CLIMATE RISK STATEMENT – CLIMATE CHANGE

FY24 Global Consolidated CSRD-IFRS Interoperable

Introduction

Costco's approach to climate reporting is evolving as the world and regulatory environment are changing. We introduced our Task Force on Climate-Related Financial Disclosures (TCFD) report in 2022, and for fiscal year 2024 we have expanded our disclosure to better align with the European Sustainability Reporting Standards (ESRS) related to the European Corporate Sustainability Reporting Directive (CSRD).

As noted in our Climate Action Plan (CAP), for Costco to thrive, the world must thrive. Within this statement and linked documents, we explain our current work related to governance, strategy, risks and opportunities, and metrics for climate issues. As one of the largest retailers in the world, we understand our responsibility to act sustainably and the huge impact we have. We will continue to evolve our strategy as technology, challenges and opportunities present themselves, aligned with Costco's strategy. That is, we do not make commitments unless we see a responsible way to achieve them. Our actions and strategy are grounded in our Mission Statement and Code of Ethics, ensuring we continue to provide our members with quality goods and services at the lowest possible prices while obeying the law, taking care of our members and employees, respecting our suppliers, and rewarding our shareholders.

The key to our transition is the CAP. It outlines our initiatives, targets and progress.

Governance

ESRS 2 GOV-3

Board Oversight

Our Board of Directors oversees the efforts of executive management to create processes for managing risks and setting strategy. The Board implements its risk oversight responsibilities primarily through the Audit Committee, which receives management reports on the potentially significant risks that the Company faces and how the Company is seeking to control risk where appropriate. Board members also discuss risk as a part of their review of the ongoing business-, financial-, and sustainability-related activities of the Company. In more limited cases, such as with risks of significant new business concepts and substantial entry into new markets, risk oversight is addressed as part of the full Board's engagement with the Chief Executive Officer and management.

Committees of the Board

The Nominating and Governance Committee exercises oversight regarding risks associated with corporate governance matters and certain issues relating to the Company's ethics, compliance programs, and environmental, diversity and sustainability policies and initiatives, including climate-related risks and opportunities. This committee receives yearly updates related to our sustainability efforts by our SVP over Sustainability who reports directly to our CEO. If significant sustainability-related items were to arise, the committee would be updated as needed.

The Audit Committee reports to the full Board on its risk-management tasks, including the enterprise risk management review which includes sustainability-related and climate risks.

The Compensation Committee determines the amount and form of compensation to executive officers, including (with the Nominating and Governance Committee) bonuses for meeting environmental and social objectives. Executive ESG bonus goals, which cover sustainable operations and merchandising, are set and reviewed annually. In fiscal 2024 this bonus was achieved, with over 80% of our quantitative and qualitative goals being met for the year.

Management's Role

Management of sustainability matters is led by our Senior Vice President of Global Sustainability and Compliance, who reports to the CEO and regularly engages with the Board and executive team, including periodic updates at monthly meetings of our global executive teams. The Senior Vice President of Global Sustainability and Compliance also chairs the ESG (Environmental, Social and Governance) Executive Advisory Council, which brings together executive leaders from across the company twice a year to chart goals and ESG strategy.

Climate-related impacts, risks and opportunities are also considered in our company-wide enterprise risk management assessment and in our strategy-setting and decision-making processes. We have various management committees and working groups from relevant teams that set strategy regarding our business and provide updates on progress on current initiatives.

Global Energy Task Force: Sets strategy for reductions in energy consumption and emissions; identifies, approves, and prioritizes energy-reduction initiatives; and monitors progress, including returns on energy-reduction investments. The task force comprises Sustainability, Construction, Human Resources, Purchasing and International executives and meets twice a year. This task force is supported by a cross-functional working group, which meets periodically for updates on individual initiatives.

ESG Reporting Steering Committee: Oversees ESG reporting requirements and monitors company initiatives for reporting purposes. The committee meets periodically and comprises Financial Reporting, Energy, Legal, IT, Sustainability, Internal Audit and International teams. This committee is supported by a dedicated ESG Reporting team.

Executive and senior management hold ad hoc meetings to discuss sustainability-related matters as they arise. In FY24, meetings included discussions on enterprise risk management and climate-related risks, credits and incentives, human rights and merchandising.

The below diagram shows how the Board and related committees, management and working groups work together.


