Each bottle is numbered in Tuscany under the strict guidelines of PGI to ensure traceability, authenticity and quality.

Kirkland Signature 100% Italian Extra Virgin Olive Oil, sourced from outside Tuscany, is certified by an independent third-party organization, with each bottle carrying an ISO-certified sticker, providing proof that the oil is authentic and fully traceable to the source. More information can be found in this [Italian Olive Oil video](#).

We continue to expand our certified single origin olive oil offerings from Greece, Italy and Spain. More information can be found in this [Spanish Olive Oil video](#).

Costco is a member of the Roundtable on Sustainable Palm Oil (RSPO) and is committed to ensuring that the palm oil, palm kernel oil, palm kernel expeller and other palm-based derivatives and fractions (“palm oil”) contained in Kirkland Signature products are responsibly sourced.

8 DECENT WORK AND ECONOMIC GROWTH



Palm Oil

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Our goal is that all palm oil used in Kirkland Signature products is 100% RSPO certified (or equivalent), with a preference for physical palm. For a product to be RSPO certified, it must come from producers that have met the RSPO Principles and Criteria, which cover the most significant environmental and social impacts of palm oil production. These include the immediate inputs to production, such as seed, chemical and water, as well as social impacts related to on-farm labor and community relations. They also apply to environmental protections, such as new plantings on peatlands, burning forests and clearing new areas.

According to supplier-reported data, here's a look at how we have worked with suppliers to meet this goal:

RSPO-Certified Palm Five Year View

Reporting Year ¹	RSPO Certified - Physical Palm Oil ²	RSPO Certified - Book & Claim Palm Oil Credits	RSPO Certified ²
2018	77.6%	4.3%	81.9%
2019	89.3% ³	7.2%	96.4%
2020	96.7%	0.8%	97.5%
2021	98.6%	0.03%	98.6%
2022	99.2%	0.8%	100%

(1) Per RSPO reporting requirements, the reporting/calendar year represents that year's data, which is reported in May of the following year. For example, in May 2023, we reported 2022 calendar year data.

(2) "Physical Palm Oil", which is our preference, comes from supply chains that are Identity Preserved, Segregated or Mass Balance, whereas "RSPO Certified" may include the Book and Claim System.

(3) Restated to reflect data correction.

More information can be found in our [Palm Oil Policy](#), the Annual Communication of Progress (ACOP) 2021 filed with [RSPO](#) and on the "Environmental Impacts & Land Stewardship" page of our [Merchandising section](#).



Kirkland Signature Soy-Based Oils

Costco understands that soy is a major driver of tropical deforestation in countries such as Brazil. For that reason and others, we source Kirkland Signature Soybean Oil and Kirkland Signature Vegetable Oil made from soybean oil from the U.S. and Canada.



Kirkland Signature Honey

The honeybee population is facing multiple health threats. Honeybees are necessary for the pollination of approximately one-third of food consumed, including fruit, nuts and vegetables. Since 2012, we have contributed a portion of the sales of Kirkland Signature Honey items to the nonprofit honeybee research organization [Project Apis m.](#) (PAm). The projects that Costco supports continue to expand. Here are some highlights with progress updates:

- Long-Term Stock Improvement, which includes developing varroa-resistant bees for a sustainable, chemical-free varroa control option, and maintaining a sustainable genetic repository for honeybee germplasm to safeguard the genetic integrity and diversity of honeybees against future health threats. More information can be found here, [The Hilo Bee Project](#) & [Varroa Resistant Bee video](#).
- Apiculture Technology Transfer Teams give U.S. beekeepers technical support in the field, survey honeybee health and educate beekeepers about best management practices. These teams save beekeepers money, prevent losses and help to keep a finger on the pulse of bee health nationwide. You can learn more in this [case studies video](#).

- Ph.D. Scholarship Grants provide funds to scholars to support the future of honeybee research. The program recognizes and supports outstanding graduate students who are pursuing research-based doctoral degrees in fields within the PAm mission of enhancing honeybee health while improving crop production. More information about these scholars in the U.S. and Canada can be found here: [PAm-Costco Scholars](#).
- [Seeds for Bees Forage](#) puts blooming plants back on the agricultural landscape, helping bees get the nutrition they need to stay healthy, pollinate and make honey — all while improving soil health and water infiltration. For more information, please view [The 2023 Seeds for Bees Impact Report](#).
- [The Bee and Butterfly Habitat Fund](#) establishes high-quality pollinator habitat to ensure honeybee and monarch butterfly population health. The Midwest is a critical area where efforts are focused to support honey production, pollination and native pollinators. For more information, view [The 2023 Bee and Butterfly Habitat Fund Impact Report](#).

Kirkland Signature Honey Program Highlights

2022-2023

Project *Apis m.*

RESEARCH

Over **\$7M** invested in **56** applied research projects that support beekeepers, healthy bees, and secure the supply chain of domestic honey



EDUCATION

\$1.3M awarded to **18** PAm-Costco Scholars committed to researching honey bee health.



NUTRITION

2.9M Milkweed Seeds Planted in Summer Breeding Grounds for Monarchs.



11,000 Acres of habitat and forage planted strategically in California and the Midwest.



- Casa Apis is a cooperative of over 700 small-scale beekeepers in Northeast Brazil that is a source of Kirkland Signature Organic Raw Honey. Costco has a \$100,000 grant to support efforts to plant drought-tolerant native trees in their community. More information about the project with Casa Apis can be found here: [Trees for Bees](#).



*Casa apis
beekeepers grow
bee-friendly trees
and other plants
in local nurseries
for planting in
regional fields.*

Costco also offers an additional honey category: Local Raw Unfiltered Honey from various regions around the U.S. More information can be found in the *Costco Connection* article, [Honeybee health](#); in our [Merchandising section](#) (see “Environmental Impacts & Land Stewardship”); and at [ProjectApism.org](#).

Organics, Greenhouse Grown & Horticulture



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LIFE
ON LAND



Organics

Organic farming contributes to healthy land stewardship. Costco's selection of organic products continues to grow to meet our members' demands. Organic comprises 34% of our produce sales in the U.S. Examples of organic products include fruit, vegetables, meat, eggs, cheese, milk, butter, grains, nuts, coffee, tea, juice, wine, beer, spices, oils, sauces, snacks and cotton. Some of these are offered in their local regions only; others are offered worldwide.

We have many excellent suppliers who help us grow and expand our organic offerings. These suppliers use field practices that support soil health, promote natural pest management and weed control, and improve food safety. Where it makes sense, we work with suppliers and growers to support the conversion of conventional items to organic.

A key component of the sustainable growth of organic proteins, such as eggs, chicken, beef, pork, etc., is organic feed. Costco works with its suppliers and their feed suppliers to learn the impact that this growing demand for feed has on farmers' future security, yields and income.

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LIFE
ON LAND



Green- house Grown

Greenhouses are a form of sustainable agriculture that we continue to explore with our suppliers. We have worked closely with numerous suppliers to increase the amount of greenhouse-grown produce we source, and we plan to continue with this strategy. Greenhouse-grown agriculture offers many benefits, including less water and chemicals used and more productivity per acre. Greenhouses can also be strategically located, resulting in fewer transportation miles and fresher products.



Horti- culture

In sourcing Costco’s live goods (indoor and outdoor plants) and fresh flowers, we look for opportunities to promote more sustainable practices in horticulture, including limiting the use of chemicals, promoting pollinator health and ensuring decent and safe working conditions for those in the industry. For example, many of our cut rose heads are sourced from [Rainforest Alliance](#) certified farms in Colombia and Ecuador, which provide traceability back to the farm and ensures specific standards are met (see goals below). Additionally, many of these rose suppliers support their local communities through scholarship programs and childcare centers.

Rainforest Alliance Long-Term Outcomes

- Livelihoods are improved and human rights are fully respected for farmers and farm workers, their facilities and local communities.
- Forests and natural ecosystems are protected and restored, biodiversity and ecosystem services are conserved, and climate change is mitigated.



Supplier Spotlight: MM Flowers & VP Group

In fiscal year 2023, Costco UK continued to source flowers from Kenya through our supplier, MM Flowers. MM Flowers sources our roses from farms near Mount Kenya and Lake Naivasha. These farms are part of VP Group in Kenya, a floriculture group focused on sustainability across its farms. They take on initiatives ranging from offering free nutritious lunches for all employees to having dedicated committees for issues such as worker welfare and gender. VP Group also focuses on community efforts such as providing potable water to the local community, donating to support community policing and maintaining roads to improve local transport.



Protein & Plant-Based Alternatives



Sustainable Beef Production

Costco recognizes that beef production has an impact on the environment and, depending upon the practices employed, the impact may be negative, positive or somewhere in between. Costco encourages suppliers to support good land stewardship practices. In response to concerns that beef production contributes to tropical deforestation in countries such as Argentina, Brazil, Colombia and Paraguay, our intent is not to source beef from high-risk deforestation regions until comprehensive traceability and monitoring systems are in place. We have notified suppliers that Kirkland Signature™ items containing beef, including beef sold in our fresh meat cases, should not come from these regions. We engaged with our buyers and suppliers to confirm compliance, and did not find beef from those countries of concern in fiscal year (FY) 2023.

According to supplier reports for FY23, over 95% of the beef in Kirkland Signature items came from the U.S., Canada, Australia and New Zealand.

