



# 2025 Annual Sustainability Report

**COSTCO**  
WHOLESALE

# Our Mission

**Continually provide our members  
with quality goods and services  
at the lowest possible prices.**



## Costco At A Glance

Number of locations  
**Over 900**

Number of countries  
and regions  
**14**

Number of  
employees globally  
**341,000**

Number of  
members globally  
**145.2 million**

Net sales globally (USD)  
**\$269.9 billion**

Sales growth YOY (USD)  
**+8% YoY**

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## MESSAGE FROM OUR CEO

# Our Commitment

At Costco, our deep commitment to sustainability is a core part of our mission and a driving force for long-term growth and success.

Respecting how people, animals and the environment are treated is an essential part of Costco's business strategy and is how we do the right thing. We are proud and excited to share the significant progress we have achieved in fiscal year (FY) 2025.

While navigating a dynamic regulatory environment and the increased demand for clean energy, we have successfully grown our business while shrinking our environmental impact. Here are some of our highlights.

**People:** Costco is proud to offer top-tier pay, benefits and opportunities for long-term career growth. This year, we updated our Employee Agreement (EA) with feedback from thousands of employees (a process we undertake every three years). With the 2025 EA, we increased top-of-scale pay for long-term employees, raised our starting wage and reached an average hourly wage of more than \$32/hour in the U.S. Our health care benefits remain widely available and highly affordable. In the U.S., over 94% of our employees are eligible for health benefits and over 96% of those who are eligible have enrolled.

We also held our biannual Costco Connects conversations, in which over 230,000 employees participated in small-group

conversations to share their feedback and ideas with leaders across the company. In addition, we rolled out the MyCostco Employee Portal in the U.S. and implemented a new hiring system to better attract talented individuals to Costco.

We strive to create a positive impact in the communities where Costco operates. In FY25, this included \$97 million in charitable contributions, 186 million donated meals and another \$97 million in donated products.

**Climate:** This 2025 report shares our most recent energy and climate progress, which we calculate on a lagging basis due to the size of our global operations. Our energy use is calculated by calendar year and our emissions by fiscal year. As of the end of calendar year 2024, we increased our use of clean electricity to 28%. This helped reduce our operational emissions in FY24 by 7.2%, despite strong sales growth. We have also continued to invest in supplier education and IT infrastructure for helping our suppliers track and make progress against their goals for reducing their emissions.

**Biodiversity and Nature:** Costco continued to support programs that focus on responsible agriculture, pollinator health, and sustainable fisheries and aquaculture. These initiatives help promote a long-term,



healthy supply chain for our key agricultural commodities. We also further developed our Forest and Land Stewardship Action Plan for responsibly sourcing commodities with higher risk of deforestation.

**Resource Management:** We continually seek opportunities to increase our water efficiency, divert more waste from landfills and improve or reduce our packaging. In FY25, we reached a new high of 82.8% of waste diverted from landfills, reduced our water use intensity by 4.4% and reduced plastic in Kirkland Signature™ packaging by 1.5 million pounds. We share examples for each initiative in this report.

We continue to grow two core programs: the STAR (Sustainability Technical Assistance Review) in our operations and the Six Questions for Merchandising Sustainability

in our supply chains. We share more about these in the Strategy section. We are pleased by the strong engagement we've seen from our locations in earning STARs and from suppliers as they share progress.

Last, we have updated our [Sustainability Commitment website](#) and this annual report to make it easier for members, employees, shareholders and all audiences to follow our sustainability efforts. We are excited to share this work with you and thank you for supporting us while we learn as we go and seek continuous improvement.

Sincerely,

Ron Vachris

# Highlights

**9 years**

Average Costco employee tenure in the U.S., above retail average

**\$97 million**

Donated in cash to local charitable organizations where we operate

**28%**

Percentage of global electricity purchased from clean energy sources<sup>1</sup>

**4.4%**

Reduction in our global water intensity (gallons used relative to sales)

**7.2%**

Decrease in Scope 1 and 2 (operational) emissions vs. previous year<sup>1</sup>

**13.5%**

Decrease in Scope 3 (upstream and downstream) emissions intensity vs. previous year<sup>1</sup>

**1.5 million**

Pounds of plastic reduction in Kirkland Signature packaging

**82.8%**

Percentage of waste diverted from landfills via donations, recycling and reuse.

<sup>1</sup> Due to the time required to calculate our energy and climate metrics across Costco's global operations (over 900 locations) and global base of suppliers, we report these numbers on a lagging basis. Our energy metric is as of the end of calendar year 2024 and our emissions metric is as of the end of FY24. All other metrics shown here are based on FY25 results.

# Our Approach

Costco's approach to sustainability is guided by our Code of Ethics:

1. Obey the law
2. Take care of our members
3. Take care of our employees
4. Respect our suppliers
5. Reward our shareholders

All of the programs detailed here reflect our highest commitment to this Code of Ethics and support our belief that sustainable business practices are part of doing good business.

Furthermore, we have three **guiding principles** that describe how we think about sustainability within our business:

1. For Costco to thrive, the world must thrive. We are committed to doing our part.
2. We focus on issues related to our business and where we can contribute to real, results-driven positive impact.
3. We do not have all the answers. We are learning as we go and seek continuous improvement.

## Aligning with the UN SDGs

We take a holistic and long-term approach to the work that we do, ensuring that we consider various trade-offs of programs or decisions we make. To help anchor our priorities, we align our initiatives with the United Nations Sustainable Development Goals (SDGs), prioritizing seven key SDGs that relate most closely to our business and where we feel that we can deliver real, results-driven impact.

[Explore Costco's initiatives aligned to UN SDGs](#)



# Strategy

Costco's sustainability efforts support our business strategy and growth. They help us build business resilience and deliver on our mission.

We recognize that for Costco to thrive, the world must thrive. Taking care of people, animals, and the environment helps us maintain lower employee turnover, strong membership growth and retention, product safety and quality, and healthy supply chains for the long term.

Our strategies for taking care of people are described in detail in the [People](#) section. Regarding climate, biodiversity and nature, and resource management, Costco supports a number of strategic initiatives to maintain our long-term business resilience and the stability of key supply chains. We consider our emissions scorecard to be a key indicator of our progress in minimizing our climate impact – as well as a tool for identifying opportunities and risks that climate-related trends present for our business.

We prioritize areas that contribute the greatest amount of emissions to our total footprint, are most susceptible to changes in climate, and have the greatest potential impact to our overall business. In FY25 and for the foreseeable future, our focus areas include:

- Energy security and supply:** We developed a Global Energy Strategy that allows us to prioritize and make progress on clean energy usage and energy efficiency overall. We believe that

transitioning our business to clean energy sources, and installing solar panel systems in locations where feasible, will help ensure that we are able to access long-term, stable energy supplies. In turn, this will help us reach our target of reducing Scope 1 and 2 emissions by 39% by 2030 from calendar year (CY) 2020.<sup>1</sup> We are also looking at ways to support a clean energy transition across our supply chains.

- Agricultural supply chain stability:**

Our business relies substantially on the availability of high-quality inputs to the items we sell. Because much of our business is food-related, we recognize that biodiversity and land use are critical components to supporting long-term access to key commodities. We continue to invest in regenerative agriculture pilot programs, work to reduce deforestation in our supply chains and contribute to biodiversity conservation efforts. We execute these initiatives through supplier engagement and with a focus on Kirkland Signature™ products. These initiatives also support our Scope 3 emissions intensity reduction target of 20% by 2030 from FY20.<sup>1</sup>

- Water security and supply:** In FY25, we began building our Global Water Strategy. We recognize the importance of water to our business and supply chains. Our strategy will build on our operational efforts in water conservation, such as installing



water monitoring at our locations and making decisions that support low water-intensive landscapes.

## Taking Action Today

While many of our investments are geared for long-term resilience, we have developed programs that help us make progress today by setting clear goals, enabling action for our locations and suppliers, and aligning our efforts with the way we do business.

## Operations: Environmental Compliance and STAR

Our Environmental Compliance program is integral to our sustainability efforts, as it promotes resource efficiency and compliance in Costco operations through

environmental monitoring, resource management, and employee education. The program:

- Covers regulations related to stormwater, sanitary water use, spills/releases, hazardous waste management, environmental mitigation, air quality and more.
- Applies to inspections, maintenance, and reporting for all of our properties, including our retail locations as well as our industrial properties (manufacturing, distribution, and logistics).

<sup>1</sup> Our Scope 1 and 2 emissions target is set against our total in base year CY20. Our Scope 3 target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

The Costco Global Compliance Team works with departments throughout the company to review and identify opportunities to enhance compliance and sustainability, support location operators in daily operations, and provide training and educational opportunities. We hold a Global Environmental Sustainability Summit each year to share best practices, review compliance and discuss upcoming projects. Our goal is to create a consistent and global approach to environmental compliance, while also respecting local laws and regulations.

One way we drive action against this goal is by conducting Sustainability Technical Assistance Reviews (STAR) in our locations. The STAR initiative formalizes standards and requirements in five focus areas, or goals, for which our locations can earn a “STAR” per goal for achieving excellence. The goals are:

- Ensure regulatory compliance.
- Maximize water use efficiency and treatment inside and outside our facilities.
- Minimize energy consumption.
- Increase waste diversion.
- Reduce carbon emissions.

The STAR program is supported by regional Environmental Sustainability and Compliance managers, who visit the locations. STAR is also promoted in employee break rooms, and best practices are shared through the STAR News bulletin. Through all of these

activities, Costco is building the capabilities to track compliance and dynamically monitor resource use at all our locations. We aim to integrate our people, systems, policies, data and standard operating procedures in support of all five focus areas.

For environmental compliance overall, enhanced data dashboard programs and reporting capabilities added in 2022 allow us to respond quickly as situations arise. We also continue to digitize our environmental records, make enhancements to the dashboard, and automate compliance programs to aid in both accuracy and efficiency while reducing operator fatigue.

Meanwhile, we built and deployed a central monitoring program (Central Station) in our U.S. and Canadian buildings (warehouses, depots and other businesses). This system monitors refrigeration as well as burglary and fire alarms, enabling us to fix problems and improve our operations.

## Merchandising: The Six Questions

Costco strives to source products in a way that respects the people, environment and animals that produce them. To maintain a focus on this goal, we ask our suppliers six foundational questions:

- Can you map your supply chain to the origin or source?
- How are the people cared for?
- How are the animals cared for?
- How is the environment/nature cared for?
- Is the best possible packaging being used?
- What are your emissions and your plans to reduce them?