Board of Directors
Oversees Management,
Which is Responsible for Risk Management and Strategy
Compensation Committee
Oversees ESG-Related Executive Compensation
Nominating and Governance Committee
Oversees ESG Risks and Compliance
Audit Committee
Oversees ERM
Executive Leadership
Identify, Evaluate, Manage, and Mitigate Risks and Set Strategy
ESG Executive Advisory Council
Discuss Climate-Related Impacts, Risks, and Opportunities
Global Energy Task Force
Energy Strategy
ESG Reporting Steering Committee
ESG Reporting
As Needed Working Groups
Sustainability-related Issues
Implements Board's Risk Initiatives

Remuneration

We have aligned a portion of our executive compensation with ESG priorities and climate-related considerations through our Executive Bonus Plan. Climate-related considerations include reductions in global energy intensity, and Scope 1 and 2 emissions intensity against sales, global operational participation in both energy and emissions reduction initiatives, supplier action through CDP reporting participation and product certification through ENERGY STAR™ or equivalent programs. More details on remuneration can be found in our proxy statement.

Climate Transition Plan

ESRS E1-1, E1-3, E1-4

Over the past few years, we have continued to be efficient and identify decarbonization opportunities. Our climate and energy-focused efforts can create near-term and long-term value by lowering operating costs, securing reliable clean electricity supply and building a more resilient infrastructure. Our approach to reducing emissions is to set targets accompanied with a pragmatic action plan.

The viability of our plan depends upon many external factors that may be 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 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, and the availability of clean electricity. The data reported below is compiled from sources that we believe are reasonable to rely on at the time of publication; values may change as new information becomes available and future reports may be adjusted accordingly.

Alignment to Business Model

Our business is within the scope of EU Paris-Aligned Benchmarks, Commission Delegated Regulation (EU) 2020/1818. To learn more about our reduction targets, please review our Climate Action Plan.

Climate Change Policies

E1-2

Our Climate Action Plan covers Costco's global response to climate change and our policies around climate change mitigation, adaptation, energy efficiency and clean electricity deployment. Costco management is accountable for implementation of our sustainability initiatives.

In Our Operations

Scope 1 and 2 Reduction Target

Scope 1 & 2 - Total Operations	
Reduction Target	39%
Reduction Target Year	2030
Base Year	2020
Base Value	2,615,000 MT Co2e
FY 23 Performance	2,760,000 MT CO2e
Scope Split	None
Covered Gasses	CO2, CH4, N2O
External Assurance	None

We have committed to a 39% absolute reduction in Scope 1 and 2 emissions by 2030 compared to our 2020 base year. Our emissions data was calculated following the GHG Protocol and has been verified to a limited level of assurance through FY23. The scope of this target aligns with Costco's emissions reporting boundary applying the operational control approach. Progress towards this goal is reported annually.

We continue to incorporate stakeholder feedback as we review our progress. Five decarbonization levers were identified through reviewing our operations, along with historical performance, current and upcoming technological advances, and aspirational reach. The target was set estimating continued business expansion and the projected net impact of the decarbonization levers. Though we used science-based evidence as a guide, we do not adhere to the requirements determined by the Science-Based Targets Initiative

(SBTI) because we do not see a feasible path to meet a net-zero 2050 target. For more information on the decarbonization levers, see the Climate Action Plan.

In Our Value Chain

Scope 3 Reduction Target

Scope 3 Categories 1 (excluding fuel), 2, 3, 4, 5, 6, 7, 9 and 11 (excluding fuel)	
Reduction Target	20%
Reduction Target Year	2030
Base Year	2020
Base Value	636 MT CO2e/ '000M USD
FY 23 Performance Against Target	576 MT CO2e/ '000M USD
Scope Split	N/A
Covered Gasses	CO2, CH4, N2O
External Assurance	None

Costco is committed to doing our part to reduce emissions and improve the resilience of our supply chain. Scope 3 emissions are 98% of Costco's total carbon footprint and unlike Scope 1 and 2, are outside of our direct control. We rely upon and partner with our suppliers to make substantial transformation.

We have a 20% reduction target in our Scope 3 emissions intensity (inflation-adjusted) by 2030 from our baseline year of FY20, excluding fuel.[1]

We determined our intensity target through identifying product categories that contribute most significantly to our emissions footprint and researched relevant potential decarbonization actions and estimated the resulting net impact on emissions. Though we used science-based evidence as a guide, we do not adhere to the requirements determined by the Science-Based Targets Initiative (SBTI) because we do not see a feasible path to meet a net-zero 2050 target.

[1] Emissions from our fuels business comprise around 40% of Scope 3 emissions.

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 some crops that drive deforestation) and manufacturing of the items we sell. For Category 11, our fuel sales are the predominant contributor.

Our approach to Scope 3 emissions focuses on four key pillars: supplier targets, transition agriculture, energy solutions and packaging solutions. Underpinning these pillars will be a supplier-engagement plan, education programs for our merchandising teams, and IT infrastructure to support reporting and measurement. For more information on the decarbonization levers, see the Climate Action Plan.