Costco is a member of the [U.S.](#) and [Canadian](#) Roundtables for Sustainable Beef, with a mission to advance, support and communicate continuous improvement in the sustainability of U.S. and Canadian beef production by educating and engaging the beef value chain through a collaborative multi-stakeholder effort. These organizations facilitate the system-level change that is needed to address many of our environmental concerns.

Costco, in partnership with others in the U.S., is exploring how we can support ranchers to evaluate their management practices with key indicators linked to economic, social, livestock and environmental outcomes.

Beef and Preserving Native Grasslands



Costco recognizes that one of the greatest threats to native grasslands or prairies is conversion to cropland. We also recognize that responsible beef production can be linked to the preservation of native grasslands in places like the Northern Great Plains (NGP) of the U.S., where the intact grasslands ecosystem is compatible with responsible cattle grazing.

Costco encourages suppliers to support responsible grazing, which helps maintain the health of grasslands, improves soil quality with manure, and preserves open space and wildlife habitat. Additionally, carbon is sequestered in the grasses and soils of grazing lands that are properly managed. Beef production also provides social benefits by sustaining livelihoods and community vibrancy in rural areas where grasslands dominate. Keeping the NGP as grasslands not only helps conserve biodiversity, but it also means cleaner streams, less fertilizer runoff, more pollinators for plants and more carbon stored in the soil.

Plant- Based Alternatives

Costco is aware of the need for protein diversification as an additional way to address deforestation and climate change. We will continue to offer a selection of plant-based proteins as alternative protein offerings to our members. Some examples include plant-based burger patties from companies such as Beyond Meat and Impossible Foods.





Seafood & Aquaculture

© Jeff Siebert / WWF-US

Overview



Seafood is an essential food for people around the world. With growing global demand, and limited resources available, we want to ensure we're sourcing seafood in a responsible and sustainable manner. At Costco, we have three primary objectives when it comes to seafood sourcing:

- Continuously improve the sustainability of our seafood from either wild fisheries or farmed aquaculture in ways that enable us to meet current demands without compromising the availability of future resources.
- Ensure the human rights, safety and dignity of the people who produce, process and harvest the products we sell.
- Protect our marine, coastal and freshwater ecosystems and limit the environmental impact associated with aquaculture and fishing practices.

We believe products certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) align with many of our sourcing objectives. We are continuing to increase the volume of MSC- and ASC-sourced seafood items we sell globally. We also support Fishery Improvement Projects (FIPs) and Aquaculture Improvement Projects (AIPs), which help to meet MSC and ASC standards, respectively. These programs are explained below.

Our aim is to refrain from selling any seafood species, either branded or Kirkland Signature™, that are on the International Union for Conservation of Nature (IUCN) endangered or critically endangered lists and/or CITES Appendix I or II, unless such species are sourced from MSC fisheries.

We reevaluate these policies annually and work closely with our suppliers to evaluate compliance. This includes our annual global supplier seafood survey, which helps us capture key information such as species, catch/farm locations, catch/farm methods and eco-certifications. We are also working on traceability initiatives to ensure we can understand the connection between the seafood we offer our members and the people and communities which help produce it.

Fisheries Scorecard FY23

Wild seafood percentage	63.4% is from a FIP or MSC-certified fisheries
Contribution to WWF to support FIPs	\$599,000 from 2016 to 2023
Farmed seafood percentage	56.2% is from ASC-certified farms, or ASC certified
Contribution to WWF to support AIPs	\$408,000 from 2016 to 2023



Sourcing Practices: Wild Species

For wild species, we rely on the MSC certification process to ensure we are sourcing responsibly with regards to select species. For any product to be considered MSC certified, the seafood must be fished:

- **From sustainable fish stocks.** There are enough fish left in the sea to reproduce indefinitely.
- **With minimal environmental impact.** Fishing operations must maintain the structure, productivity, function and diversity of the marine ecosystem.
- **By a fishery with effective management in place.** Fisheries must comply with relevant laws and have a management system that allows it to respond quickly to changes in the status quo.



A Note on Wild King Salmon and Lobster

Until further notice, we've committed to not sell wild King salmon (also known as Chinook salmon) sourced from the Salish Sea (formerly known as Puget Sound), due to documented concerns related to its decline.

Concerning lobster, we encourage the development and potential future use of on-demand fishing systems in lobster fisheries. These "ropeless" systems replace traditional line and buoy systems as a future solution to whale entanglements.

Restricted Wild Species

We do not sell certain wild species that have been identified at great risk, unless sourced* from MSC fisheries. Currently, those species are:

- Atlantic cod
- Atlantic halibut
- Chilean sea bass
- Greenland halibut
- Grouper (*Epinephelus morio*)
- Redfish (sourced outside of U.S. fisheries)
- Shark
- Skates and rays
- Swordfish (sourced outside of U.S. fisheries)
- Bluefin tuna

*According to supplier reports

Fisheries Improvement Projects (FIPs)

To support fisheries in meeting the MSC's standards, Costco is involved in a number of [Fishery Improvement Projects](#). These projects are alliances of stakeholders who work together to resolve aspects of the fishery that do not meet the MSC standard. Our involvement includes participation in FIP meetings, letters to governments and/or fisheries participants and financial contributions. We require FIPs to be verified and monitored as credible by publicly reporting on [FisheryProgress.org](#).

Costco works directly with the World Wildlife Fund (WWF) to support the following FIPs:

- [Spiny Lobster - Honduras](#)
- [Spiny Lobster - Nicaragua](#) – Entered MSC full assessment process in September 2022
- [Spiny Lobster - Brazil](#)
- [Spiny Lobster - Belize](#)
- [Mahi Mahi - Ecuador](#) – Entered MSC full assessment process in May 2023
- [Mahi Mahi - Peru](#)
- [Jumbo Squid - Peru](#)
- Small Pelagics – Chile (In Development)
- Octopus – Mauritania (In Development)
- [Octopus – Mexican Yucatan](#)

Costco and its suppliers also purchase products from these FIP fisheries. Over time our sourcing from individual FIPs will vary, depending on market conditions and other factors.

Fisheries Improvement Fund

For several years, we have supported FIPs as an effective way to transition fisheries to more sustainable practices. But a major barrier to the scalability of FIPs is the lack of significant, long-term financing for fisheries improvement. To address this challenge, we are supporting a program that provides upfront funding to support the implementation of FIPs called the [Fisheries Improvement Fund](#). Designed and launched by the WWF and Finance Earth, the Fisheries Improvement Fund is a new financing mechanism combining impact-led finance with an innovative volume-based contribution mechanism for supply chain companies, ensuring FIPs can be fully funded while building sustainability into supply chains and unlocking finance for fisheries recovery at scale.

Fishery Success Stories

Nicaragua Spiny Lobster Trap FIP

Nicaragua is the eighth largest lobster producer in the world and the largest in Central America. More than 95% of Nicaragua's lobster is exported, mostly to the U.S. Critical issues that faced the fishery before the FIP was developed in 2012 included lack of new or improved data on stock status, bycatch and habitat impacts from lobster traps.



Costco has been an industry leader in supporting the Nicaragua spiny lobster trap FIP since 2016. With

support from Costco and others, as well as strong engagement from the Nicaraguan government's fisheries agency, INPESCA, the FIP is now complete. The fishery entered the MSC full assessment process in September 2022 to achieve certification, and results on whether the fishery will be certified will be determined by early 2024.



Peru Mahi Mahi Longline FIP

Peru's mahi mahi fishery supports over 10,000 fishers and serves as a key link in the marine food chain, providing sustenance for sharks, dolphins and other ocean predators. Peru is also a leading source of the world's mahi mahi and, like Ecuador, a top exporter to the U.S. Critical issues challenging this fishery include the high number of unlicensed vessels in the fishery, and lack of effective national and international management of mahi mahi, a highly migratory species. The fishery also needs additional data on how fishing interacts with other species including endangered sea turtles and sharks.

Costco has been a financial supporter of the Peru mahi mahi longline FIP since 2015. As part of this support, Costco has worked with its suppliers to encourage the Peruvian and Ecuadorian governments to agree to joint management measures for mahi mahi. Key projects the FIP is implementing include working with the Peru Mahi Alliance, a group of 15 Peruvian mahi mahi companies who are committed to advancing the FIP, and IMARPE (the Peruvian Institute of the Sea) to scale up implementation of an electronic monitoring and catch documentation system and improve mahi mahi research as well as complying with the new FisheryProgress.org social policy which includes making fishers aware of their rights and signing a human rights code of conduct.



Canned Tuna

Suppliers of Kirkland Signature™ Albacore Canned Tuna are participants in the [International Seafood Sustainability Foundation](#) (ISSF), which is undertaking science-based initiatives for the long-term conservation and sustainable use of tuna stocks, reducing bycatch and promoting ecosystem health. Each participating company is audited for compliance with ISSF conservation measures.

Also, Costco is a founding member of the [Seafood Task Force](#) (STF; see details below under “Farmed Shrimp”). All of our canned tuna suppliers are members. We review the product traceability and mapping to vessels of our Kirkland Signature canned tuna supply chains. Learn more about the STF’s work below.

Sourcing Practices: Aquaculture

We believe that farmed seafood should be an integral part of our business, that aquaculture is a critical source of affordable protein now and in the future, and that farming can be done in a responsible manner with reduced impacts on the environment and local communities.