We recognize that our suppliers vary with respect to maturity across these six questions. By asking these questions, we encourage them to continuously improve their understanding of their supply chains and to develop plans to address these six areas.

To support this progress, we are investing in technology and solutions to help us collect information from our suppliers and understand their performance across these topics. This data helps us identify our priorities for responsible sourcing. Costco’s policies and programs that implement our responsible sourcing practices are detailed in the [Animal Welfare, Fisheries and Aquaculture, Forests and Land Stewardship, Human Rights, Pollinator Health](#) and [Responsible Agriculture](#) sections — as well as in our featured initiatives on the [Sassandra Cocoa Program](#) and [Lincoln Premium Poultry](#).

The impact of the Six Questions can be seen in our product assortment and especially in our Kirkland Signature™ items. Because we have long-standing relationships with many of our private-label suppliers and are closely involved with the development of Kirkland Signature items, we have direct insight into the entire supply chain including the products’ locations of origin, environmental impacts, labor conditions, packaging, and conditions under which the products are produced.

While the Six Questions apply to all suppliers, we believe that Kirkland Signature has been a successful place to start, helping us test and learn.

## Innovation and In-Country Production

To make sure we have a long-term supply of quality products for our members, free of unnecessary costs, Costco explores vertical integration and in-country production of some Kirkland Signature items. These approaches often have the benefits of reducing product shipping distances and allowing Costco to build our sustainability principles into the production process.

For example:

- **Vertical integration:** Costco’s poultry complex, Lincoln Premium Poultry (LPP), was designed with sustainability as well as animal welfare and efficiency in mind.
- **In-Country production:** To reduce ocean freight and transportation emissions, lower costs while retaining product quality, and increase the shelf life of food items, Costco explores in-country production of some high-volume Kirkland Signature items, such as bath tissue and bottled water, replacing production that currently happens in numerous global regions.

# Governance, Education and Data Security

Costco's Board of Directors oversees executive management, which manages risks and sets strategy including as it relates to sustainability.

Management of sustainability matters is led by our Senior Vice President (SVP) of Global Sustainability and Compliance, who reports directly to the CEO and regularly engages with the Board and executive team, including periodic updates at monthly meetings of our global executive teams.

The Board implements its oversight through a number of governing bodies at Costco, as shown on the right.

## Roles and Responsibilities

The Board implements its risk oversight responsibilities primarily through the **Audit Committee**, which receives management reports where appropriate on the potentially significant risks Costco faces and how the company is seeking to control risk.

Board members also discuss risk as a part of their review of ongoing Costco business-, financial- and sustainability-related activities. 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 CEO and management.

The **Nominating and Governance Committee** exercises oversight regarding risks associated with corporate governance and certain issues relating to Costco's ethics, compliance programs, and environmental, diversity, and sustainability policies and initiatives, including climate-related risks and opportunities. This committee receives updates at least annually related to our sustainability efforts by the SVP of Global Sustainability and Compliance.

The **Audit Committee** reports to the full Board on its risk management oversight, including the enterprise risk management review, which includes (among other matters) 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. We have aligned a portion of our executive compensation with ESG priorities and climate-related considerations through our Executive Bonus Plan. Climate-related considerations have included reductions in global energy intensity; Scope 1 and 2 emissions intensity against sales; global operational participation in both energy and emissions reduction initiatives;

## Costco Sustainability Governance

### Board of Directors

Oversees Management, Which Is Responsible for Risk Management and Strategy

Compensation Committee  
ESG-Related Executive Compensation

Nominating and Governance Committee  
ESG Risks and Compliance

Audit Committee  
Enterprise Risk Management

### 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

supplier action through Carbon Disclosure Project (CDP) reporting participation; and product certification through ENERGY STAR™ or equivalent programs. More details on compensation can be found in our proxy statement.

Executive ESG bonus goals are set and reviewed annually. In FY25 this bonus was fully achieved.

The SVP of Global Sustainability and Compliance also chairs the **ESG 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 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 includes Sustainability, Construction, Purchasing, Finance, 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 includes 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 FY25, meetings included discussions on enterprise risk management, scenario planning and double-materiality assessments.

## Education

We inform our members, employees, suppliers and investors through many channels, including:

- [Costco Connection](#), our monthly publication for members.
- [Costco Today](#), our employee magazine.
- Training and educational opportunities for our employees and suppliers throughout the year, including 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.
- The [Costco Sustainability Commitment website](#).
- This annual Sustainability Report.

## Data Security

Our Information Security Policy outlines high-level information security objectives designed to meet compliance and regulatory requirements.

Costco identifies and addresses data security risks based on several frameworks, including the National Institute of Standards and Technology Cybersecurity Framework (CSF), CIS 18 Critical Security Controls, and the Payment Card Industry Data Security Standard (PCI DSS). Other standards, procedures and programs also guide the management of data security risks.

Costco has implemented many 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.

Costco employs a “defense in depth” strategy — meaning a multilayered strategy with overlapping and integrated layers of security and risk management controls—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. Ecommerce 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. The Vice President of Information Security reports regularly to the Board of Directors and senior management concerning our security practices.



# People

Our Code of Ethics guides us to take care of employees and respect the suppliers and communities impacted by our business.

## We are:



### Taking care of our employees

Over 55% of U.S. Costco employees have five years or more of service, well above retail average. Our competitive pay, benefits and training help employees to build careers here.



### Contributing to our communities

Costco budgets 1% of pretax profits for selected charitable contributions focused on children, education, and health and human services.



### Creating a culture of giving

For over 40 years, employees' donations and company matching have raised millions for fighting poverty, disaster relief, and more through our annual Workplace Giving Campaign.

# Inclusion



Guided by our Code of Ethics, Costco prides itself on being an inclusive workplace with a strong culture rooted in our values.

Costco's philosophy of creating an inclusive and respectful workplace is part of our goal to create a culture in which 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.

We strive to:

- Empower our workforce and strengthen our culture by creating an environment where all employees feel a sense of belonging.
- Demonstrate leadership's commitment to equity through consistent communication, education, and support of a diverse and inclusive workforce through initiatives within the organization that promote opportunities for all to succeed.

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, gender, sexual orientation, gender identity or expression, religion, age, pregnancy,

disability, medical condition, work-related injury, covered military or veteran status, political ideology or expression, genetic information, marital status, or other protected status.

## Inclusive Community Team and Programs

We have taken several steps to work toward our goal of an inclusive culture and have unified our efforts under our **Inclusive Community** team. Led by our Chief Diversity Officer (CDO), this team supports the advancement of inclusion at Costco, our relationships in the communities where we do business and an increase in qualified suppliers that lend diversity to our merchandise offering.

To execute against our goals, the Inclusive Community team runs and manages a number of programs, such as **Costco Connects**. Starting in FY23, we rolled out this program to provide employees with an opportunity to share feedback and input about working at Costco directly with leaders. In that first year, we found that the small-group format allowed employees to better connect with each other and with leaders, while also giving leaders a way to learn more about their teams and



what is important to them. Based on initial success, this program will run every other year, alternating with our company-wide employee survey. In FY23, over 145,000 employees participated in Costco Connects sessions. In FY25, over 230,000 employees participated. For more information on employee engagement practices, see the Employees section.

## Supplier Inclusion

Costco also offers a program to work with qualified small and diverse suppliers, including veterans, in our communities to provide introductions to do business with

Costco. We believe that working with small businesses, including suppliers from a variety of backgrounds, helps us provide a wide range of unique and innovative products for our members.

All suppliers must meet exacting Costco standards for quality, value and service.

In the typical scenario, we have featured their products in select regional warehouses or online at [Costco.com](https://www.costco.com). These items are a part of our unique "Treasure Hunt" variety of products that complement the everyday essentials at Costco. We feature recent success stories on the [Inclusion](#) page of our Sustainability Commitment website.

## FY25 Updates

In connection with legal requirements, we monitor demographic data across the organization for equality of employment opportunities for all workers. Regarding gender, racial and ethnicity representation in FY25:

- **Our 9-member Board of Directors:** 4 identify as women and 1 identifies as a person of color.
- **Costco's U.S. officers (Assistant Vice President and above):** 27.9% identify as women and 20.5% identify as a person of color.

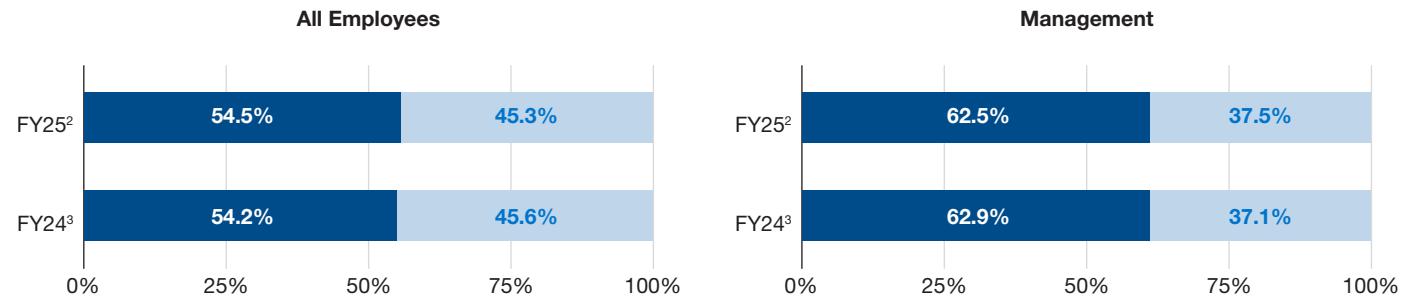
Costco's Equal Opportunity Employment Report is also provided in the [Appendix](#).

For more information about our inclusion efforts within communities, see [Communities](#).

### Global<sup>1</sup> Gender Breakdown

Aligned with Sustainability Accounting Standards Board (SASB) Categorization of Management<sup>4</sup>

■ Male ■ Female



<sup>1</sup> Aggregate of international and U.S. data

<sup>2</sup> The above graphs do not equal 100% for FY25 due to employees who did not disclose their gender (0.20% of all employees and 0.02% of Management).

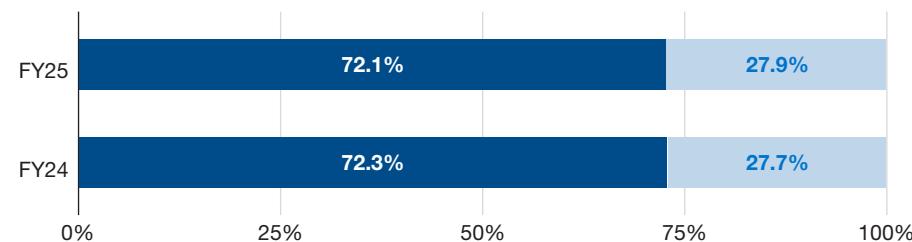
<sup>3</sup> The above graphs do not equal 100% for FY24 due to employees who did not disclose their gender (0.17% of all employees and 0.01% of Management).

