

# Nature & Biodiversity



***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 also part of this effort.***



## Overview

Costco focuses on five key areas to promote nature and biodiversity: forests and land stewardship, biodiversity and pollinator health, regenerative agriculture, fisheries, and water.

## Forests & Land Stewardship

As part of our commitment to sourcing in a way that is respectful to nature, we work with our suppliers to support good land stewardship practices<sup>1</sup> and avoid deforestation-linked sourcing. We recognize that deforestation is occurring at a rapid rate as natural forest landscapes are converted to land used for growing agriculture and livestock. These natural ecosystems provide high environmental and social value, including habitats for diverse animal species, carbon sinks and long-term livelihoods for people living in and near them.

<sup>1</sup> Good land stewardship practices include: 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 and supporting the increased healthy production-efficiency of lands currently in production.

As a result, we are working to minimize deforestation-linked sourcing 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. We look at three different ways to measure and monitor for deforestation:

1. Third-party certification programs (e.g., Forest Stewardship Council, Rainforest Alliance, RSPO)
2. Deforestation and Conversion Free (DCF) monitoring programs (e.g., supplier sustainability programs)
3. Low-risk sourcing initiatives (e.g., avoiding sourcing from Brazil, Argentina, Colombia and Paraguay)

We use third parties to conduct materiality assessments every few years and we monitor and measure progress towards sourcing more responsibly on an annual basis. We plan to disclose details of a more comprehensive risk assessment for deforestation and conversion within our key supply chains in our December 2025 update.

In the meantime, we disclose more detailed information through our submission to [CDP](#), a global disclosure system.

## Certified Fiber

Costco accepts forest management certifications from three leading organizations: Forest Stewardship Council® (FSC)<sup>2</sup>, Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. These certifications ensure that forest ecosystems and communities are balanced with conservation efforts.



<sup>2</sup> Costco's FSC license code: FSC-N003307

# Virgin and Recycled Fibers

Virgin and recycled fibers are essential for making products like paper, cardboard and bath tissue. Fiber products degrade after about seven recycling cycles, while virgin fibers are necessary for items requiring strength, softness, color and absorbency, such as premium bath tissue. However, we prioritize recycled fiber where feasible and where we believe it is a more sustainable alternative to virgin fiber. The final fiber choice will be determined by quality and food safety requirements, product specification and performance and legal requirements.

In contrast, recycled fibers are the best choice for making cardboard and packaging, which don't require as much softness or absorbency.



## Biodiversity

We support biodiversity in many ways and examples include our [Pollinator Health Policy](#), supporting pollinator research, participating in the Equitable Food Initiative and our focus on MSC and ASC certification. Furthermore, we are exploring how to leverage the Taskforce for Nature-related Financial Disclosures (TNFD) to help us assess our risks and impacts on nature.

### **Pollinator Health Policy**

Our [Pollinator Health Policy](#) applies to 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 the least toxic alternatives. Suppliers are encouraged to phase out the use of neonicotinoids and chlorpyrifos, unless mandated otherwise by law. Costco seeks to partner with suppliers that share our commitment to pollinator health and IPM, and make reasonable progress in a timely manner.

## Research and Pollinator-Friendly Agriculture Practices

Through the sales of Kirkland Signature honey, we provide funding to Project *Apis m.*, a non-profit organization that supports critical bee research, provides information on best forage practices for bees and offers resources for beekeepers and growers. We also work with our fresh produce and almond suppliers to encourage the planting of buffer zones to benefit pollinators and encourage the use of cover crops 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, we support The Bee and Butterfly Habitat Fund's Seed A Legacy Program, which promotes honey production and native pollinator conservation. See this [report](#) for more information or review our "Oils, Honey & Spices" page in the [Products section](#).

### Equitable Food Initiative (EFI)

Costco supports the [Equitable Food Initiative \(EFI\)](#), which is a fresh produce multi-stakeholder effort that includes farmers, suppliers, buyers and NGOs to improve labor practices, environmental stewardship, food safety for workers, agricultural communities, businesses and consumers. As of FY24, there were 51 EFI-certified growers supplying Costco from 19 direct suppliers. EFI also collaborates with the IPM Institute of North America to analyze pesticide application records. Additionally, EFI addresses pollinator health by requiring certified operations to have:

- An implemented [Integrated Pest Management](#) plan that includes a stepped approach starting with biological controls followed by cultural, physical and chemical responses.
- Application records for conventional and open field operations to be entered into the [Pesticide Risk Tool](#) (PRT) to generate a risk assessment to guide spray decisions.
- A written justification for each application of a highly hazardous pesticide, aligned with their IPM plan and documenting risk management measures were implemented during application.
- Irrigation practices that limit erosion and uncultivated buffer strips to protect water habitats further.
- Records documenting their use of the [Cool Farm Tool \(CFT\)](#) to guide soil health improvements and the reduction of greenhouse gas emissions.
- Worker training for appropriate pesticide use.

