

# Water Strategy

***Costco understands the importance of water conservation and has adopted Sustainable Development Goal (SDG) 6 – Clean Water and Sanitation for All – as one of our SDG goals. We have implemented comprehensive water management programs to help us reduce operational water waste and improve the quality of both our wastewater and stormwater discharges. We are also taking steps to use less water overall.***



## Water Management & Stewardship

We have expanded our global water strategy to include a water stewardship initiative. This initiative builds on the foundation of our operational water management program and will expand to include engagement with our suppliers and diverse stakeholders through collective action initiatives and platforms. We aim to collaborate with stakeholders that share the same watershed, focusing on sustainable solutions.

We also continue to expand our operational water management program through efficiency initiatives and improvements in wastewater quality and stormwater discharges.

Our approach to water management and stewardship is informed by globally accepted frameworks developed by World Wildlife Fund (WWF), the CEO Water Mandate, other leading non-governmental organizations (NGOs) and multinational corporations who have built and implemented impactful programs.

## Progress to Date

Our progress to date in implementing our water strategy consists of the following key initiatives.

## Operational Water Performance

We continue to evaluate opportunities to further improve water efficiency in our global operations including adopting water efficient fixtures, assessing the potential for water reuse in irrigation and car washes, improving leak detection, managing stormwater and implementing low water-use landscaping and irrigation technologies. Our specific initiatives include:

- Detecting mechanical failures in real-time for quick fixes to minimize water losses.
- Creating an enhanced awareness of water use and stewardship throughout our operations.
- Increasing water efficiency to lower the amount of energy and cost necessary to run mechanical equipment and systems, which in turn reduces our carbon footprint, operational expenses and environmental impact.
- Continuously evaluating innovative water use technologies to enhance our operational efficiency.
- Collaborating closely with our operations and real estate teams to identify and mitigate risks related to stormwater management.

## Costco's Estimated Global Water Usage Summary<sup>1</sup>

	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
FY24	\$249,625	4,547,200	7.4%	18.22

<sup>1</sup> Consumption based on all invoiced water usage; may exclude some water for common area landscaping and locations with well water.

## **Our Approach to 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 (when feasible):

- 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.

## **Wastewater & Stormwater Plans**

Each U.S. Costco location has wastewater and stormwater plans and procedures designed 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 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 in their local jurisdictions to improve waste and stormwater management.

## **Examples of Water Efficiency & Savings**

We continue to seek big and small ways to save water in our operations. Here are some 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.

# 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.



- In 23 Mexico locations, all water used in the warehouses (e.g., bathrooms, fresh food areas) 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.



## 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 (FY) 2023, we were able to improve the washing process, enabling us to eliminate the “rain bars” at the entrance of the car wash. A "rain bar" is a device that delivers a steady stream of water to a vehicle as it passes through a wash tunnel to keep it wet while detergents are being applied. In FY24, this saved an estimated 5.1 million gallons of water.

## 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.**