<sup>4</sup> Management includes both Non-Executive Management and Executive Management categories. Non-Executive Management is determined using International Standard Classification of Occupations (ISCO) in accordance with SASB guidelines. Roles would include but are not limited to Assistant Managers, Managers, Directors, Buyers and Assistant Buyers, AGM, GM, AGMM and GMM positions. Executive Management includes Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President positions.

### U.S. Executive Management<sup>1</sup> Gender Breakdown

Aligned with SASB Categorization of Management

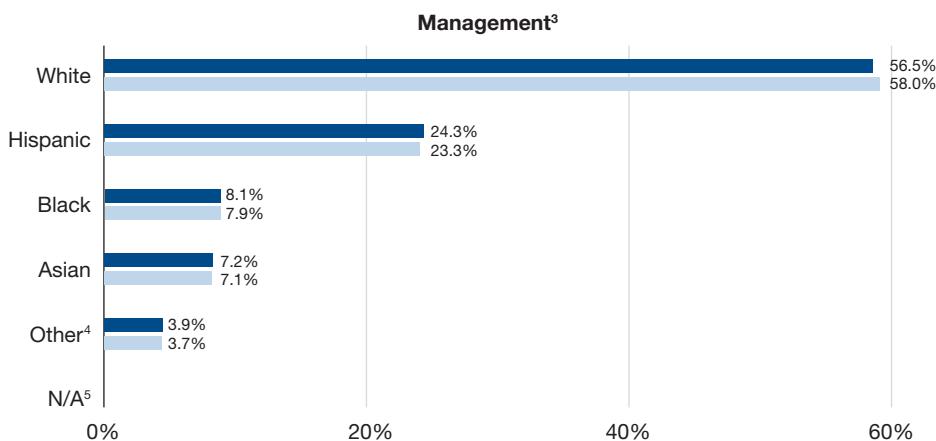
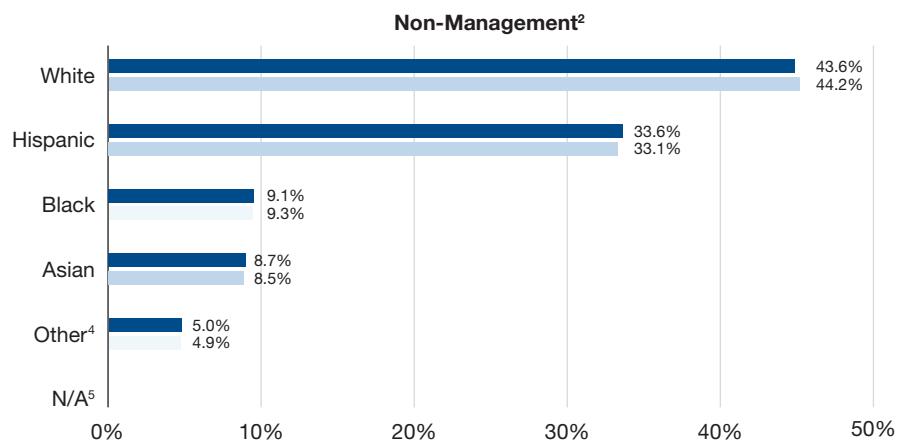
■ Male ■ Female



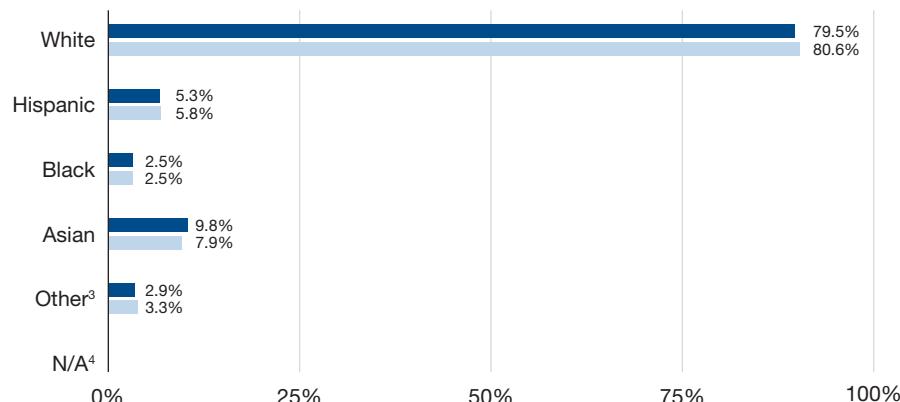
<sup>1</sup> Executive Management includes Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President positions.

U.S.<sup>1</sup> Race / Ethnicity Demographics

FY25      FY24

<sup>1</sup> All U.S. states in which Costco operates and Puerto Rico.<sup>2</sup> Roles would include but are not limited to all hourly employees, supervisors (including salaried supervisors) and other central functions.<sup>3</sup> Management includes both Non-Executive Management and Executive Management categories. Non-Executive Management is determined using International Standard Classification of Occupations (ISCO) in accordance with SASB guidelines. Roles would include but are not limited to Assistant Managers, Managers, Directors, Buyers and Assistant Buyers, AGM, GM, AGMM and GMM positions. Executive Management includes Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President positions.<sup>4</sup> Other includes Native American or Alaska Native, Native Hawaiian, or Pacific Islander and "Two or More Races."<sup>5</sup> FY25 employees who did not disclose their Race/Ethnicity: 0.02% of all employees and 0% of Management. FY24 employees who did not disclose their Race/Ethnicity: 0.01% of all employees and 0% of Management.U.S.<sup>1</sup> Executive Management<sup>2</sup> Race/Ethnicity Demographics

FY25      FY24

<sup>1</sup> All U.S. states in which Costco operates and Puerto Rico.<sup>2</sup> Executive Management: U.S: Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President positions.<sup>3</sup> Other includes Native American or Alaska Native, Native Hawaiian, or Pacific Islander and "Two or More Races."<sup>4</sup> Percentage of Executive Management who did not disclose their Race/Ethnicity was 0% in both FY25 and FY24.

# Employees



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

Our goals for employee development are to:

- Provide all employees with training, education, and opportunities for career development and advancement.
- Provide fair access and resources to help employees succeed.
- Encourage leaders to teach and mentor employees, so that employees will be prepared for opportunities and greater responsibility.

## Pay and Benefits

Everywhere we do business, we seek to provide competitive wages and benefits to our employees. This is especially true as their tenure and responsibilities grow, through regularly scheduled pay increases



and additional compensation. This helps us in the long run to minimize turnover and enhance employee productivity and loyalty. We encourage our employees to view Costco as a place for a 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.
- Sizable contributions to company-sponsored retirement plans, based on years of service.
- Twice-yearly bonuses, which we refer to as Extra Checks, for most tenured hourly employees.
- Paid sick, vacation and leave policies for hourly employees that we believe are very competitive by retail standards.
- 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. regarding compensation leadership, subject to local regulations, customs and market conditions.

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.

## Employee Development: By the Numbers



**23.7K**

Employees globally with 25+ years of service.



**66K**

Employees who participate in our education, networking and mentorship program.



**7K+**

Employees who completed the Supervisor in Training (SIT) course.

## Employee Development and Programs

A related advantage comes from our philosophy and practice of promoting from within our employee ranks. We are proud that the majority of our warehouse managers worldwide began their Costco careers in hourly positions. Many 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:

- **Career Development Discussions.** Each year, employees have the opportunity to collaborate with a senior manager to establish or review short- and long-term professional goals, including moving into management positions. Managers receive career development resources to help guide employees in their discussions.
- **Journeys For All.** This voluntary program offers all employees opportunities to succeed through education and opportunities for networking and connection.
- **Leadership Development 101.** This eight-week course covers leadership principles based on Costco's Code of Ethics. It provides foundational training for new managers and supervisors, and includes practice in effective teamwork, conflict management, and problem-solving. Costco offers multiple other leadership training programs to help our leaders develop both themselves and their teams.

- **Supervisor in Training (SIT).** SIT offers a way for warehouse, depot and business center employees to explore future management opportunities. Employees can sign up for training in an area of the business they would like to pursue.
- **Student Retention Programs.** These programs, available worldwide, allow our warehouse employees to maintain their employment status while attending college.

## Culture, Ethics and Open Door

We strongly promote and value our culture. Costco employees know that an important factor in our past and future success has been and will be our commitment to value, fairness, simplicity, 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 the 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 [Costco.ethicspoint.com](http://Costco.ethicspoint.com).



## Employee Mental, Emotional and Social Support

The health and well-being of our employees is a top priority for Costco. We have a commitment to provide employees with benefits, tools and resources that ensure they get the right support when needed. Specifically, Costco provides programs and resources designed to support our employees' mental, emotional and social well-being. These resources are available to all employees and can assist with daily stressors, anxiety, depression, relationship and family struggles, substance misuse, behavioral challenges, and other mental health conditions.

Within the support that's available, employees can receive free care from a counselor, psychologist or psychiatrist. Depending on the country, up to eight counseling sessions per year are covered 100% by Costco. Additional counseling sessions, psychiatric visits, and inpatient treatment for behavioral health conditions may be covered by Costco's medical plan with the same low copay and coinsurance as other covered services.

To ensure Costco continues to foster an atmosphere of openness and employee support, we widely promote our Open Door Policy, which gives all employees the option to contact any member of leadership within the organization to help resolve problems. We provide regular training, tools and resources to all levels of our leadership team to ensure they are equipped to help employees dealing with mental health challenges.

For more information on the health and well-being benefits, tools and resources available to employees in the United States, visit [Costcobenefits.com](http://Costcobenefits.com).

## Employee Engagement and Costco Connects

As a measurement of engagement, Costco conducts a global employee survey every two years to obtain feedback concerning ethics, compliance and engagement. Survey results have indicated a high level of satisfaction by employees with their work environment. The most recent survey was completed in 2024 and continued to show strong engagement scores compared to the retail industry benchmark. The next survey is slated for FY26.

In alternate years between engagement surveys, we conduct Costco Connects sessions with employees across our global operations. This continues our commitment to hear directly from employees in small group settings regarding personal and professional issues that matter the most to them. Where there are opportunities for improved engagement, Costco leadership is committed to taking action in those areas. In FY25, over 230,000 employees participated in Costco Connects sessions.