## Pollinator Friendly Products

We continue to expand our selection of organic products and alternative gardening products. Globally, we no longer offer weed and insect control products containing glyphosate, neonicotinoids or chlorpyrifos.



## MSC / ASC Certification

We continue to increase the volume of MSC- and ASC-sourced seafood items we sell to support biodiversity by ensuring sustainable fishing and farming practices. MSC-certified fisheries are managed to avoid overfishing and reduce bycatch, which helps maintain the balance of ocean life. ASC-certified aquaculture operations are committed to transforming seafood farming to be more environmentally and economically sustainable using market mechanisms, improvement incentives and value-add services from farm to fork. Both these certifications contribute to the long-term preservation of marine species and ecosystems. To learn more about Costco's involvement with MSC and ASC, please review the "Fisheries" section below.

## Regenerative Agriculture

Costco believes protecting and regenerating nature is imperative and the right thing to do. We encourage our suppliers to adopt regenerative agriculture practices, such as minimizing soil disturbance, increasing plant diversity, keeping soils covered and reintegrating animals into the land. These practices foster healthier soils, which are critical to long-term agricultural production because they reduce plant vulnerability, can improve crop production over time and may improve farm profitability. Increasing the organic matter in soil helps the land hold and retain more water, which is essential in times of drought or excessive rainfall. Regenerative agriculture also supports the livelihood of farmers across the country while helping to reduce carbon emissions.

Costco participates in various regenerative agriculture programs for various soy and corn supply chains, including Cargill RegenConnect®, ADM - Regenerations and Trutera. These programs focus 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 the amount of carbon sequestered 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.

For a related story, see “Climate Smart Organic Egg Project” in the “Eggs, Dairy & Plant-based Alternatives” page of the [Products section](#).



Photo courtesy of Cargill

## Fisheries

Responsible sourcing in fisheries is more crucial than ever as global demand for seafood grows. Costco is committed to sourcing seafood in a sustainable way, focusing on products certified by the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC). We're increasing the availability of MSC- and ASC-certified seafood worldwide and supporting Fishery Improvement Projects (FIPs) and Aquaculture Improvement Projects (AIPs) to help fisheries meet these standards. You can learn more on the “Seafood and Aquaculture page” within the [Products section](#).

## Fishery Improvement Projects (FIPs)

To help fisheries achieve MSC certification, Costco supports FIPs, a multi-stakeholder effort to improve fishing practices and management so that species, habitats and people can all thrive. We require FIPs to be reported on [FisheryProgress.org](https://fisheryprogress.org).

## Fisheries Improvement Fund

A major barrier to the scalability of FIPs is the lack of long-term financing for improvements to fisheries. To address this challenge, Costco is supporting the [Fisheries Improvement Fund](#) (FIF), which provides funding for full implementation of FIPs. Managed by Finance Earth, the FIF is a new financing model integrating impact-driven finance with supply chain contributions. The FIF provides upfront and ongoing funding to FIP implementers for the duration of the FIP. As such, it allows for capital to be channeled at speed and scale towards addressing ecological and social issues in target fisheries, ensuring that fish stocks and fishing communities can reap the benefits of sustainable and resilient fishing into the future. Through the FIF, Costco is supporting a newly launched FIP in Chile's Central-Southern Region, providing crucial funding to support ocean sustainability and coastal livelihoods in one of the world's most productive and critical fisheries.

## ASC & Costco Partnership

In 2024, Costco forged a strategic relationship with the ASC to promote environmentally and socially responsible aquaculture. The partnership aims to enhance industry practices while offering Costco members ASC-certified products that meet rigorous standards as well as engaging in mutually beneficial aquaculture projects.

As of FY24, we have expanded our global water strategy to include a water stewardship initiative that addresses water-related risks. We continue to take our own learnings from our operational experiences in water management to extend our approach beyond our operations to include engagement with stakeholders through focusing on shared watershed solutions. For more information about what we've done across our operational water strategy, please see the "Water Strategy" page within the [Operations section](#).