In our sourcing, we work closely with organizations committed to sustainable practices in aquaculture. These include:

- [Aquaculture Stewardship Council \(ASC\)](#): ASC sets a list of requirements that must be met for suppliers to gain certification. These include water quality, responsible sourcing of feed, disease prevention, animal welfare, fair treatment and pay for workers and more. ASC represents the most robust, credible aquaculture global standard.

- [Aquaculture Improvement Projects \(AIPs\)](#): Like a Fishery Improvement Project described above regarding wild species, an Aquaculture Improvement Project helps producers improve their operations and meet ASC standards.

Here's a look at our sourcing policies related to popular seafood we offer at Costco.

Farmed Shrimp

Costco has been an active participant in implementing the ASC shrimp standards. These standards help to minimize key negative environmental and social impacts of shrimp farming. Our goal is to source farmed shrimp from farms and suppliers that have been certified to ASC standards. This goal has been partially achieved and we are actively engaging to transition more shrimp farms to reach the ASC standard by working with our suppliers and the World Wildlife Fund to develop and implement AIPs.

More information about Costco's shrimp sourcing, can be found in our July 2020 *Costco Connection* article, [No small feat](#), and [this article on ethical recruitment practices](#).

The Seafood Task Force

A key organization regarding the sourcing of farmed shrimp is the Seafood Task Force (STF). The organization works to drive greater business confidence for global seafood buyers purchasing from Asia by tackling illegal, unreported and unregulated (IUU) fishing; establishing supply chain oversight from vessel to plate; mitigating risk; assuring traceability; and improving social and environmental performance, step by step.

More information on the STF and recent developments in Thailand can be found in the following links:

- [Seafood Task 10 Point Plan](#)
- [STF work with The Fair Hiring Initiative \(TFHI\) on Responsible Recruitment](#)
- [How STF's Step-By-Step and Practical Approach is Supporting Thailand Shrimp Farmers on the Ground](#)
- [STF Publishes Grievance Mechanism to Drive Worker Welfare Across Tuna Supply Industry](#)



Farmed Salmon

Costco does not intend to sell genetically modified salmon. Our goal is to source farmed salmon from farms and suppliers that have been certified to the ASC standard. This goal has been partially achieved, and we are actively engaging to transition more salmon farms to reach the ASC standard. Our approach is to work with our suppliers and the World Wildlife Fund to support a path to ASC certification. In Chile, improvements have focused on key issues such as empowering local communities in salmon farming areas to better engage with companies on issues that impact them.

Global Salmon Initiative (GSI)



Many of our farmed salmon suppliers have joined the [Global Salmon Initiative \(GSI\)](#) and launched a commitment to reaching 100% ASC certification. In alignment with ASC indicators, GSI efforts focus on reducing the use of antibiotics and pesticides, and avoiding wildlife interactions and escape events. The group also works to catalyze progress toward continuous improvements in responsible sourcing of feed ingredients, including the reduction of the use of fishmeal and fish oil, plus commitments toward deforestation-free terrestrial feed ingredients.

Learn more about GSI's progress toward ASC certification in its [Sustainability Report](#).

Farmed Pangasius

We are working with our suppliers on implementing the ASC Pangasius Standard. Our goal is to source pangasius from ASC certified farms and suppliers.

Farmed Tilapia

Costco's intent is to only sell tilapia from farms and suppliers that are ASC certified. Costco encourages suppliers to work toward ASC certification.

ASC Feed Standard

We understand that aquaculture feed has an impact on wild fisheries and on feed ingredients sourced on land. We support the ASC Feed Standard, which tackles one of the biggest potential impacts of aquaculture, the production of feed, and does so in a holistic way by requiring responsible sourcing for all major feed ingredients.

The Feed Standard takes the ASC's approach to responsible aquaculture and extends it to the feed mills that manufacture aquafeed, as well as the suppliers of their ingredients. These mills will be the facilities audited against the standard, but they and farms will be given time to ensure their supply chains meet ASC requirements. The standard will also incentivise more feed mills to work toward certification to meet growing demand from ASC farms.

More information about ASC's aquaculture feed standards can be found on its [website](#).



Textiles & Cotton



Overview

Cotton and textiles are an integral part of Costco's business, particularly within our apparel and home textiles offerings. We recognize some of the challenges in textile production (e.g., forced labor issues in the cotton industry, and environmental issues with producing synthetic fabrics) and as a result, we have focused on efforts to trace our cotton sources and ensure our items containing recycled textiles are certified to specific global standards.

Cotton Sourcing & Traceability

Costco began a cotton traceability program in 2019 to further understand where the cotton in our Kirkland Signature™ apparel is coming from. In 2020, we enhanced this program to include supply chain mapping and third-party traceability document verification. In addition, our Kirkland Signature products made from Pima and/or extra-long staple length (ELS) cotton require DNA testing protocols to verify these species. DNA testing is completed in multiple stages of the supply chain.

Organic Cotton

For all our organic cotton products globally, manufacturers claiming organic cotton must be certified by Global Organic Textile Standard (GOTS). GOTS is the global industry leader in certifying textiles processing for organic fibers, including cotton. The GOTS system certifies the product throughout the entire textile supply chain, ensuring the organic status of cotton from raw materials to the end consumer.

Kirkland Signature Bed Sheets

Kirkland Signature Bed Sheets are made from Pima cotton grown in the Central Valley of California. Through a patented technology, a program to test the traceability of cotton fiber through the entire supply chain has been established. This helps track the purity of the cotton and verify the manufacturing process from the fields to our shelves. More information can be found in this [Cotton Traceability video](#).



One of the farms that grows extra-long staple (ELS) cotton used for our Kirkland Signature Bed Sheets is the [Bowles Farming Company \(BFCo\)](#), a family-owned and operated farm in California. Beyond compliance with regulatory requirements, BFCo has initiated programs and practices focused on protecting workers and the environment in the areas of soil health, climate change and water conservation. To learn more about these efforts, visit this article: [Bowles Farming Company](#).

Recycled Textiles

Recycled fabric technology continues to be popular in the textile industry, especially in light of sustainability goals in the apparel and home goods industries. Benefits of recycled textiles include lower energy usage in production and a reduction in the need for virgin materials. At Costco we look to source recycled textiles for our items. To ensure recycled textile claims are verified and validated, Costco requires one of the three approved certifications: the Recycled Claim Standard (RCS), the Global Recycled Standard (GRS), or REPREVE®.



Wood, Pulp & Paper



Our Approach

Our goal is for our suppliers to create wood, paper and fiber-based products with as little impact to the ecosystem as possible while still delivering the quality and price our members demand. To meet our goal of offering items that are responsibly sourced from forests, we accept forest management certifications from three leading organizations: Forest Stewardship Council® (FSC)¹, Sustainable Forestry Initiative (SFI) or Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. These certifications help to ensure that the needs of the forest ecosystems and their communities are balanced with conservation.

As described here, recycled fibers play a critical role in many of our products, such as our Kirkland Signature™ paper-based packaging. Where virgin fibers are preferred, such as our Kirkland Signature Bath Tissue, we seek to use fibers that are responsibly sourced.

¹ Costco's FSC license code FSC-N003307



Fiber-Based Packaging



Our packaging goals are to reduce the amount of packaging used, while still protecting the product's integrity. Fiber for paper-based packaging should come from known sources, should be procured legally and should not contribute to deforestation. Because there is a limited supply of certified fiber, we highly encourage the use of recycled content whenever possible.

More information can be found on the "Packaging" page of our [Merchandising section](#).

Kirkland Signature Paper-Based Products

Our goal is to have all Kirkland Signature™ paper products created to optimize recycled content and tree-free fibers where feasible. Virgin-wood fibers should come from certified, well-managed forests that don't contribute to deforestation or degradation.



Product
Focus:
Kirkland
Signature
Bath Tissue

Kirkland Signature Bath Tissue is one of the most popular products sold at Costco. Its quality, price and convenient large packs make it an economical choice for families and businesses alike.

Given the enormous quantity of bath tissue we sell worldwide, we follow a very deliberate method to produce this product with forest conservation as the key goal. Here's a look.

Recycled fibers play important roles in making everyday products like paper and cardboard that don't require much softness or absorbency. We use these fibers to make up the majority of our Kirkland Signature paper-based packaging.

Virgin fibers offer strength, softness and absorbency — qualities that our members seek in premium bath tissue and similar products. After taking into account our members' preferences for quality and performance, as well as the availability of recycled content or alternative fibers, we choose to use virgin fibers in our Kirkland Signature Bath Tissue at this time.

In doing so, it's critical to note that we would not use virgin fibers in our products if we were not confident that they are responsibly sourced. This means that rigorous standards and processes have been followed in sourcing these materials, giving us confidence that the needs of the forest ecosystems and their communities are balanced with conservation.

For members who prefer paper products that don't use virgin fibers, we offer a selection of paper products on Costco.com that utilize either post-consumer recycled fiber or fiber alternatives.