## FY25 Updates

In FY25, our employee workforce grew by 2.5% to over 341,000 employees globally. Our U.S. employees average over nine years of service. We take pride in our long-tenured workforce and our philosophy to promote from within. A majority of our warehouse managers began their careers in hourly positions.

We also grew participation in our workforce development programs:



The Costco Employee Agreement is a core part of our culture, reflecting a two-way commitment between Costco and our employees. Costco solicits employee feedback broadly and updates the Employee Agreement every three years in most regions. Our FY25 update in the U.S. included increased benefits in response to employee input.

- **Journeys for All:** In FY25, over 66,000 employees were members of the program.
- **Supervisor in Training (SIT):** In FY25, over 7,000 employees participated in our SIT program.
- **Student Retention:** In FY25, 1.7% of our employees participated in student retention programs, which allow warehouse employees to maintain their employment status while attending college.

We updated our U.S. Employee Agreement in 2025. It defines Costco's policies

and benefits for our employees. Every three years, we ask employees for their feedback on changes and updates that they believe Costco should consider. For the FY25 update, we collected feedback from employees to help improve our workplace. Based on employees' feedback and business priorities, the FY25 update included (among other things) increased benefits such as additional vacation for our longest-tenured employees.

## Program Spotlight: Costco Careers and Internships

Costco has several programs that provide opportunities for candidates to learn more about roles inside the company. Two of these programs are:

- **Costco Home Office Internships** attract qualified candidates from inside and outside the company. Over 12 weeks, interns gain practical experience and skills in a specific area. The program allows interns to explore potential career paths and build valuable professional connections.
- **The Costco Careers** recruiting program was created to draw talent from our warehouses, depots and 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 our business and employees.

# Communities



Our business is successful not only when we provide quality merchandise at a good value for our members, but also when we contribute to the well-being of the communities where we do business – and where our employees, members, and suppliers live and work.

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 emphasize helping children, supporting education, and providing health and human services.
- Invest in key programs that make a difference in communities.
- Encourage employees to serve and participate with community organizations.

## Charitable Contributions and Investments

Costco is committed to being active and supportive in our local communities. We give back to the communities in which we do business through charitable contributions, food and non-food donations, and community investments. Our charitable giving programs include:

- **Charitable contributions:** Costco contributes 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.
- **Workplace Giving Campaign:** For the past 40 years, Costco employees have participated in a Workplace Giving Campaign during the month of October. Employees are encouraged to contribute to organizations that support local community programs to help with issues such as homelessness, poverty, disaster



relief, education and animal welfare. Costco matches employees' financial donations at 70% during this campaign to make a greater impact to causes that our employees care about.

- **Children's Miracle Network Hospitals:** Costco conducts an annual member drive for the Children's Miracle Network Hospitals in the U.S. and Canada. These funds help support research, equipment, training, uncompensated care and more.
- **Backpack Program:** Costco has a global, company-wide program that provides backpacks to elementary school children. Each of our warehouse locations partners with a local elementary school in their community.
- **Costco Scholarship Fund:** In the past 25 years, Costco has raised money through the Costco Scholarship Fund for scholarships for deserving students to attend the

University of Washington or Seattle University and has donated to other schools and organizations to support scholarships.

- **Costco Employee Scholarship:** This scholarship is open to all permanent part-time and full-time employees in the U.S. who meet the eligibility criteria. The scholarship is available in amounts up to \$2,500 per academic year for up to four years. Applicants must be enrolled or planning to enroll in an accredited U.S. college or university.
- **Community Investment:** Costco is completing its investments in programs and funds that focus on expanding economic opportunities. These investments help support home ownership, small business ownership, education, healthcare and digital connectivity for diverse groups in the U.S.

## Food and Non-Food Donations

Costco donates both food and non-food products to local communities to help those in need. Our food donation programs are part of our waste-minimization efforts. For more information on our waste management programs details, see the [Waste Reduction](#) section.

The primary ways Costco contributes through food and non-food donations are:

- **Cash grants and donations:** In FY25, we

donated 140.8 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.

- **Non-Food Donations:** Costco donates

first-quality items that are returned to our warehouses and cannot be resold but that are fully usable. Examples of frequently donated products include mattresses, coolers, diapers and personal care items. Instead of being destroyed, recycled or returned to the supplier, Costco is able to give these items a new life and support communities in need.

## Employee Volunteering

The mission of the Costco Volunteer Center is to inspire our employees and their families to volunteer in their communities. This [United Way video](#) shares 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 500 warehouses in the U.S. and Canada. Over 3,000 volunteers in the U.S. and Canada 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, other immunizations and other health-related programs. We are continuing to provide COVID-19 support by offering vaccines.

### Pharmacy Services

Besides being a low-cost source for prescription medications in our warehouses where we offer pharmacies, 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](#).

- Same-day prescription delivery through our relationship with Instacart.
- 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 states where allowed by law.
- Travel Medicine Services in Alabama, Alaska, Arizona, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico,

## Community Engagement: By the Numbers



**\$97M**

Donated to hundreds of local charitable organizations in communities where we operate.



**140.8M lbs**

Food and other products from our U.S. warehouses donated to Feeding America ®.



**2,700+**

Scholarships awarded through the Costco Scholarship Fund.

## Community Engagement: By the Numbers



**\$509M**

Amount raised over 40+ years of our annual Workplace Giving Campaign (employee donations + Costco company matching).



**1%**

Costco pretax profits budgeted every year for charitable contributions.

North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington and Wisconsin. This includes a pre-travel consultation to determine 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.

### Optical Services

Along with being a low-cost source for eyewear in our optical departments, 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 in most warehouses 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 over 1,800 people in the U.S. become hearing aid specialists since 2008.



## FY25 Updates

In FY25, Costco made donations and community investments that included the following:

- **Workplace Giving Campaign:** Over the 40-year life of this program, our employees have supported over 50,000 charities and donations have totaled \$509 million, including company matching funds.
- **Children's Miracle Network Hospitals:** In 2025, Costco raised over \$53 million in the U.S. and Canada during our annual drive for the Children's Miracle Network Hospitals.
- **Backpack Program:** In 2025, we donated 427,424 units and since the program's inception 32 years ago, we have donated 8.9 million backpacks to local communities.
- **Cash grants and product donations:** We contributed \$11 million in cash grants and over 140.8 million pounds of food and other products from our U.S. warehouses and depots to [Feeding America](#).

# Human Rights



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

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 to protect these rights.

In fiscal year 2024 (FY24), Costco published its first [Human Rights Statement](#), outlining our commitment to respect human rights. This statement was shaped by our alignment with the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#), The International Bill of Human Rights, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

In this section, we outline our policies and practices with respect to human rights, focusing on our supply chain efforts.

## Our Policies and Statements

For detailed information on our human rights policies and our overall human rights due diligence efforts, we encourage you to review our policies and public disclosures. In

addition, we also have an Anti-Harassment Policy and Anti-Retaliation Policy as described in our Employee Handbook.

### Policies

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

### Statements

- [Australia Modern Slavery Act Statement](#)
- [California Transparency in Supply Chain Act Disclosure](#)
- [Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act](#)
- [UK Modern Slavery Act Statement](#)

## Salient Human Rights Risks

In FY23, we partnered with [LRQA](#) to conduct a salient human rights risk assessment, which included but was not limited to feedback from internal and external stakeholders and a review of various risk data sources. From this work, we identified the five most salient risks related to our business:



- 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

While these issues may occur anywhere within the business, we recognize that for Costco they have the greatest likelihood of occurring in our supply chain. Therefore, in FY24, we began working with LRQA on a robust, data-driven process to identify the commodity and geography combinations where these salient risks are most likely to occur. This project bolsters our current work in areas that have the greatest need of attention and exploration of new initiatives

for identifying, mitigating, and remediating adverse impacts to workers.

Additionally in FY24, we partnered with [Arche Advisors](#) to begin a Human Rights and Environmental Impact Assessment in Brazil with a focus on our salient risks. This assessment concluded in FY25 and further informs our program efforts.

## Our Supply Chains

Costco's supply chain is complex and global. 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.

As part of a shared commitment to respecting and upholding human rights, Costco expects our suppliers, including Costco-owned manufacturing facilities, to be aware of our Human Rights Statement and to contractually commit to compliance with our [Supplier Code of Conduct](#) ("the Code") throughout the supply chain. We carry out a risk-based approach to monitoring suppliers against the Code. Additionally, our continued stakeholder engagement and collaboration in multi-stakeholder coalitions remain critically important to shaping our response to our salient human rights risks.

## Key Relationships and Initiatives

Costco will continue to prioritize much of its human rights work, and the key relationships we have with a number of third parties, based on the salient risks we identified. Some examples 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. We share more information on STF in the [Fisheries and Aquaculture](#) section.
- Seasonal migrant workers in the United States' agricultural sector often face forced labor and exploitative recruitment processes. Costco and some of its fresh



### The Sassandra Program

Cocoa supply chains are traditionally higher-risk for salient human rights issues. Through the [Sassandra Program](#) in the Côte d'Ivoire, our goals are to help prevent and remediate long-standing systemic issues in cocoa farming and production, including child labor. We help provide better education through new classrooms and basics such as school kits, as well as resources that help women in the communities.

produce suppliers partner with [CIERTO](#), a nonprofit that provides transparent, no worker-fee recruitment for farm workers to ethically and legally recruit farm labor for U.S. agricultural products.

- Costco helped develop the fresh produce industry's [Ethical Charter on Responsible Labor Practices](#) and plays a leadership role on the Advisory Group to the [Ethical Charter Implementation Program \(ECIP\)](#). This program involves an interactive, web-based platform for growers and suppliers to assess their labor management systems against the principles of the Ethical Charter and receive guidance on strengthening

areas where they may not be aligned. The ECIP platform then allows buying organizations, like Costco, to monitor growers' and suppliers' engagement with the program.

- Costco is part of a fresh produce multi-stakeholder effort, [Equitable Food Initiative \(EFI\)](#), which includes farmers, suppliers, buyers, and NGOs seeking 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

## Costco Supplier Code of Conduct

The Code was established to respect and protect the human rights, safety and dignity of the people who contribute to the success of our business. 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," which include programs and policies adopted and implemented that exceed the local laws and the Code.

problem-solving strategies, as well as pesticide safety and personal protective equipment. Costco pays a premium for EFI-certified produce that directly compensates farmworkers for the extra effort they provide in meeting the EFI's rigorous standards. In addition to investing

\$2.5 million in EFI's development, Costco has paid over \$28 million in premiums since 2014, generating over \$24 million in worker bonuses.

- Costco and several of its produce suppliers support [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 \$41 million.