Fuel Transition Actions

We expect that in the long term, advances in technology and changes in member habits will reduce emissions associated with our fuel sales. As the energy transition progresses, we seek to meet members' energy transportation needs for a variety of vehicle types, including opportunities to purchase, charge and rent electric vehicles. For more information, see the Fuel Transition Plan section of our Climate Action Plan.

Significant Expenditures and Funding Strategy

We do not believe that the Company will need to raise additional funds to implement our Climate Action Plan. Our strategy relies partially on grants, tax incentives and rebates offered for clean electricity and efficiency projects and cost savings from initiatives described above. Our incremental spending in this area has been immaterial to our financial results.

Risks & Opportunities

E1-SBM-3, E1 IRO-1

Our Climate Risks & Opportunities

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 seeking continuous improvement.

As of the end of 2024, we are in the process of our first double materiality assessment to identify material impacts, risks and opportunities through our value chain. In 2025 we will disclose the results of our double materiality assessment. We previously completed a climate-related scenario analysis in 2022 and created an inventory of climate-related risks and opportunities related to our business. Please see our FY23 TCFD report for further information on these risks and opportunities.

Scenario and Resilience Analysis

We are updating our scenarios to be disclosed for FY25. For more information on Costco's past scenario analysis, see our FY23 TCFD report.

Metrics and Targets

E1-5, E1-6, E1-7, E1-8, E1-9

Our Climate Impact

We annually prepare our Scope 1, 2 and 3 greenhouse-gas emissions (GHG) emissions inventory to assess our operations' and value chain's impact on climate change. Our GHG emissions inventory is governed by definitions set forth by the Intergovernmental Panel on Climate Change (IPCC) and meets standards and practices as established by GHG Protocol Corporate Accounting and Reporting Standard of the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

Costco uses the operational control approach as defined in the GHG Protocol Corporate Standard for determining the organizational boundary. Our inventory is prepared based on our 52/53-week fiscal year, comprising thirteen four-week periods that generally end on the Sunday nearest the end of August. Our inventory includes emissions from carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and hydrofluorocarbons (HFCs). We do not generate emissions of perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6), and these are excluded from our inventory. We apply 100-year Global Warming Potential (GWP) values from the Fifth Assessment Report of the IPCC for calculating CO_2 equivalent emissions.

For Scope 1 emissions, we apply the most recent EPA factors available. For Scope 2 emissions, we apply country-specific emission factors and use factor versions that correlate to the underlying activity (*e.g.*, 2022 factors for calendar year 2022 energy usage and 2023 factors for 2023). If a country does not publish emission factors, we rely on factors reported by the International Energy

Agency (IEA). For Scope 3, we apply EPA Supply Chain GHG Emission Factors and the UK Government GHG Conversion Factors along with supplier-specific factors when available.

Our emissions data are reviewed by our ESG Reporting, Global Sustainability and Compliance, and Energy Purchasing departments. Our Scope 1, 2 and 3 emissions are verified to a level of limited assurance by an independent verification firm in accordance with ISO 14064-3.

Scope 1, 2, & 3 Emissions (MT CO2e) | Absolute Metrics					
Metric	**FY20 Base year**	**FY21**	**FY22**	**FY23**	**% Change from Base**
Total Emissions, Location	152,798,788	167,402,820	183,946,063	186,069,672	1.2%
Total Emissions, Market	152,750,338	167,392,313	183,895,269	185,950,638	1.1%
Scope 1 Emissions	1,205,620	1,218,381	1,405,640	1,424,357	18.1%
% from regulated emission trading schemes	0.0%	0.0%	0.0%	0.0%	0.0%
Scope 2 Emissions					
Market Based	1,408,963	1,418,244	1,375,183	1,336,087	-5.2%
Location Based	1,457,413	1,428,751	1,425,977	1,455,121	-0.2%
Scope 3 Emissions	150,135,755	164,755,688	181,114,446	183,190,194	22.0%
Fuel	55,425,128	61,635,511	75,056,928	80,457,069	45.2%
Non-Fuel	94,710,627	103,120,177	106,057,518	102,733,125	8.5%
Significant Scope 3 Emission Categories					
1 - Purchased goods and services, incl. fuel	81,452,657	87,177,001	92,182,585	88,628,326	8.8%
11 - Use of sold products, incl. fuel	55,491,965	61,796,473	72,632,847	80,524,565	45.1%