Kirkland Signature 100% Product Certified FY23

Kirkland Signature
Product Type



Bath Tissue	99.4%	0.6%	
Paper Towel	6.1%	52%	41.8%
Napkin	1.8%	98.2%	
Facial Tissue	87.4%	12.6%	
Parchment Paper	100%		
Gift Wrapping Paper	100%		
* Photo Paper	100%		
Total by Certification	70%	17.9%	12.1%

* Photo paper transitioned to FSC certification part way through the year

Note: In total, 99.9% of Kirkland Signature paper products were certified under one of these schemes in FY23

Other examples include:

- All of the register tape used in our U.S. and Canadian warehouses is FSC-certified and is also phenol-free (no BPA or BPS). We are working to expand that to warehouses and gas stations worldwide. Japanese warehouse and gas station receipts now use fiber from FSC-certified sources. More information can be found on the “Chemical Management” page of our [Merchandising section](#).
- Many of Costco’s printed materials, such as our *Costco Connection* magazine and various promotional fliers, use certified fiber. The certification varies by product and region.
- Our U.S. warehouse pharmacy transitioned to member bags with FSC-certified recycled content.

Kirkland Signature Baby Wipes



Costco is committed to providing members with wipes that are sourced in an environmentally responsible manner.

For example, Kirkland Signature™ Baby Wipes are made with biodegradable, renewable fibers derived from 100% plant-based materials that are FSC certified. In addition, the fibers for Kirkland Signature Daily Facial Towelettes, and Kirkland Signature™ Flushable Wipes are also FSC certified. For more information, see this [Costco Connection article](#).

FSC & Wood Products

After a 10-year moratorium on teak, in 2015 we began selling a limited amount of outdoor teak furniture that was 100% FSC certified. We continue to require that teak sold at Costco is 100% FSC certified.

Costco has expanded FSC certification to other species of solid wood products, including FSC-certified cedar wood playsets, gazebos, outdoor furniture, indoor furniture and pavilions. We continue to expand our scope of FSC certification as we are committed to responsible wood sourcing.

To learn more about our product testing of furniture products, please visit the “Chemical Management” page of our [Merchandising section](#).



Climate Action Plan

Our 2023 Climate Action Plan¹ shares an update on the progress we made this year and explains our future plans to advance our work on climate-related issues.

13 CLIMATE ACTION



Introduction

Our approach to addressing our climate impacts is rooted in our sustainability principles, with a strong emphasis that we are learning as we go and seek continuous improvement. This year's Climate Action Plan update is a reflection of that learning and progress we have made to address our impact on global climate change. This section outlines our efforts to reduce emissions across our business, build supply chain resilience, and minimize our environmental impact.

¹ The viability of our Climate Action Plan depends upon many external factors that may be directly or indirectly beyond our control and include: our suppliers ability to meet our expectations; socio-economic and public health risks; the direct and indirect impacts of global climate change on our operations and global value chain; changes in the international and national policy and regulatory landscape, permitting requirements, the availability of refrigerant equipment and low-GWP refrigerant alternatives, the availability of qualified refrigerant and HVAC service providers, requisite supply of clean energy. As well as supply chain volatility, energy and commodity pricing, regulatory signals, and shifting member preferences and stakeholder attitudes also are material factors that can impact our Climate Action Plan timeline. The data reported is compiled from sources that we believe are reasonable to rely on at the time of publication, may change as new information becomes available, and future reports may change accordingly.

We also ensure that our Climate Action Plan:

Aligns with regulatory requirements and global standards: We incorporate regulatory requirements, certain global standards and industry guidance across measurement, disclosure and reporting and will continue to monitor evolving standards and guidance. These frameworks and standards continue to inform our approach to climate action².

Includes an accountability and governance model for climate progress: Our approach to governance and reporting is aligned with the Task Force for Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), both part of the International Sustainability Standards Board (ISSB) standards. More information can be found on the [Governance & Reporting](#) section of our Sustainability Commitment.

Governance Structure



² While we have not adopted Science Based Targets, we actively consider SBTi's Corporate Net Zero Standard as a framework for ambitious climate strategy and will continue to utilize SBTi's guidance. Solutions must be operationally viable and fulfill our obligations to our shareholders, employees, members, suppliers and the communities we serve. Additional guidelines and frameworks we consider include the GHG Protocol Accounting & Reporting Standard, TCFD, TNFD, IPCC, COP, SDGs, and CDP.

Emissions Executive Summary

Provides transparent disclosure: Transparency and disclosure of our progress toward our climate goals are important. We believe in measuring our progress and sharing what we have learned with our community and stakeholders. We currently disclose to industry-wide forums such as CDP-Climate and CDP-Forests, and we offer detailed information about our projects and efforts via our [Sustainability Commitment](#) website.

Supports a holistic approach to climate: We have aligned our sustainability efforts and initiatives related to climate using a holistic and integrated approach. Climate has a number of interdependent issues, in addition to emissions, that we consider. These include but are not limited to: water, forests, biodiversity and a just transition for people and communities. While we focus on our emissions progress in this year's update, in fiscal year (FY) 2024, we will also be working on our global water strategy and analyzing select supply chains for biodiversity risk.

Over the past few years, we have made strides in our climate journey. Our Scope 1 and 2 emissions work is more mature, having started with the inception of our STAR Program (more information can be found in the [Operations](#) section of our Sustainability Commitment) in 2021, and helps us prepare for Scope 3 improvement in a way that resonates with our culture. To meet our decarbonization goals for Scopes 1, 2 and 3, we need our employees to contribute in innovative ways, from reinforcing programs that have been in place to changing practices going forward. This requires broadening awareness and learning and implementing new policies and procedures.



We have been able to use learnings generated from work on climate within our own direct control to inform our Scope 3 emissions strategy and approach. As a result, there are common themes to our approach across all scopes, such as broadening awareness, providing education, shifting toward clean energy, and focusing on resource efficiency and efficient transportation. In addition, our approach to reducing emissions is to set targets accompanied with pragmatic action plans that we believe will help us reach these targets.

Across the entire business, notable accomplishments of the past year include these steps we took:

- Launched a Global Energy Strategy to address Scope 1 and 2 emissions in our operations portfolio and a Scope 3 Energy Transition Strategy targeting our Tier 1 and 2 suppliers.
- To make progress in Scope 2, we continued to increase clean energy³ procurement, which as of the end of calendar year 2022 represented 19%⁴ of our global purchased energy and is on track to meet our 100% clean energy commitment by 2035.
- Developed a Scope 3 emissions intensity reduction target and action plan (see below).
- Reported all scopes for FY20, FY21 and FY22 (all third-party verified) to CDP Climate in July 2023 and participated in CDP Supply Chain, which requests our top 500 suppliers to disclose their Scope 1, 2 and 3 emissions to CDP.
- Submitted our CDP Forests report for the second year in a row, disclosing our metrics on key forestry commodities that are related to climate change.
- Invested in our technology and data infrastructure to build a platform for reporting and measurement across all scopes.

Our emissions footprint across all three scopes for FY22 totaled to 174M MT CO₂e, up 10% from FY21 on an absolute basis. Our Scope 1 emissions increased 15%, driven by bunker fuel related to the vessels Costco chartered due to the global pandemic. Costco has ceased this activity and will no longer incur Scope 1 emissions associated with chartered vessels starting in FY24. If one excludes this activity, our FY22 Scope 1 emissions were flat despite our sales and square footage growth.

³ Clean energy includes solar, wind, hydroelectric, geothermal, nuclear and bioenergy.

⁴ Clean energy procurement shown on a calendar year basis to align with clean energy procurement contracts and U.S. grid emission factors.

Our Scope 2 Market emissions, despite our growth, decreased 3% over the past year, driven by purchasing more clean energy. Scope 3 emissions increased 10% — mostly driven by the increase in demand of our gas business, as well as a strong general merchandise sales growth rate.

On an intensity basis, we saw a 5% decrease from 822 MT CO₂e / \$M Net Sales to 781 MT Co₂e / \$M Net Sales year over year⁵.

Scope 1, 2, & 3 Emissions | Metrics

Metric	FY22	FY21	FY20 / CY20
Scope 1 Emissions (MT CO ₂ e)	1,405,640	1,218,381	1,205,620
Scope 2 Emissions (MT CO ₂ e)			
Market Based	1,375,183	1,418,244	1,408,963
Location Based	1,425,977	1,428,751	1,457,413
Scope 3 Emissions (MT CO ₂ e)	171,274,463	155,281,141	141,812,164
Total Emissions (Mkt Based)	174,055,286	157,917,766	144,426,748
Emissions Intensity (MT CO ₂ e / \$M Net Sales)	781	822	885

Scope 1 & 2 Emissions

We recognize the significant opportunity to decarbonize our global operations, from our warehouses to our depots and business centers. We also understand that our climate and energy-focused efforts in our operations can create near and long-term business value through lower operating costs, reliable, clean energy supply to power our warehouses, depots and business centers, and more resilient infrastructure.

⁵ Please note that this calculation is not inflation adjusted.

Our Scope 1 and 2 Reduction Target

We have committed to an ambitious Scope 1 and Scope 2 emission reduction target: 39% absolute reduction by 2030 compared to our 2020 base year. We've also committed to power our operations with 100% clean energy by 2035. To achieve these ambitious targets, we are evaluating, piloting and implementing a range of initiatives in our warehouses, expanding our procurement of clean energy and enhancing our framework to measure and monitor progress toward our goals.

Our Scope 1 and 2 Action Plan

Our Global Energy Strategy is the foundation of our Scope 1 and Scope 2 Action Plan. Led by select members of our executive leadership team, this cross-functional strategy focuses on five areas:

Energy Supply: Our priority is to purchase clean energy and integrate on-site energy generation systems when operationally and financially feasible. Since 2020, we have been using a portfolio-wide approach to procure, generate and use clean energy in our operations. Where clean energy procurement or on-site generation may not be feasible, we acquire source-specific power with the verified emissions-free certificates (EFEC, REC) to reduce our Scope 2 emissions.