- In response to human rights abuses associated with mining, we adopted a [Conflict Minerals Policy](#) and joined the [Responsible Minerals Initiative \(RMI\)](#). The RMI 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

## Other Key Relationships

Costco works with these organizations to support workers and communities:

- [Nirapon](#)
- [Responsible Labor Initiative](#)
- [Better Buying Institute](#)
- [Truckers Against Trafficking](#)

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](#).

## Remediation and 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: [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 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 e-learning video lessons. These web-based lessons (often in the local language) give Costco suppliers tools to continuously improve. In FY25, 25,711 lessons were completed by suppliers and/or their facilities, a 105% increase over the previous year. The most frequently used lessons cover the

categories of Introduction to Human Rights Due Diligence, Recognizing Forced Labor, and Working with Migrant Workers.

Additionally, in FY24, Costco partnered with [Better Buying Institute](#), a nonprofit organization that focuses on leveraging data to strengthen supplier-buyer relationships and improve purchasing practices. On our behalf, Better Buying™ solicited anonymous feedback from Costco suppliers on such topics as Costco's planning and forecasting, design and development, and payment and terms. Using the feedback received from the initial survey, we are developing resources to further educate our Merchandising teams on the impacts that certain procurement decisions can have on the workers in our supply chain.

## People and Communities

Taking care of employees, investing in communities and creating opportunities for inclusion are all ways that Costco strives to respect the human rights and dignity of all people.

We describe our efforts in these sections:

- [Employees](#)
- [Communities](#)
- [Inclusion](#)



Reimagining Industry to Support Equality

Part of our human rights due-diligence work is focused on reducing discrimination and inequality in the supply chain. As part of this work, Costco has joined RISE (Reimagining Industry to Support Equality). This initiative supports collaborative industry action at scale to advance gender equality in the global garment, footwear and home textiles supply chains.

In April 2025, Costco partnered with one of our key Kirkland Signature™ apparel suppliers to implement our first RISE workplace program (called "Foundations") at a cut and sew facility in Tamil Nadu, India. The RISE Foundations program is designed to build confidence and capabilities, raise awareness of various health and financial literacy topics, and increase the overall capacity of workers to excel in the workplace and in life. The 13-month program includes training modules for all workers and focuses on topics such as self-management and change, problem-solving and decision-making, and the right to fair conditions at work.

## FEATURED INITIATIVE

# The Sassandra Program

Exclusive to Costco, this program is designed to introduce sustainability practices, promote human rights and practice good forest stewardship in cocoa cooperatives in Côte d'Ivoire.

Our goal is to have our Kirkland Signature™ chocolate products made with cocoa sourced through programs that promote sustainable practices. Unfortunately, cocoa farming has been associated with long-term systemic issues including child labor and deforestation. Our aim is to address these important issues through programming that provides for high-quality cocoa production and improved livelihoods of the cocoa farmers.

Founded in 2009 and exclusive to Costco, the Sassandra Program for responsibly sourced cocoa yields high-quality cocoa for many Kirkland Signature products, while also delivering social infrastructure and training for participating farmers and their families. The Program size fluctuates annually; however, the harvest season ending June 2025 supported 12,760 farmers from 22 cooperatives. Child Labor Monitoring and Remediation System (CLMRS) coverage is active in all of the cooperatives.



A health center funded in part by premiums paid through the Sassandra Program. Over 353,000 vaccinations have been administered since the Program started.

## Sassandra Cocoa Program Highlights

From October 2009 through June 2025



### Child Labor Monitoring

#### 137 trained field agents

Child labor monitoring and remediation systems (CLMRS) operational in all 22 Sassandra cooperatives

### Education

#### 168 classrooms

built or rehabilitated, providing access to school for more than 17,000 children

#### 18,000+ school kits provided

### Gender Equity\*

#### 174 women-led

Village Savings & Loans Associations with 4,400 participants and over \$1.2M in cumulative savings to date

#### 2,005 women trained and engaged

in income-generating activities  
**31 Literacy Centers created:**  
 880 women trained for 18 months in functional literacy

#### 24 gender committees created:

1,805 people participating in couple dialogue sessions

### Health Care

#### 17,000+ babies

delivered in Sassandra-funded maternity wards

#### 353,000+ vaccinations

administered against measles, polio, tuberculosis, yellow fever and mumps

\*As part of a multi-year program that ended in 2025.

## FEATURED INITIATIVE

# The Sassandra Program

Investment in the communities where the cocoa farmers live and work has helped to fund schools, health centers, maternity wards, water pumps and storage facilities.

Other elements of the Program include:

- Processes to make sure that the cocoa is traceable and segregated.
- 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 that meet the quality specifications of the Sassandra Program.
- Improved production through financing and farmer training.

As of June 2025, 100% of Sassandra Program farms were polygon-mapped to help monitor for deforestation risk. The Program has supported reforestation efforts by helping to distribute over 551,000 multipurpose trees to participating farms.

To learn more about the Sassandra Program, explore the [Sassandra Cocoa Program - Côte d'Ivoire Report](#).



*Terminalia superba shade tree planting at a participating Sassandra cocoa farm.*

## Sassandra Cocoa Program Highlights

From October 2009 through June 2025



### Forests and Satellite Mapping

**551,000+ multipurpose trees**  
distributed for on-farm planting

**40% of farms**  
have shade-grown cocoa  
**100% of farms**  
are polygon-mapped to monitor for deforestation

### Premiums

**\$27M+**  
paid in farmer and cooperative premiums

### Improved Production

**100% of farmers**  
have a Farm Development Plan  
**17,000+ hectares (ha)**  
of farms pruned by community service groups

### Traceability

**Product segregation maintained**  
from farm through cocoa liquor production  
**100% of farmers**  
registered for traceability from farm to manufacturing

Our Holistic Climate Approach | Emissions | Energy and Refrigeration | Fuel Transition Plan | Transportation and Logistics



# Climate

Costco is committed to reducing our impact on the climate, while also mitigating the impacts of climate change on our business.

## We are:



### Increasing clean energy

We have committed to operate with electricity from 100% clean energy sources by 2035, including solar, wind, hydro and nuclear sources.



### Reducing costs and emissions

Our goal is to achieve a 39% absolute reduction in our operational emissions by 2030, compared to our 2020 base year.



### Supporting suppliers

We partner with our suppliers to engage them in tracking and reducing emissions in their operations.

# Our Holistic Climate Approach

Costco's approach to addressing our climate impact is rooted in our sustainability principles, with a strong emphasis on learning as we go and seeking continuous improvement.

This section outlines our holistic approach to building business and supply chain resilience and increasing our adaptability in light of a changing climate and evolving regulations. These efforts also help us reduce emissions—and they make good business sense.

To ensure the most impact, we have aligned our climate-related initiatives using a holistic, integrated approach that considers a number of interdependent issues including not only emissions but also water, biodiversity, forests and land stewardship, and more. Our intent is to act across our entire business to drive results. We believe these efforts can create near-term and long-term value by helping lower operating costs, increase our adaptability, and build more resilient infrastructure.

The viability of our plan depends upon many external factors that may be directly or indirectly beyond our control and include: our suppliers' ability to meet our expectations, socioeconomic and public health risks; the direct and indirect impacts of global climate

change on our operations and global value chain; changes in the international, national, and subnational 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 requisite supply of clean energy. Supply chain volatility, energy and commodity pricing, regulatory signals, shifting member preferences, and stakeholder attitudes also are material factors that can impact our timeline.

## Governance and Frameworks

Our climate plan:

- **Aligns with regulatory requirements and several 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 action.<sup>1</sup>

- **Includes an accountability and governance model for climate progress.** Costco's approach to climate reporting continues to evolve as the world and regulatory environment change. We introduced our Task Force on Climate-Related Disclosures (TCFD) report in 2022, and this year's FY25 Climate Risk Statement is also TCFD aligned. For more information on our governance model, see the Governance, Education and Data Security section of this report.

• **Provides transparent disclosure.** We currently disclose climate- and forest-related data to industrywide forums, such as CDP, and we offer detailed information about our projects and efforts via our [Sustainability Commitment website](#) on Costco.com and this annual Sustainability Report. We also share more about climate-related risks in our Climate Risk Statement in the [Appendix](#).

• **Supports a holistic approach to climate.** This approach is described in detail in the next section on Emissions.

<sup>1</sup> 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



Costco strives to reduce emissions at the same time as we continue to grow. This is not only good for the environment but also good for our business.

We recognize that reducing emissions helps to ensure stable supply chains and long-term livelihoods for our suppliers — and ultimately helps our business thrive.

## Targets and Metrics

Our approach is to set targets accompanied by pragmatic action plans that we believe will help us reach them. Costco has committed to what we see as ambitious yet achievable targets:

- **Scope 1 and 2 (operational) emissions:**

Operate with electricity from 100% clean energy sources by 2035.<sup>1</sup> Reduce emissions created by our direct operations by 39% in absolute terms by 2030, compared to our calendar year (CY) 2020 baseline.<sup>2</sup>

- **Scope 3 (upstream and downstream) emissions:**

Reduce emissions intensity in our supply chain (upstream and downstream of our direct operations, excluding emissions from our fuel business) by 20% by 2030, compared to our FY20 baseline.<sup>2</sup>

While we are excluding fuel from the Scope 3 emissions target, we have developed a

separate [Fuel Transition Plan](#). We recognize that this Scope 3 target is not fully aligned to a 1.5-degree pathway. That pathway is not currently achievable if we are to continue to provide for all of our stakeholders. However, we believe this is an achievable target based on existing technologies, and we continue to explore opportunities for further improvement.

These targets take into account Costco's continued business expansion and the projected net impact of decarbonization efforts we feel are feasible. Though we use science-based evidence as a guide, we do not adhere to the requirements determined by the Science-Based Targets Initiative.<sup>3</sup>

## Programs and Implementation

We have continued to evolve and expand programs that help us make progress against our targets. Here, we share an outline of these programs.

### Operational Resiliency

Our Global Energy Strategy focuses on increasing energy, water and transportation



efficiency at our locations, as well as in our logistics. The strategy includes these focus areas:

- **Energy supply and efficiency:** We are working to reduce the amount of energy we use, transitioning to cleaner energy sources and improving energy efficiency across our business. Our priority is to purchase electricity from clean sources 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 electricity from clean sources in our operations. We currently acquire source-specific power with the

- verified emissions-free certificates to reduce our Scope 2 emissions. In addition, Costco has 126 on-site solar systems globally. We will continue to install these systems where feasible.