Other Scope 3 Emission Categories					
2 - Capital goods	721,026	602,440	650,086	1,140,516	58.2%
3 - Fuel and energy-related Activities	425,358	600,511	652,117	525,242	23.5%
4 - Upstream transportation and distribution	10,235,607	12,192,476	12,493,535	10,138,394	-0.9%
5 - Waste generated in operations	137,098	147,347	154,140	168,689	23.0%
6 - Business traveling	8,352	5,420	10,411	17,394	108.3%
7 - Employee commuting	389,321	444,064	467,809	460,110	18.2%
9 - Downstream transportation	1,274,373	1,789,956	1,870,916	1,586,958	24.5%

Excluded Scope 3 Emission Categories	
8 - Upstream Leased Assets	Leased equipment and facilities are included in Costco's Scope 1 and Scope 2 GHG emissions inventory. Immaterial GHG impact related to 3PL facilities.
10 - Processing of Sold Products	All manufacturing or processing of products are performed by suppliers or captured in Costco's Scope 1 and 2 inventory.
12 - End-of-life Treatment of Sold Products	Data inadequacy: no established methodology and data sources for calculating this for a retailer.
13 - Downstream Leased Assets	Immaterial GHG impact related to five owned facilities leased to third parties.
14 - Franchises	Not relevant to Costco's business model as Costco does not operate any franchised locations which would fall under this category.
15 - Investments	Not relevant to Costco's business model as Costco is not a private or public financial institution, nor does it have any subsidiaries, associate companies or joint ventures for which Costco has operational control and are not already captured in Scope 1 and 2.

Biogenic Emissions

Metric	FY20	FY21	FY22	FY23	% Change from Base
Scope 1 Biogenic Emissions	0	0	0	0	0.0%
Scope 2 Biogenic Emissions	0	0	0	0	0.0%
Scope 3 Biogenic Emissions	1,149,774	1,307,592	1,245,828	1,827,685	59.0%

Intensity Metrics: Value Chain Emissions

Scope 1, 2, & 3 Emissions | Intensity Metrics					
Metric	**FY20**	**FY21**	**FY22**	**FY23**	**% Change from Base**
Net Sales ($M)	163,220	192,052	222,729	237,710	45.6%
S1 & S2 Intensity (MT CO2e / $M Net Sales) Market, inflation-adjusted	16.0	14.3	13.9	13.5	-15.8%
S1 & S2 Intensity (MT CO2e / '000 Sq ft) Market	18.1	17.5	18.1	17.3	-4.6%
S3 Intensity (MT CO2e / $M Net Sales) Company-wide	920	858	813	771	-16.2%
S3 Intensity (MT CO2e / $M Net Sales) Ex-fuel, inflation-adjusted	636	615	614	576	-9.4%

Energy Consumption and Mix

Energy consumption and mix (MWh)			
Metric	**FY22**	**FY23**	**% Change**
Fuel consumption from coal and coal products	0	0	0.0%
Fuel consumption from crude oil and petroleum products	1,240,037	1,256,806	1.4%
Fuel consumption from natural gas	2,321,483	2,414,992	4.0%
Fuel consumption from other fossil sources	0	0	0.0%
Consumption of purchased or acquired electricity and heat from fossil sources	3,880,441	3,799,066	-2.1%
Total fossil energy consumption	7,441,961	7,470,864	0.4%
Share of fossil sources in total energy consumption (%)	96.5%	93.5%	-3.2%
Consumption from nuclear sources	0	140,837	
Share of consumption from nuclear sources in total energy consumption (%)	0.0%	1.8%	
Fuel consumption from renewable sources, including biomass	0	0	0.0%
Consumption of purchased or acquired electricity and heat from renewable sources	204,620	297,973	45.6%
Consumption of self-generated non-fuel renewable energy	61,808	80,798	30.7%
Total renewable energy consumption	266,428	378,771	42.2%
Share of renewable sources in total energy consumption (%)	3.5%	4.7%	37.1%
Total energy consumption	7,708,389	7,990,472	3.7%

Intensity Metrics: Energy Consumption and Mix

Metric	**FY22**	**FY23**	**% Change**
Net Sales ($M)	222,729	237,710	6.7%
Net Sales from high climate impact sectors ($M)	222,729	237,710	6.7%
Energy intensity (MWh / $M Net Sales) **Total, high climate impact sectors**	35	34	-2.9%

GHG Removals and GHG Mitigation Projects Financed Through Carbon Credits

E1-7

We do not currently operate or contribute to GHG removals or storage projects, nor do we participate in GHG removal or mitigation projects financed through carbon credits. Opportunities for GHG removal or storage projects are reviewed by our Global Energy Task Force to evaluate terms of the proposal, actual impact to operations and return on investment. We do not purchase offsets or carbon credits.

Internal Carbon Pricing

E1-8

We have not adopted an internal carbon pricing program.