Emissions-Free Energy Certificates

During 2023 we contracted to purchase certified, time-stamped 24/7 clean power for 124 warehouses across nine states. The clean power is sourced with hourly attributes, either Emissions-Free Energy Certificates (EFECs) or Renewable Energy Certificates (RECs), for 100% of the energy, 24/7. These time-stamped certificates demonstrate both where the clean energy is generated and the hour and date of production.



Energy Efficiency: Increasing the energy efficiency of our warehouses, depots and business centers is crucial to long-term decarbonization as well as creating energy cost savings and financial return on our investment. We are implementing programs to improve the efficiency of heating, ventilation, air conditioning (HVAC) and refrigeration systems, light fixtures and other aspects of our warehouse operations.

Refrigeration: Fugitive emissions is an area of continued focus to reduce the harmful impacts from hydrofluorocarbons (i.e., HFCs) and other gases from the refrigeration systems in our operations. We are committed to accelerating the phase-out of HFCs and increasing our investment in refrigeration retrofits to reduce refrigerant emission Global Warming Potential (GWP) by 30% by 2030 as compared to our 2020 baseline.

Transportation: We are exploring clean energy for our transportation equipment where it makes financial and operational sense. This includes testing and deploying electric yard goats, exploring additional fleet electrification opportunities and using renewable diesel throughout our California depots and business delivery centers. For more information, see the “Transportation & Logistics” page in the [Operations](#) section.

Design & Site Selection: We understand the impact that the materials we use in the construction of our facilities and the locations we choose for our warehouses, depots and manufacturing facilities have on our carbon footprint and the natural environment. We continue to explore ways in which we can minimize our carbon footprint and environmental impact with our design and construction choices.



Where We Are Today

Since setting our initial Scope 1 and Scope 2 absolute reduction target in 2021, we have nearly doubled our 2030 absolute reduction target during 2022. In 2023, we further expanded our portfolio of decarbonization efforts across our global footprint. Here are some highlights from FY23:

- We increased the share of clean energy powering our global operations, reaching 19% of our total supply as of the end of calendar year 2022.
- We expanded our 3MW onsite generation capabilities at our Mira Loma, California, distribution center to include a solar canopy and battery storage system to charge our electric yard goats. This brings the campus to 3.3MW.
- We began using renewable diesel to power our depot and business center fleets in California, replacing over 2.4 million gallons of diesel with renewable diesel.
- We continued to reduce our use of harmful HFCs, completing 38 retrofits of our refrigeration systems, replacing harmful R-22 with lower GWP refrigerants, while also installing seven additional CO₂-based refrigeration systems globally.
- We deployed energy-efficient LED lighting to 167 warehouses across the U.S., reducing the average wattage by 35%.



Scope 3 Emissions

Costco is committed to doing our part to reduce emissions and improve the resilience of our supply chain. Scope 3 emissions, unlike Scope 1 and 2, are outside of our direct control. We will need to rely upon and partner with our suppliers to make substantial transformation. We have developed a comprehensive approach to our Scope 3 emissions that focuses on five key pillars: supplier energy transition; regenerative and deforestation-free agriculture; sustainable livestock; energy efficient items; and sustainable packaging (described in detail below). Underpinning these pillars will be a supplier engagement plan, education programs for our merchandising teams, and IT infrastructure to support reporting and measurement.

Our Scope 3 Reduction Target

We estimate that our five-pillar plan will lead to a 20% reduction in our Scope 3 emissions intensity by 2030 from our baseline year of FY20, excluding fuel. We recognize that this Scope 3 reduction target is not fully aligned to a 1.5-degree pathway at this time. That pathway is not currently achievable for us if we are to continue to provide for all of our stakeholders. However, we believe this is an ambitious yet achievable target based on existing technologies, and we continue to explore opportunities for further improvement.

While we are excluding fuel from the target, we are working to develop a separate climate transition plan for our fuel business (see below).

Our Scope 3 Action Plan

We believe that the below five pillars are the best path for us to reduce our Scope 3 emissions. We hope our supplier efforts in reducing their Scope 1 and 2 emissions will lower our Scope 3 emissions and that we can learn from these successes to continue to drive change:

Supplier Energy Transition: One common thread throughout our supply chain is the reliance on energy. We believe that supporting our suppliers, either through educational resources or direct partnership and investments to procure, generate and utilize clean energy in their operations can help them reduce their Scope 2 emissions.

Regenerative and Deforestation-Free Agriculture: A significant portion of our business is reliant on agriculture-based commodities, which are high carbon emitters. We are committed to supporting nature-based solutions, such as regenerative agriculture practices. These practices also have the benefits of protecting our soils, water and biodiversity as well as creating greater resiliency in times of more extreme weather events. In FY23, we worked on two pilot programs with Cargill and ADM related to regenerative agriculture to help us learn more about how to best support the farmers making this transition. We are also engaging our suppliers on supply chain traceability and supporting them in minimizing risk of sourcing from deforestation areas.

Sustainable Livestock: Many of our members' diets consist of foods created from animal agriculture that can carry higher carbon footprints. We want to do our part to reduce the intensity of those emissions as best we can. We will focus on collaborating with various suppliers, scientists, civil society and animal welfare experts to help accomplish this. We recognize that beef can be a driver of deforestation in certain regions, and for that reason we work to make sure our Kirkland Signature™ items containing beef are not sourced from high deforestation risk countries such as Brazil, Argentina, Colombia or Paraguay.

Regenerative Agriculture: Cargill

For an example of what one Costco supplier, Cargill, is doing to support regenerative agriculture practices, see the “Environmental Impacts & Land Stewardship” page in our [Merchandising](#) section. These practices improve crop productivity and soil health, support the livelihood of farmers and help reduce carbon emissions.



Energy Efficient Items: We sell items that consume energy. We believe that working toward greater energy efficiency with our suppliers and leveraging existing energy efficiency certifications (e.g., EnergyStar™) can help us to reduce our Scope 3 Category 11 emissions footprint.

Sustainable Packaging: We have made progress on sustainable packaging over the years and will continue to make this an area of focus. We will continue to work with our suppliers to find ways to reduce unnecessary packaging, implement reuse models in operations, adopt lightweight packaging optimized for shipping efficiencies, and increase recycled content opportunities.



Where We Are Today

A majority of our Scope 3 emissions come from Category 1 (Purchased Goods and Services) and Category 11 (Use of Sold Product). For Category 1, our emissions are highly concentrated in livestock, agriculture (including crops that tend to be drivers of deforestation) and manufacturing of the items we sell. For Category 11, we recognize the role that our fuel business plays (more below) and the opportunity to continue to find ways to drive energy efficiency in the items we sell.

Scope 3 | Breakdown by Business Segment¹

Metric	FY22	FY21	FY20
Upstream (MT CO ₂ e) CAT 1 & 4	94,836,137	89,894,930	83,364,674
Value Chain Operations (MT CO ₂ e) CAT 2, 3, 5, 6, & 7	1,934,563	1,799,782	1,681,152
Downstream (MT CO ₂ e) CAT 9 & 11	74,503,763	63,586,429	56,766,338
Total S3 Emissions (MT CO₂e)	171,274,463	155,281,141	141,812,164

¹ Categories 8 & 13 were considered out of scope due to materiality; Categories 10, 14, & 15 were excluded due to lack of applicability to Costco's business; Category 12 was excluded due to lack of data

Fuel Transition Plan

Emissions from our fuels business comprise ~40% of Costco's total emissions, largely by Scope 3 emissions. We are already taking actions to directly address these emissions as outlined in this transition plan. At the same time, we will continue ensuring that our members have access to affordable and high-quality transportation fuels. Similarly, we're providing members with the necessary infrastructure to shift toward new lower-carbon transportation options such as EVs.

Overall Action Plan

We plan to take action across the entire span of the fuels business, including emissions upstream of the fuel station, at the fuel station and downstream of the station (i.e., combustion).

Upstream of the fuel station, our focus will be on procuring the lowest carbon intensity fuels available. We estimate that ~20% of fuel Scope 3 emissions stem from Costco's fuel supply, and can be reduced by purchasing from refineries that prioritize clean procurement and production. We are engaging fuel suppliers to better understand their carbon footprint, climate goals, disclosure protocols and carbon reduction initiatives. We also expect this engagement to encourage refineries to use cleaner production methods.

At the fuel station, we have a high degree of control to influence and minimize Scope 1 and Scope 2 emissions. Our efforts to date, highlighted in the next section, reflect our commitment to minimizing negative environmental impact while ensuring members have continued access to affordable transportation fuels. To build on this progress, we are exploring the use of microgrids to power fuel station operations where feasible, and maintaining a focus on purchasing and maintaining state-of-the-art fueling equipment to minimize spills and vapor loss.

Downstream of the fuel station, emissions are driven by combustion of fuel in members' vehicles. To combat these emissions, we will continue to use and refine proprietary additives in all gasoline fuel grades, which could provide an emissions reduction vs. LAC fuels⁶. We are also focusing on enabling members to shift toward lower carbon intensity transportation methods when they're ready. We are closely monitoring the market as new technologies take hold (e.g., battery electric vehicles, hydrogen fuel cell vehicles and plug-in hybrids) to provide our members with the infrastructure necessary to utilize their preferred transportation methods.