- **Refrigeration:** We also continue working to reduce fugitive emissions from refrigeration. For the past several years, we have worked to phase out hydrofluorocarbons (HFCs) and increase our investment in refrigeration retrofits to reduce refrigerant emission Global Warming Potential (GWP). Our goal is to achieve a reduction of 30% in GWP for commercial refrigeration systems by 2030, as compared to the 2020 baseline.

<sup>1</sup>Clean energy as defined by the U.S. Department of Energy (DOE) includes solar, wind, hydroelectric, geothermal, nuclear and bioenergy. Costco defines clean electricity as energy delivered over an electrical power grid that originates from a clean energy source.

<sup>2</sup>Our Scope 1 and 2 emissions target is set against our total in base year CY20. Our Scope 3 target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

<sup>3</sup>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.

Since our baseline year, Costco has grown significantly in global locations where lower GWP options are not always available. We are working to identify feasible options for reducing refrigerant emissions in those locations as well as improve our data collection and understanding. We are learning as we go and will continue to explore lower emission solutions. For more information about our energy and refrigeration initiatives, see [Energy and Refrigeration](#).

- Transportation:** Through backhauls and reverse logistics, we strive to improve the efficiency of trips made by Costco trucks, reducing overall miles. We also explore the use of renewable diesel and electrification for our transportation equipment where it makes financial and operational sense. For more information, see [Transportation and Logistics](#).

- Design and site selection:** We understand the impact that design, choice of materials, and site selection can have on emissions and on the natural environment. We actively explore ways we can minimize our carbon footprint and respect natural spaces when building new locations. For more information, see [Construction](#).

- Waste reduction:** Our efforts to reduce the amount of materials sent to landfills also helps to reduce overall emissions. For more information, see [Waste Reduction](#).

## Supply Chain Resiliency

Our Supplier Targets, Transition Agriculture, Energy Solutions and Packaging Solutions (STEP) program aims to reduce our Scope 3 emissions and improve the resilience of our supply chain. Its specific focus areas include:

- Supplier targets:** Our suppliers' Scope 1, 2 and 3 emissions comprise a large percentage of our own Scope 3 emissions. We rely upon and partner with our suppliers to make progress. We also recognize that many of our suppliers are working toward their own climate goals, which will benefit the entire supply chain. In FY25, Costco continued to invest in IT infrastructure to support reporting and measuring the progress of our suppliers, as well as in educational support via our Supplier Leadership on Climate Transition (Supplier LOCT) program.

- Transition agriculture:** We place particular focus on agriculture-based commodities and supply chains, as these are high carbon emitters – and the majority of our total footprint comes from forests, land, and agriculture emissions within our supply chains. We support nature-based solutions such as responsible agriculture practices, and good forest and land stewardship. 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. For more information, see the [Biodiversity and Nature](#) section (which includes our initiatives in forests and land stewardship, responsible agriculture and pollinator health) and [Water Conservation](#).

- Energy solutions:** 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., ENERGY STAR™) can help us to reduce our Scope 3 emissions footprint. For more information, see [Energy and Refrigeration](#).



- Packaging solutions:** We have made progress on sustainable packaging over the years and 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. For more information, see [Packaging](#).

In addition to the focus areas in STEP, Costco also recognizes that **water resiliency** is a key aspect of supply chain resiliency. Our water strategy is twofold, focusing on our own operational water use and on our efforts to support suppliers in water efficiency. For more information, see [Water Conservation](#).

## FY25 Updates

As noted in our Business Strategy, we regard our Scope 1, 2, and 3 emissions numbers to be the scorecard for our performance on climate- and emissions-related initiatives. We report our energy and climate numbers on a lagging basis due to the time required to calculate our footprint across Costco's global operations (over 900 locations) and global base of suppliers we rely on for some data. 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. For details on our emissions and energy reporting, see [Climate Data](#) in KPIs and Metrics.

Despite Costco's growth, we have made continued progress in increasing our business resiliency and reducing emissions. On an intensity basis, all three scopes decreased again this past year.



Breaking down our results:

- Electricity procured from clean sources represented 28% of our global purchased electricity as of the end of CY24.<sup>5</sup> In addition, we installed three more off-grid solar and battery systems.
- Scope 1 emissions decreased by 9.6% from FY23 to FY24,<sup>6</sup> despite our sales and square footage growth.
- Scope 2 market-based emissions decreased 4.8% from FY23 to FY24, driven by purchasing more electricity from clean sources.
- Our Scope 1 and 2 emissions (market-based) together were 2.6 million metric tons of Carbon Dioxide Equivalent (2.6M MT CO2e), which represents a 7.2% decrease from FY23 and a 2.1% decrease from CY20. Much of the decrease is, again this year, a result of our discontinuation of bunker fuel contracts and our purchase of clean energy.
- Our Scope 3 intensity in FY24 was 533 MT CO2e/\$M USD Net Sales, adjusted for inflation and excluding fuel. This represents a 13.5% decrease from FY23 and a 17.2% decrease from FY20.<sup>7</sup> Much of the decreases in Scope 3 are due to two factors:
  - A decrease in overall emission factors values as published by the U.S. Environmental Protection Agency (EPA).
  - Our product mix, which greatly affects our Scope 3 footprint each year.

Besides these reductions, we also made progress in the following areas:

- Continued improvements in our refrigeration programs through:
  - A Periodic Emissions Checklist in U.S. locations, which helps managers ensure that refrigeration equipment is working as it should.
  - Fugitive emissions reduction strategy.
  - Training that help address the shortage of refrigeration technicians qualified to install more efficient refrigerant systems.
- See [Energy and Refrigeration](#) for more details.
- Continued ENERGY STAR benchmarks in our STAR program, which help our warehouse locations compare their results against similar buildings and learn about potential energy-saving opportunities.
- Reported our third-party verified emissions data and our forestry data to CDP in September 2025. In addition, we requested responses from our top 700 suppliers to disclose their Scope 1, 2 and 3 emissions. Suppliers may disclose via CDP Supply Chain or directly to Costco. We saw an increase in supplier engagement in 2025, with 573 of our suppliers submitting responses (up from about 445 in 2024).
- Increased our percentage of energy-efficient<sup>8</sup> items in our U.S. portfolio in relevant categories from 49.7% to 58.8%.
- Achieved an 82.8% waste diversion rate, which helped us limit our Scope

3, Category 5 emissions given our continued growth.

- Further developed our [Forests and Land Stewardship Action Plan](#) to help address deforestation in our key commodity supply chains, which will help lower our Scope 3 emissions coming from land-use change.

## Looking Ahead

As with last year, we have made progress yet recognize the challenges ahead. Competition for clean energy will continue to increase due to the rapidly growing need for data centers to support generative AI, regulations that require electrification of mobile fleets, consumer behavior shifts toward electric vehicles, and the need for more energy to cool and heat our facilities in light of more extreme weather (both hot and cold). Furthermore, the regulatory landscape may continue to shift regarding the level of support for climate-related investments. Areas in which we do not have direct control (e.g., our Scope 3 value chain) are subject to the decisions our suppliers make with respect to their own strategies and business objectives.

Moving into FY26, we will continue to focus on energy security and resiliency, water security and supply, and programs that help ensure long-term stability through initiatives that promote responsible agriculture and good forests and land stewardship. We will remain rooted in our Code of Ethics and apply what we have learned from our own operations to address these challenges.

<sup>5</sup> Purchased electricity is all sources of electricity, including electricity delivered through the grid and self-generation.

<sup>6</sup> A portion of the net decrease in Scope 1 emissions was due to ceasing our operations of leased container ships, which eliminated our use of bunker fuel completely in FY24.

<sup>7</sup> We aim to continuously improve our methodology in each year of reporting. Alongside general improvements, we have begun to transition portions of our Category 1 methodology from spend-based calculations to volume-based calculations and will continue to implement data quality improvements over time as the data becomes available.

<sup>8</sup> We qualify items that are ENERGY STAR and/or EPEAT certified as "energy efficient." We also include items that have product carbon footprints that are comparable to industry averages for ENERGY STAR and/or EPEAT certified items.

# Energy and Refrigeration



Purchased energy is a significant source of the carbon emissions created by our operations.

Our strategy to achieve our targets and reduce emissions involves how we source energy and how we use it. Our specific initiatives include:

- Increasing our electricity from clean sources.** As noted in the Emissions section, at the end of calendar year 2024, electricity from clean sources represented 28% of our global purchased electricity. We also have 126 on-site solar systems internationally.
- 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 and covering skylights in select existing locations to lessen the workload of HVAC systems.

- 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.
- Committing to education and training for our employees to increase staffing expertise.** This includes Certified Energy Management training, among other programs. In FY25, we continued to provide our Certified Energy Manager course and currently have 21 certified employees. We also share best practices and ensure compliance through our STAR program in the warehouses.

We share more specifics and results related to our energy-saving measures in [Emissions](#) and our [Energy and Refrigeration data](#).

Energy efficiency also helps lower expenses, which helps us remain a low-cost operator.

## Auditing Our Energy Use

In 2023, we launched the Warehouse Energy Audit pilot program in select warehouses to take an in-depth audit of energy consumption. The pilot involved examining all energy-consuming equipment, from fans



and lighting to ovens and coolers. The goal was a detailed energy-use analysis that will help us identify where we can improve operations and equipment in existing warehouses, as well as how to increase our efficiency as we grow in future years. Based on the successful pilot, we are creating a full program that includes six 101-level training videos on energy (including energy efficiency) and an Energy Knowledge Library to help location operators implement specific steps to increase energy efficiency.

Individual locations can review their building energy score and average energy score by state, region, and/or country, as well as Costco's overall score. These benchmarks highlight the most efficient locations and help us replicate their energy-saving practices in less efficient buildings.

## ENERGY STAR Benchmarks



As of calendar year 2024, Costco added ENERGY STAR® benchmarks to our warehouse STAR

Review audits. Our STAR Review audits aim to measure and reduce emissions across our business and environmental impact. ENERGY STAR benchmarks compare the warehouse's energy performance to similar buildings nationwide based on specific criteria.

## Managing Refrigerants

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

- Testing new leak detection technologies to identify refrigerant leaks and trigger alerts for faster resolution.
- Retrofitting our existing locations with high GWP refrigerants to lower GWP refrigerants as part of regular business.
- Leveraging CO2 as the primary refrigerant in our new warehouses, where the required equipment and specialized labor are available and where it is operationally viable. We are working with certified contractors that adhere to best management practices in installing, maintaining and decommissioning equipment.



### Paving the Way for More Natural Refrigerants

#### Costco Recognized with ATMO Award

Today, most commercial refrigeration systems rely on hydrofluorocarbons (HFCs) and other gasses that can have a negative impact on the environment. Using CO2 as the primary refrigerant helps reduce harmful emissions associated with HFCs. But currently, there is a shortage of refrigeration technicians with the specialized training to install CO2-based systems.

Costco partnered with the [North American Sustainable Refrigeration Council](#) (NASRC) and others in the industry to create training that addresses the technician shortage and to improve training in the field on CO2 systems.

In 2024, according to NASRC, these programs trained over 1,900 technicians and connected over 400 Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) students and faculty to industry employers. In addition, the group hosted the first technician training workshop on CO2 controls, which provided two intensive days of training for over 100 technicians.

In June 2025, Costco was honored with the [Best-in-Sector/Retail End User award](#) at the ATMOSPHERE (ATMO) America Summit 2025 for “advancing adoption of natural refrigerant-based systems.”

# Fuel Transition Plan

Costco is taking actions to directly address emissions related to our fuel business.

We acknowledge our responsibility to mitigate these emissions, which comprise 45% of Costco's total emissions, largely Scope 3. At the same time, we will continue ensuring that our members have access to affordable and high-quality transportation fuels. Similarly, for those members who choose to shift toward new lower-carbon transportation options such as EVs, we are providing the necessary infrastructure.

## Approach and Plan

We estimate that 20% of fuel-related Scope 3 emissions stems from Costco's fuel supply. We plan to take action across the fuel business to help minimize related impacts, including at the fuel station and downstream of the station (e.g., combustion).

At the station, we work on fuel station management practices and procedures to reduce our environmental impact while ensuring members have continued access to affordable transportation fuels. We are exploring the use of low-carbon microgrids to power fuel station operations where feasible, and we focus on purchasing and maintaining state-of-the-art fueling equipment to minimize spills and vapor loss.

Emissions are also 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 versus LAC<sup>1</sup> fuels.

We offer renewable diesel at select California fuel retail sites that provide diesel. Renewable diesel has up to a ~65% lower carbon intensity than petroleum diesel.<sup>2</sup>

We are also focusing on enabling members to shift toward lower carbon intensity transportation methods if they choose. We are closely monitoring the market as new technologies evolve (e.g., battery electric vehicles, hydrogen fuel cell vehicles and plug-in hybrids) to provide our members with the related infrastructure necessary to utilize their preferred transportation methods.

To support our members who have already purchased EVs and those considering a purchase, we are expanding our EV charging offering, including by offering fast EV charging stations in multiple locations where feasible.



## Where We Are Today

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

## Before the Fuel Station

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

## At the Fuel Station

- Fuel delivery:** We deliver 27% of fuels after warehouse close times, which reduces truck delivery times and resulting emissions. Additionally, 20% of our fuel deliveries in FY25 were performed by carriers with 90% renewable diesel penetration or greater.

- 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 shutdown, oil and water separators, trained and certified full-time attendants, and other best-in-class components.

<sup>1</sup> LAC = Lowest Allowable Concentration; results shown in scenarios where Kirkland Signature™ Gasoline was tested against the minimum U.S. government-mandated detergency gasoline. Outcomes vary based on driving behaviors, engine type and vehicle maintenance intervals.

<sup>2</sup> California Air Resources Board, LCFS Pathway Certified Carbon Intensities, DOE

- Fuel storage:** Our fuel storage tanks manage pressure and minimize release of gasoline vapors through the installation of 539 vapor management systems. Combined, these efforts equate to an estimated avoidance of over 2,000 tons of volatile organic compounds and estimated more than 1 million gallons of gasoline saved.

- Spill management:** We use dripless and spittleless fuel nozzles that yield a 90% reduction in spills, with a corresponding reduction in volatile organic compounds released. Although spills are rare, employing full-time attendants during station operating hours allows for quick response.



## Beyond the Fuel Station

- EV charging:** We offer over 1,700 EV charging handles in Canada, China, France, Korea, Spain, Taiwan, United Kingdom and the U.S. Charger speeds range from 7 to 350 kWh, allowing members to charge a vehicle in about 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:** Costco Auto Program offers members more than 50 different EV models through the program's approved dealer network. To date, approximately 193,000 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 business, the category continues to grow. For a rental car on [CostcoTravel.com](http://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 e-bike models and e-scooter models in the warehouse and on [Costco.com](http://Costco.com).

Our goal is to provide members with options that include low-cost, best-in-class fuel as well as opportunities to purchase, charge and rent electric vehicles. As the energy transition progresses, we look forward to continuing to meet members' transportation energy needs for a variety of vehicle types.

# Transportation and Logistics



Costco operates a complex distribution system to transport products efficiently in all global operations.

Our system comprises a network of large depots and strategically located smaller distribution centers to handle products for our warehouses and ecommerce business. We are committed to operating procedures that help 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 helps increase our efficiency and reduce the number of trips required.
- Our plastic pallet initiative helps reduce the pallet weight of each truckload — lighter loads are more efficient.
- On the road, 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 (tractors that pull two or more trailers) to maximize trailer utilization.

## Smart Logistics

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

Our specific initiatives include:

- **Reverse logistics:** Instead of sending returned items back to suppliers from each warehouse, we consolidate these items at our depots. From the depots, we combine these items into fewer truckloads. Suppliers may receive just one to two truckloads of returns instead of hundreds of individual shipments. Utilizing available truck space in this way helps us to reduce “empty miles” by increasing the efficiency of our trucks’ trips to suppliers.
- **Backhauls:** We started an initiative in 2023 to eliminate empty miles for returning trailers after they make deliveries. This resulted in reducing total delivery trucks as well as maximizing efficiency in the network. In FY25, this resulted in an estimated 1.2 million gallons of diesel fuel saved and over 8 million miles avoided.



• **Ecommerce “big and bulky”:** Our Direct Distribution Centers (DDCs) are facilities that handle bigger goods, such as larger TVs, appliances, furniture and some patio items. We transport these items directly to our members from DDCs. In 2023, we began maximizing the use of our trailer space on big and bulky loads (items more than 150 pounds) without delaying member deliveries by combining low-volume shipments onto a single trailer. In FY25, this resulted in an estimated 1.1 million avoided miles and an estimated 176,000 gallons of diesel fuel saved.

These approaches help us to lower costs and carbon emissions, reduce our merchandise handling costs, and free up sales floor space in the warehouses.

## Initiatives for Improvements

We took several steps in FY25 to lower emissions and costs. These include:

**Renewable diesel.** We strive to use only 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 use renewable diesel. We are partnering with our fuel providers to expand 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 tractors.** We continue to roll out electric tractors to move trailers around a depot yard, replacing some traditional diesel-powered equipment throughout our depot network. Through these deployments, we are also making improvements to the green microgrids that power our trucks. You can see examples of these microgrids in the photo on the far right.

**Ecommerce smart shipping.** We have deployed Smart Shipping throughout our small package ecommerce network, which identifies opportunities to consolidate packages and select the most economical shipping method without compromising delivery dates. In FY25, we eliminated shipping of over 2.1 million parcels through order consolidation and shifted over 19.2 million parcels from air to ground delivery, reducing the carbon footprint required to deliver these parcels.

## Our Business Delivery Fleet

For our growing Business Delivery fleet, we continue to expand an initiative called “Truck of the Future,” which is aimed at increasing efficiency. This initiative started in 2018 with a field test of a customized vehicle that improves the payload capacity by reducing body weight. Test results showed that the lighter truck increased the miles per gallon, helping lower 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. A solar panel on the truck



Large appliances such as refrigerators can be delivered through our Ecommerce “big and bulky” logistics.

- helps power equipment, which enables us to eliminate one battery and reduce vehicle weight.
- Using half pallets that are lighter and more efficient for delivery to small businesses.
- Implementing new coolers that replace dry ice with gel packs. Use of the coolers lightens the weight of a truck, increasing efficiency.
- Continuing to test EV trucks and investigate on-site charging options.
- Using technology to analyze driver behavior to achieve better fuel efficiency.
- Using electric plug-in shore power (i.e., power from a fixed or land-based source), 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.

## Employee Transportation

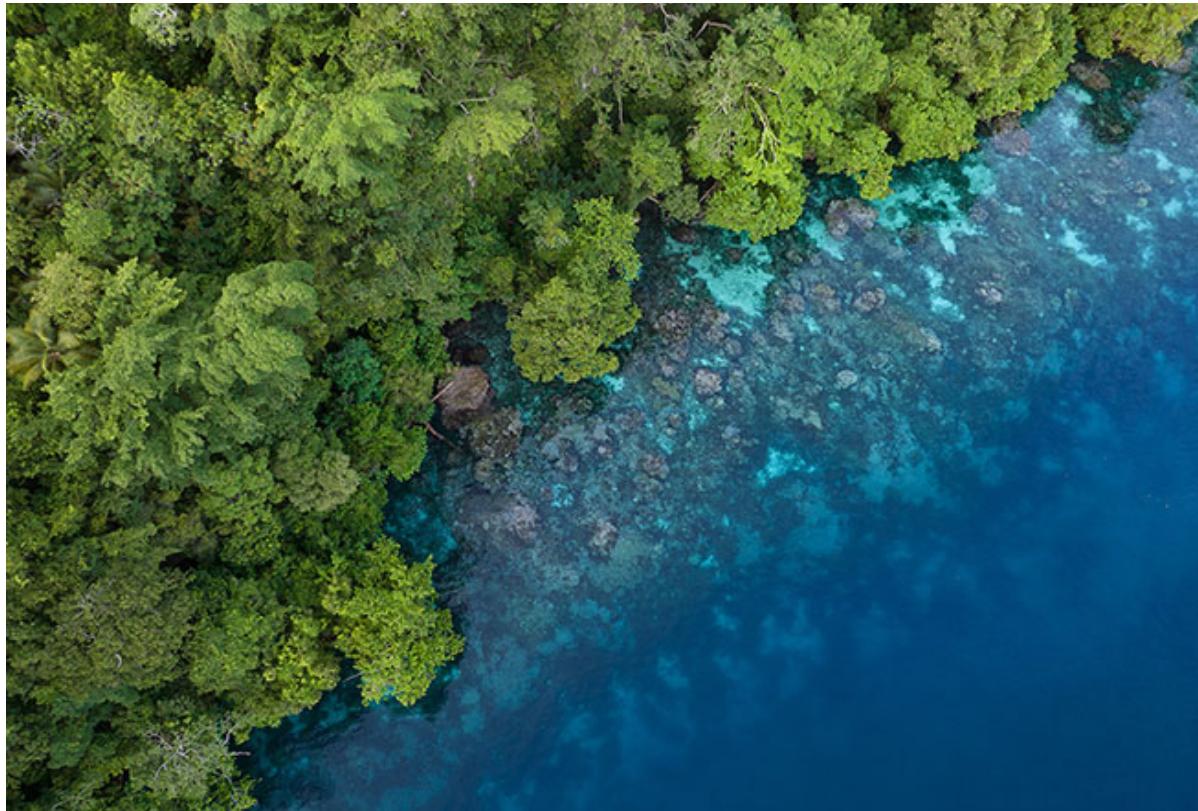
Costco encourages its employees to use alternative forms of transportation with the goal of reducing energy consumption, emissions and commuter gridlock. Under the Commute Trip Reduction (CTR) program, which began more than 20 years ago at the corporate office, vans, fuel, maintenance and insurance are 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, and we 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 the number of electric vehicle charging stations at our warehouses, corporate offices and other facilities, as described in our [Fuel Transition Plan](#).