To support our members who have already purchased EVs and to encourage those considering a purchase, we are expanding our EV charging offering, with plans to open fast chargers at 20-plus warehouses. Our first fast EV charging station opened in Denver, Colorado, in 2023, and is serving as a pilot site to explore how to best provide EV charging services to our members.

⁶ LAC = Lowest Allowable Concentration; Results shown in scenarios where Kirkland Signature™ Gasoline was tested against the minimum U.S. government-mandated detgency gasoline. Outcomes vary based on driving behaviors, engine type and vehicle maintenance intervals.



Where we are today

Current efforts to minimize emissions and environmental impact include initiatives across the fuel station value chain:

Upstream of the fuel station

Fuel procurement: We procure only from refineries that are compliant with EPA Tier-3 regulations, resulting in some Kirkland Signature fuels containing lower sulfur content.

Biofuels: We offer R99 (99% renewable diesel, 1% USLD #2) at all California fuel retail sites providing diesel, and plan to expand R99 offerings in Washington and Oregon. Renewable diesel has up to a ~65% lower carbon intensity than petroleum diesel.⁷

Fuel delivery: We deliver ~35% of fuels after warehouse close times, which reduces delivery truck delivery times and resulting emissions. Additionally, over 40,000 fuel deliveries in 2023 were performed by carriers with 90% renewable diesel penetration or greater.

At the fuel station

Station design: Stations are designed with environmental protection in mind. We use double walled and electronically monitored underground tanks and piping, continuous remotely monitored leak detection with automatic shut down, oil and water separators, trained and certified full-time attendants, and best-in-class components throughout the station.

⁷ [California Air Resources Board](#), LCFS Pathway Certified Carbon Intensities, [DOE](#)



Fuel storage: We upgraded our fuel storage tanks to manage tank pressure and minimize release of gasoline vapors through the installation of 393 vapor management systems. Combined, these efforts equate to an estimated reduction of 1.5k tons of volatile organic compounds, 4.6k tons of CO2 and 522k gallons of gasoline.

Spill management: We use dripless and spitless fuel nozzles that yield a 90% reduction in spills, with a corresponding reduction in volatile organic compounds released. Additionally, employing full-time attendants allows quick response to rare spills.

Downstream of the fuel station

EV fast charging: We offer EV charging at over 50 warehouses, including locations in the U.S., Canada, Spain, Korea and the United Kingdom. Charger speeds range from 7 to 350 kWh, allowing members to charge a vehicle in ~30 minutes at our fastest locations.

Residential charging: We stock residential charging products, ensuring members can purchase hardware to enable home charging, with speeds allowing vehicles to fully charge overnight.

EV sales: The Costco Auto Program offers members more than 30 different EV models through the program's approved dealer network. To date, approximately 90,000 EVs have been purchased via the Costco Auto Program.

EV rentals: Costco Travel offers a selection of electric and hybrid rental cars through our rental car suppliers at a variety of locations in the U.S., Canada and Europe. While these rentals reflect a small percentage of Costco Travel's rental car production, the category continues to grow. For a rental car on CostcoTravel.com, members can filter their search results to show "Eco friendly" options to include these car categories if available at the location they're renting from.

Electric micro-mobility: We sell multiple eBike models and eScooter models in the warehouse and on Costco.com.

Through all these efforts, our goal is to support a just transition by providing members with low-cost best-in-class fuels, and opportunities to purchase, charge and rent electric vehicles. As the energy transition progresses, we look forward to continuing to meet members' energy transportation needs for a variety of vehicle types.



TCFD

Costco's approach to governance and reporting is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD)¹. 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.

Governance

Oversight of climate-related risks and opportunities

Our governance structures focus on two streams: Strategy & Oversight and Implementation, Reporting & Compliance. Our Board of Directors has oversight to ensure Executive management has processes for managing risks and setting strategy for climate-related impacts. In fiscal year (FY) 2022, Costco's Board made sustainability a part of the Nominating and Governance Committee's charter, including oversight of environmental and sustainability policies and initiatives. We describe below governance of climate-related risks and opportunities.

We also aligned our FY23 executive compensation with ESG priorities through our Executive Bonus Plan. It rests, in part, on (1) quantitative (60%) metrics including diversity, equity and inclusion (DEI), resource consumption (water and energy), environmental compliance, waste reduction, climate (emissions), packaging, forest conservation and fisheries and (2) qualitative (40%) metrics to encourage awareness and action on new initiatives. Progress in 2023 resulted in that portion of the bonus being paid in full.

¹ The Statement incorporates here by reference the footnote on page 1 of the Costco Wholesale [Sustainability Commitment](#).

Governance Structure



Management's role in assessing and managing climate-related risks and opportunities

Costco's sustainability strategy and [Climate Action Plan](#) continue to be led by our Senior Vice President of Global Sustainability and Compliance, who reports to the CEO and regularly engages with the Board and the Nominating & Governance Committee and Compensation Committee. She also serves as Chair of the ESG Executive Advisory Council, which brings together executives from across the company to set goals and discuss strategy. This cross-functional approach is also exhibited in the Global Energy Task Force (discussed in our Climate Action Plan), the Merchandising Task Force for Supplier Engagement, and ESG Reporting. We recognize the multi-dimensional nature of ESG priorities and the need to engage leadership across departments and geographies.

Climate-related risks and opportunities for business, strategy and financial planning

Climate change is impacting the world and our business, and these impacts are growing. In April and July 2022, our global executives conducted in-depth climate-related scenarios analysis, exploring climate-related risks and opportunities for operations, supply chain, members, employees, reputation and products. Using an exploratory approach, we leveraged three Shared Socioeconomic Pathways (SSPs) in the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment (2021-22), in alignment to the IPCC's temperature-based Representative Concentration Pathways (RCPs), we identified potential impacts under the following scenarios: a coordinated global action achieves average warming of well below 2.0°C; a 2.0-3.0°C warming, with a fragmented global geopolitical and commercial response to climate change; an average warming exceeding 3.0°C, characterized by a reactive, sporadic global response to mitigate and adapt to the worst effects of climate change.

From this analysis, we created an inventory of climate-related risks and opportunities related to our business. We anticipate transitional and physical impacts from climate change and will continue to evaluate impacts on our financial position. Based on our current assessment we foresee our risks outweighing our opportunities.

Climate-related risks and opportunities identified over the short, medium and long term

For the short, medium and long term, we consider our overall business model, identified risks, and general timing of chronic climate-related impacts to be realized:

- **Short term** (1-5 years): *Generally aligned with our timeframe for internal financial planning, budgeting and analysis.*
- **Medium term** (5-10 years): *To capture impacts of transition activities and associated risks and some, but not all, impacts of chronic physical risks emerging in the next decade.*
- **Long term** (10-30 years): *To capture impacts of chronic physical risks that could potentially develop over time and manifest in our operations and supply chain.*

Transition Risks

Class	Risk Description	Time Horizon
Policy & Legal	Emerging emissions reporting requirements are labor intensive in our current technology posture and could require extensive changes to processes.	Medium-term
Market	Strategic planning may be challenging due to evolving market responses to climate change.	Medium-term
Market	Merchandising may become more difficult, as regulations may increase production costs throughout our supply chain, creating challenges to source products or categories at typical pricing.	Medium-term
Market	Decreased demand for gasoline due to climate change concerns, government mandates, and economic shifts may affect future operations and negatively impact sales and traffic in our warehouses.	Long-term
Technology	Emission reduction programs and initiatives may lead to higher operating costs, prices and reduced margins.	Medium-term

Physical Risks

Class	Risk Description	Time Horizon
Acute	Increased intensity and frequency of floods, wind storms, wildfires, cyclones, storm surges, hail, drought, etc. may disrupt global supply chains by decreasing the production capacity of our suppliers and increasing production and transportation costs. Operational and/or community impacts are also likely.	Short-term
Chronic	Extreme variability in weather patterns may disrupt global supply chains by decreasing the production capacity of our suppliers and/or increasing production and transportation costs.	Medium-term
Chronic	Increased or decreased levels of precipitation may cause flooding, droughts, and water shortages that could have operational and community impacts and disrupt global supply chains.	Medium-term
Chronic	Rising temperatures may increase energy costs, disrupt power grids and could have operational and/or community and global supply chain impacts.	Long-term

Opportunities

Class	Risk Description	Time Horizon
Products & services	Value provided to consumers through volume purchases and efficient distribution may allow Costco to gain market share for sustainable and low-carbon items.	Short-term
Energy Source	Transitioning to renewable and clean energy sources may allow Costco to decrease overall emissions, provide greater visibility on energy pricing, and participate in certain tax incentives in the US and elsewhere.	Medium-term
Resource Efficiency	Initiatives to reduce Costco and customer waste may allow for participation in new revenue streams through circular product design and decreased costs associated with disposal.	Medium-term

Resilience of strategy

For all scenarios, we qualitatively evaluated Costco’s resilience and our ability to mitigate the transition and physical risks identified and to capitalize on future opportunities. In all scenarios, Costco’s operational strengths were identified as a core element of its resilience, including our no-frills, operations-focused warehouses and depots, which allow us to build resilience into our operations through investments in renewable and clean energy, technology and equipment. Our global supply chain, geographically diverse retail locations, and membership-based model provide risk diversification. Continuing to build resilience throughout our supply chain with deepened supplier relationships will be crucial to mitigating and adapting to the impacts of climate change, as well as capturing market-based opportunities in response to evolving member expectations and needs. Please see our [Sustainability Commitment](#) and [Climate Action Plan](#) for further details on Costco’s sustainability and climate strategies.

Processes for identifying and assessing climate-related risks

In FY22 we engaged third-party consultants to assist with risk assessment. We identified and qualitatively assessed potential impact and likelihood of climate-related risks that impact the Food & Beverage and Multiline retail industries as a whole and those that may uniquely impact Costco's membership warehouse business model. For FY24, climate risk will be considered in our enterprise risk assessment.

Processes for managing climate-related risks

We will continue to solicit input from leaders across the company to assess climate-related risks (as well as opportunities) and generate options for managing those risks. These discussions inform strategy-setting by the Board, the Executive Committee and ESG Executive Advisory Council and serve as groundwork for determining climate-related initiatives.

Climate is not a new challenge for us, though we expect to experience its impacts at a greater volatility and velocity. We understand the long-term importance of climate-related risks and opportunities. Our aim is that our business remains responsible, resilient and relevant in accordance with our Mission Statement and Code of Ethics. Our processes for developing remediation for risks and integrating that remediation into our operations are evolving.

The ESG Executive Advisory Council, which is supported by cross-functional operating teams, will be key for identification, assessment and management of climate-related risk. Any material climate-related risks identified will be communicated to the Executive Committee for evaluation.

Metrics & Targets

Metrics to assess climate-related risks and opportunities in line with our strategy and risk management process, including Scope 1, 2 and 3 emissions and related risks and targets to manage climate-related risks and opportunities and related performance

Our [Climate Action Plan](#) features an in-depth discussion of climate-related Reduction Commitments, Metrics and Targets. This includes our Scope 1, 2 and 3 emissions. Costco embraces transparency in climate reporting through frameworks such as CDP, where we have regularly shared our progress for over a decade. Alongside our emissions reporting, we disclose a range of other metrics and targets that we have published for several years. These metrics represent important environmental impacts relevant to Costco and where we can make the most positive impact, even as they directly and indirectly affect Costco's total greenhouse gas emissions. See the following page for details on our metrics.

Metric Category	Metric	Description	Framework Mapping
Emission Reduction	Global Scope 1, 2 and 3 greenhouse gas emissions	Reduction of scope 1, 2, 3 CO2e emissions by local and international location (warehouses, depots, etc.)	Costco Climate Action Plan SDG 13.1
	Gross global Scope 1 emissions from refrigerants	Total weight of refrigerant emitted by location (warehouses, depots, etc.)	Costco Climate Action Plan SDG 13.1 SASB FB-FR-110b.1
Energy Management	Operational energy consumed	Total energy consumed across global operations, including from renewable and non-renewable sources, procured and self-generated	SASB FB-FR-130a.1
	Percentage grid electricity	Proportion of energy consumed derived from the grid	SASB FB-FR-130a.1
	Renewable Energy Purchased	Renewable energy purchased through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs) or Guarantees of Origin (GOs)	Costco Climate Action Plan SASB FB-FR-130a.1
Waste Reduction	Waste diversion rates	Food waste diverted for donation and for composting	Costco Sustainability Commitment SDG 12.3
	Packaging reductions	Reduction of Kirkland Signature and Fresh Produce plastic packaging, based on supplier reported data.	Costco Sustainability Commitment SDG 12.5
	Recycled content in packaging	Amount of recycled content in paper and plastic packaging	SDG 12.5
Responsible Sourcing	Sustainably sourced seafood (wild and farmed)	Kirkland Signature wild species and Kirkland Signature farmed product covered by MSC or ASC certification	Costco Sustainability Commitment SDG 14.4
	Responsibly sourced wood, paper and fiber-based products	Kirkland Signature pulp & paper product certified to FSC, SFI, PEFC and/or recycled content, based on supplier reported data, and as reported in the Sustainability Commitment	Costco Sustainability Commitment SDG 15.2
Water Use Efficiency	Facilities with operational water monitoring systems	Number of locations (warehouses, depots, etc.) with water monitoring system	SDG 6.4
	Global water intensity	Thousands of gallons per million of sales	Costco Sustainability Commitment SDG 6.4

Governance & Education

Sustainability is important to all levels of our company, and we are working together toward our goals and progress on our initiatives.

Governance

In fiscal year (FY) 2022, Costco's Board of Directors officially made sustainability a core part of the charter and responsibility for the Board's Nominating and Governance Committee. Regular reporting to our Board of Directors and to the Nominating and Governance Committee occurs throughout the year.

On the management side, Costco's sustainability strategy continues to be led by our Senior Vice President of Global Sustainability and Compliance, who reports directly to the CEO and regularly engages the Board and executive team, including monthly updates to our global executives at our Budget Meetings. Costco recently launched our ESG (Environmental, Social and Governance) Executive Advisory Council, which brings together leaders from across the company to chart goals and strategy. We have also aligned our FY23 executive compensation with ESG priorities through our Executive Bonus Plan. It rests, in part, on (1) quantitative (60%) metrics including diversity, equity and inclusion (DEI), resource consumption (water and energy), environmental compliance, waste reduction, climate (emissions), packaging, forest conservation and fisheries; and (2) qualitative (40%) metrics to encourage awareness and action on new initiatives.

Education

We also believe in the importance of keeping our members, employees and suppliers informed via a number of channels, including:

- Articles in the *Costco Connection*, our monthly publication for members
- Articles in the *Costco Today*, our employee magazine
- Training and educational opportunities for our employees and suppliers throughout the year, including in-person presentations at our annual International Managers' Conference and our annual Supplier Day
- Policies and guidelines for our employees and suppliers
- Job aids and operational procedures to help our employees comply with our policies and programs
- This Sustainability Commitment, which is updated at least annually

SASB

Costco follows the guidance of the Sustainability Accounting Standards Board (SASB) Standards for reporting on sustainability metrics.

Sustainability Accounting Standards Board

In fiscal year (FY) 2021, we began an assessment of ESG reporting methodologies, best practices, trends and opportunities. We determined that the Sustainability Accounting Standards Board (SASB) Standards would provide investors information pertaining to topics that are relevant to our operations.

We identified two SASB industries most relevant to our business: Food Retailers & Distributors and Multiline; and Specialty Retailers & Distributors. A cross-functional team reviewed these SASB metrics and selected those that were relevant to our operations. With the assistance of third-party consultants, we conducted a data quality risk-assessment of these selected SASB metrics. Based upon that assessment, we identified a subset of SASB metrics for which we reported our U.S. operations. In FY22, we expanded the scope of those metrics and report on our global business in the reference table on the next page.

SASB Topics & Metrics (Global)	FY23	FY22
Fleet Fuel Management		
FB-FR-110a.1 Fleet fuel consumed, percentage renewable	2,405,200 GJ 15% renewable	2,148,700 GJ 0% renewable
Air Emissions from Refrigeration		
	CY22	CY21
FB-FR-110b.1 Gross global Scope 1 emissions from refrigerants ¹	603,200 mtCO ₂ e	621,900 mtCO ₂ e
Energy Management		
	CY22	CY21
FB-FR-130a.1 Operational energy consumed, percentage grid electricity, percentage renewable energy	Energy Consumed 26,030,000 GJ Grid Electricity 55.7% Renewable Energy 4.9%	23,946,000 GJ 60.1% 3.6%
Data Security		
FB-FR-230a.1 Number of data breaches, percentage involving personally identifiable information (PII), number of customers affected	Costco did not identify any material data breaches in FY23	Costco did not identify any material data breaches in FY22
FB-FR-230a.2 Discussion of management approach to identifying and addressing data security risks	See "Data Security" on the Governance & Reporting section of our Sustainability Commitment	
Labor Practices		
FB-FR-310a.1 (1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	(1) \$27 average hourly wage for US employees ² (2) All employees earn more than the regional minimum wage	(1) \$26 average hourly wage (2) All employees earn more than the regional minimum wage
FB-FR-310a.2 Percentage of active workforce covered under collective bargaining agreements	Approximately 5% of employees are represented by unions ³	Less than 10% of employees are represented by unions ³
CG-MR-310a.2 (1) Voluntary and (2) involuntary turnover rate for in-store employees	Voluntary turnover 10.3% Involuntary turnover 10.8% Involuntary turnover of regular workforce 3.1%	10.9% 12.7% 3.0%
Workforce Diversity & Inclusion		
CG-MR-330a.1 Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	See graphs found in the "Inclusion" page on the People & Communities section of our Sustainability Commitment	
Activity Metrics		
FB-FR-000.A Number of (1) retail locations & (2) distribution centers	(1) 861 warehouses and business centers (2) 68 distribution and 93 logistics facilities	(1) 838 warehouses and business centers (2) 68 distribution and 97 logistics facilities
FB-FR-000.B Total area of (1) retail space and (2) distribution centers	(1) 11.7 mil m ² operating space (126.3 mil ft ²) (2) 3.1 mil m ² distribution and logistics facilities (33.1 mil ft ²)	(1) 11.4 mil m ² operating space (122.5 mil ft ²) (2) 2.9 mil m ² distribution and logistics facilities (31.0 mil ft ²)

1. U.S. Data is as reported by third-party service technicians and for systems over 50 lbs. International Data is reported by warehouse management. We report emissions from the six gases covered under the Kyoto Protocol. More complete reporting may be found in our CDP report.

2. Our "true rate of pay" is \$29, which includes twice-yearly Extra Checks for long-tenured hourly employees.

3. Represents percentage of employees covered under a collective bargaining agreement at fiscal year-end.

Data Security

Our governance policies, including the Information Security Policy, outline high level information security objectives designed to meet compliance and regulatory requirements.

Data Security

Costco identifies and addresses data security risks based on several frameworks, including the NIST Cybersecurity Framework (CSF), CIS 18 Critical Security Controls, and the Payment Card Industry Data Security Standard (PCI DSS). The company's governance policies, including the Information Security Policy, outline high level information security objectives designed to meet compliance and regulatory requirements. We have standards, procedures and programs to guide the management of data security risks.


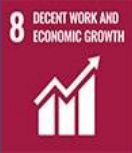


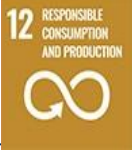



Costco has implemented several technology measures, leveraging third-party security providers when needed, and engages in multiple activities to seek to identify and mitigate vulnerabilities and risks in systems (e.g., scanning for common vulnerabilities and exposures, penetration tests on internal and external networks, code scans on applications, employee awareness and training, and internal and external audits). We also review on a risk-based priority third parties with whom we do business, in an effort to reduce the likelihood of security incidents or business interruptions.

Defense in Depth Strategy

Costco employs a "defense in depth" strategy to address the attack chain and safeguard our systems and information. Some of the measures utilized by Costco include phishing detection and mitigation, multi-factor authentication, information system protection systems such as anti-malware, anti-ransomware, endpoint detection and response, file integrity monitoring, and other system hardening techniques.

Networks are protected using network detection and response capabilities, are segmented, and provide flow level visibility into lateral movement potential; e-commerce systems are protected by a web application firewall. This layered defense concept combined with our detection and response capabilities helps us reduce the potential risk of unauthorized access to our systems and information.

While our cybersecurity and compliance efforts seek to mitigate risks, there can be no guarantee that the actions and controls we and our third-party service providers have implemented and are implementing will be sufficient to protect our systems, information or other property. Our Vice President of Information Security reports regularly to the Board of Directors and senior management concerning our security practices.

SDG	Our Goals	Key Performance Indicators	FY 2021	FY 2022	FY 2023
	Water is a precious and limited resource that cannot be wasted. Costco is committed to improving water use efficiency and reducing operational water waste.	Percentage of Facilities with operational water monitoring systems ¹ (excludes Costco Logistics)	67.4%	81.4%	17.7% ²
		Global water intensity ³	20.97 ('000 gal/\$MM sales)	18.59 ('000 gal/\$MM sales) ⁴	17.81 ('000 gal/\$MM sales)
	Costco is committed to protecting the human rights, safety and dignity of the people who contribute to the success of our business. This includes supporting the welfare of the people who produce, process, harvest and transport the products we sell.	Qualitative	See our Supplier Code of Conduct and Selected Partnerships on the "Human Rights" page in our People & Communities section ; also see "Commodities & More" in Merchandising for examples of worker and community support programs at source		
	We aim to have a diverse workforce that is representative of the communities where we do business and to foster an inclusive environment. We also aim to make a positive contribution to the well-being of the communities where we do business.	Gender and racial/ethnic group representation of our employees	See our demographic information on the "Inclusion" page in our People & Communities section		
	Costco's goal is to continually decrease the amount of waste going to landfills through reducing food waste at source, feeding hungry people and animals, supporting industrial programs (i.e., biofuel), composting and other recycling and donation programs.	Waste diversion rates	78.3%	79.9% ⁵	80.5%
			For more, see waste information on the "Minimizing Waste" page in our Operations section		
	Costco's goal is to continually decrease the amount and impact of packaging waste through packaging elimination, reduction through redesign, and offering packaging that is widely recyclable, compostable and/or made from recycled content.	Reduction of Kirkland Signature™ and fresh produce plastic packaging, based on supplier-reported data. Reported as total pounds of plastic reduced in the fiscal year that the change occurred.	17.0M pounds	6.4M pounds	14.4M pounds
			To learn more about packaging, please see the "Packaging" page in our Merchandising section		
	We will be implementing a series of standards, metrics, and goals to build a holistic Environmental, Social and Governance (ESG) strategy. Meaningful climate action is a central pillar in that work. Our plan prioritizes the mitigation of Scope 1, 2 and 3 CO2e emissions and water usage.	Global Scope 1, 2, & 3 GHG emissions	More information about our Scope 1, 2, & 3 emissions numbers can be found in the "Climate Action Plan" located on our Climate Action section		
	We will continually source sustainable seafood products from either wild fisheries or farmed aquaculture in ways that help meet current demands without compromising the availability of scarce resources for future generations.	Kirkland Signature wild species product sourced from MSC-certified fishery or in a FIP, based on supplier-reported data	59.8%	63.5%	63.4%
		Kirkland Signature farmed seafood sourced from ASC-certified farms or in an AIP, based on supplier-reported data	44.2%	44.0%	56.2%
	Our goal is to responsibly source wood, paper and fiber-based products in a way that is respectful to the forest ecosystem and the environment. Certifications help to ensure that the needs of the forest ecosystems and their communities are balanced with conservation of our forests for future generations.	Kirkland Signature pulp & paper product certified to FSC, SFI, PEFC and/or recycled content, based on supplier-reported data, and as reported in the Sustainability Commitment	99.9%	99.5%	100%
			For more, see the "Environmental Impacts & Land Stewardship" page in our Merchandising section		

- Includes warehouses, business centers, and depot facilities with monitoring systems for water used inside the building. This does not include irrigation.
- This percentage dropped significantly from FY22 due to a change in vendors. New monitoring systems are being installed at locations in FY 2024.
- Consumption based on all invoiced water usage; may exclude some water for common area landscaping and locations with well water. Fiscal year net sales is the denominator of this calculation.
- Value is restated due to updated information on our usage. It reflects a 4.8% decrease versus the previously stated consumption number.
- Value is restated due to waste to energy incineration in Japan that was not previously counted as diverted waste. Original percentage was 78.7%.

“Inside Costco/Sustainability” columns

- [Forest conservation/Palm oil and healthy ecosystems](#)
- [Sensible structures/Sustainability plays a role when we build new Costcos](#)
- [Human rights/People are critical components of our sustainability policies](#)
- [A global approach/How we’re supporting UN sustainability goals](#)
- [A year in review/Sustainability report update compares goals with progress](#)
- [STAR EFFORTS/Program helps us operate as efficiently as possible](#)
- [Working together/Collaborations can help ensure sustainable food supplies](#)
- [Meeting our goals/Updated Sustainability Commitment shares our efforts](#)
- [Taking action/Reducing emissions is key part of our Climate Action Plan](#)
- [Precious resource/We can call play a role in being water-wise](#)

Working together

Collaborations can help ensure sustainable food supplies



Sheri Flies is Costco vice president of global sustainability and compliance.

A Costco sources food products from around the world for members’ tables, we’re finding that strategic relationships can help ensure sustainable supplies and support the people behind the products. Here are a few recent examples where Costco is working with other organizations and companies for the common good.

Supporting cocoa farmers
West Africa provides much of the world’s cocoa, the essential ingredient for chocolate. We source most of our cocoa for our Kirkland Signature™ chocolate from Ivory Coast. Unfortunately, severe areas there have been deforested, limiting cocoa production and leaving locals with limited income-producing options. Through a federally funded U.S. program called Restore: Resilient Ecosystems and Sustainable Transformation of Rural Economies, the Rainforest Alliance is partnering with Costco, Bitterman Chocolate and other companies to work with communities to conserve remaining forests, restore others and follow agricultural practices to increase yields. In the end, the goals are thriving farming communities, healthy forests and sustainable cocoa supplies.

Seeds for bees
The alarming problems facing honeybees and colony losses over the past several years have been well documented. Costco is supporting several innovative efforts to promote honeybee health.

One is Project Apple’s Seeds for Bees program, which promotes using cover crops to increase bee forage and improve soil health in California orchards, farms and vineyards. Through Seeds for Bees, growers have access to free and subsidized cover crop seeds that bloom at critical times of the year when bees are hungry for natural food resources are scarce. Seeds for Bees also provides free resources and expert advice to help growers implement best practices.

This program will especially help in California’s almond orchards, which supply 80% of the world’s almonds (including the Kirkland Signature™ almonds sold at Costco). Participants report numerous benefits, including healthier soil, improved water infiltration, better dust control and reduced reliance on chemicals. Researchers and growers agree: The bees are happier as well.

Sustainable teams
By those under our Kirkland Signature label. Often, this entails forming a portion of the team from that product, as well as sustainable sourcing practices. Go to Costco.com and search “Sustainable,” or healthy bee programs.



Temple Grandin
New solutions from a unique mind



A global challenge
Actor Jeff Bridges turns to a documentary to inspire action for a healthier planet



Sustainability
Big lessons from a little egg



Pepper for prosperity
A unique program in Vietnam yields special results



Saving the honeybees
Scientists, growers and Costco work to address the bee crisis



Waste not
Getting excess goods to needy global communities, not landfills



The future of farming
How technology is serving up the food on your table