# Biodiversity and Nature

We believe that protecting natural resources, animal and marine life, and crop health — including the health of the creatures that pollinate crops — is vital to a healthy planet and to our business.

## We are:



### Sourcing responsibly

We strive to source products that are certified and/or from regions with lower deforestation risk. Where feasible, we choose recycled fibers for use in paper products and packaging.



### Protecting animal welfare

We are committed to the welfare and proper handling of animals in our supply chain. This is the right thing to do for our members, suppliers, and the animals.



### Supporting sustainable seafood

We seek to source both wild and farmed seafood from fisheries and farms certified by the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC), respectively.

# Responsible Agriculture



As a global retailer of row crops, produce, seafood that requires feed grown on land, and animal and plant-based proteins (among other things), Costco's business relies on healthy agricultural supply chains. We encourage our suppliers to adopt responsible agricultural practices that promote a long-term, stable supply.

We focus on initiatives to foster responsible and regenerative agriculture — and encourage our suppliers to adopt practices that help to minimize soil disturbance, increase plant diversity, keep soils covered, and integrate animals onto the land. These practices:

- Help foster healthier soils, which are critical to long-term agricultural production because they reduce plant vulnerability to pests and disease, can improve crop production over time, and may improve farm profitability.
- Increase the organic matter in soil, which helps the land retain more water. This is essential in times of drought or excessive rainfall.
- Support the livelihood of farmers while helping to reduce carbon emissions. Resilient farms mean long-term livelihoods for our suppliers and long-term, stable supplies of products for our members.

Costco participates in various responsible agriculture programs for our soy and corn supply chains. These programs focus on supporting farmer adoption of regenerative practices, such as no-till, low-till, and cover crops, and on reducing the risk farmers face in adopting regenerative agriculture practices. Ultimately, this supports our ability to secure a reliable supply.

Costco also supports programs that help build and expand farmer peer-to-peer networks, and provide education and experience related to continuous living cover crops, reduced synthetic fertilizer rates, and reduced tillage.

These practices also help to promote pollinator health, good land stewardship, and responsibly-sourced feed for agricultural animals as well as fisheries and aquaculture. As with climate, Costco seeks to take a holistic and integrated approach.



# Forests and Land Stewardship



Costco recognizes the importance of protecting forests and the communities that rely on them.

Our planet's forests and natural ecosystems are vital for the world's environmental, economic and social well-being. They are home to most of the world's biodiversity, provide essential resources to billions of people and serve as vast carbon sinks.

Millions of hectares of forests are cut down each year, driven largely by agriculture and logging. Deforestation and conversion poses significant risks to nature, climate, communities, human rights, water, and supply chains.

Many ingredients in Kirkland Signature™ products and packaging are derived from forest-based commodities. Costco seeks to contribute to responsible sourcing practices that help avoid deforestation and conversion,<sup>1</sup> support the rights and livelihoods of communities, and build resilient supply chains.

## Costco Forests and Land Stewardship Action Plan

Our Forests and Land Stewardship Action Plan (FLSP) describes our work to apply these practices as we continue to deliver quality goods and services to our members. Implementation will be influenced by a variety of direct and indirect factors including supplier efforts, multilevel regulations, global climate change impacts, member preferences, stakeholder positions, supply availability, and commodity pricing. The FLSP is also informed by our [Human Rights Statement](#), [Supplier Code of Conduct](#), regulatory requirements and globally recognized frameworks.<sup>2</sup>

Costco's approach to forests and land stewardship is guided by our sustainability principles and desire for continuous improvement. Our strategy includes three pillars:

- Good stewardship practices
- Risk assessment, monitoring and mapping
- Certifications and responsible sourcing



## Good Stewardship Practices

Costco supports land stewardship practices that protect nature, biodiversity and people. These practices include:

- Sourcing forest products free from deforestation and conversion (since December 31, 2020).
- Conserving or restoring natural ecosystems.
- Protecting High Conservation Value (HCV) and High Carbon Stock (HCS) forests.
- Avoiding pollution and protecting nature from harmful chemicals.

- Protecting, restoring and promoting soil health.
- Protecting water resources.
- Improving healthy production-efficiency of working lands.

We also consider good land stewardship practices to include respect for human rights. This includes the rights of indigenous peoples' and local communities' ownership and control of their titled or customary lands and resources, and their right to give or withhold their Free, Prior and Informed Consent (FPIC).

Costco works with Kirkland Signature suppliers to support these stewardship practices and to comply with local laws

<sup>1</sup> In accordance with the [Accountability Framework \(AFI\)](#), Costco defines deforestation and conversion as the loss of natural forests and other natural ecosystems to agriculture, tree plantations, livestock production or other land uses. This includes natural forests that are subject to severe or sustained degradation.

<sup>2</sup> Guidelines and frameworks we consider as they are updated include TCFD, TNFD, IPCC, COP, SDGs and CDP. Solutions must be operationally viable and fulfill our obligations to our shareholders, employees, members, suppliers and the communities we serve.

and regulations; source forest products, timber, or other materials from legal sources; protect the rights and safety of workers, including as relates to child labor, forced labor, and discrimination (including gender-based discrimination); safeguard against occupational health and safety risks; and provide supply chain information to facilitate product traceability and transparency.

## Risk Assessment, Monitoring and Mapping

Costco has taken measures to assess, mitigate, and monitor risks associated with deforestation and conversion, climate, biodiversity, water, and communities for high-risk products, with an emphasis on Kirkland Signature products. These actions include:

- **Comprehensive risk assessments** that help us understand the sustainability impacts, dependencies, risks and opportunities that are material to our products.
- **Pilot LEAP assessment** for corn and soy feed in our poultry supply chain.
- **Commodity-based supplier surveys** to capture annual global sourcing information for priority commodities.
- **Supply chain mapping** exercises for Kirkland Signature products containing commodities with deforestation-linked supply chains.
- **Traceability and transparency** initiatives to prepare for compliance with global regulations (i.e., EUDR, CSRD, etc.).

Based on these risk assessments, we report our commodity-specific progress in our [Responsible Sourcing data](#).

## Certifications and Responsible Sourcing

Costco has identified eight priority commodities associated with a high risk of deforestation: avocados, beef, cocoa, coffee, palm oil, rubber, soy, and wood, pulp and paper. While we typically prioritize our efforts around Kirkland Signature items, we also work to reduce deforestation across our supply chains. We implement tailored approaches to sourcing each of these commodities to address their unique risks, but our methodology generally includes:

- **Utilizing certifications:** Costco utilizes third-party certifications as a verification tool for supplier alignment with environmental and social standards (e.g., RSPO, FSC, ASC).
- **Utilizing monitoring programs:** Costco works with direct suppliers to source raw materials that are monitored under a program (either third-party or supplier-managed) with traceability and verification procedures that are designed to ensure good land stewardship practices in their supply chain.
- **Sourcing from lower-risk geographies:** We source products from countries with a lower risk for deforestation and conversion. We diversify our sources and perform risk assessments based on various factors, including third-party risk scores and our own supply chain mapping.

Here, we summarize our tailored approach to seven of the eight high-risk commodities that are most relevant to our business.<sup>3</sup> Data describing our progress specific to these commodities in Kirkland Signature offerings is shared in our [Responsible Sourcing data](#).

## AVOCADOS

We expect our suppliers to comply with laws and regulations specific to their geographic regions and to implement effective protocols to prevent sourcing from illegally deforested lands. We are working to diversify our sourcing of avocados away from the regions with the highest deforestation risk while being mindful of the risks within other source countries as we diversify. Across geographies, we focus on increasing our percentage of product certified by third-party entities including [Rainforest Alliance](#) and [Fair Trade USA](#). Additionally, we are engaging suppliers around the use of the recently released [ProForest](#) certification in Mexico.



Costco will continue to build out our approach to responsibly source avocados and monitor for progress through annual supply chain mapping and risk assessment.

## BEEF

Given the high risk of tropical and subtropical deforestation in countries such as Argentina, Brazil, Colombia and Paraguay, our intent is not to source beef from these high-risk deforestation regions unless and until comprehensive traceability and monitoring systems are in place. Costco buyers have notified suppliers that Kirkland Signature items containing beef, including beef sold in our fresh meat cases, should not come from these regions unless traceability and monitoring requirements have been met.



## COCOA

Costco supports efforts to eliminate deforestation in cocoa production. We are aware that Côte d'Ivoire, West Africa, has lost 80% of its forests in the past 50 years and that cocoa production is one of the



drivers of that loss. One way we are working to promote sustainable cocoa programs is through the Sassandra Program, which provides cocoa from Côte d'Ivoire that is traceable, supports communities and produced with respectful environmental practices. As part of the Program, we are funding the distribution and replanting of trees to help facilitate reforestation and agroforestry efforts. We are also investing in

<sup>3</sup> Costco does not currently have Kirkland Signature products containing natural rubber and therefore has not yet developed an approach related to natural rubber.



the cocoa farming communities to improve livelihoods for the farmers and cooperative members. See more information on our [Sassandra Program overview](#).

## COFFEE

Our commitment is to use responsibly-grown coffee and to maintain quality relationships with farmers. We prefer to source Kirkland Signature™ coffee from farms that are certified by [Rainforest Alliance](#), [Fair Trade USA](#) and [Fairtrade International](#). For more information, see the [Cocoa and Coffee](#) page on the Sustainability Commitment website.



## PALM OIL

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.



Our goal is that all palm oil used in Kirkland Signature products is 100% RSPO certified (or equivalent), with a preference for physical palm. As of calendar year (CY) 2023 and again in CY24, Costco achieved this goal with 100% of palm oil used in Kirkland Signature products certified by RSPO. For details, see the Palm table in our [Responsible Sourcing data](#).



For a product to be RSPO certified, it must come from producers that have met the RSPO Principles and Criteria, which cover

## Wood, Pulp and Paper: Certified Fiber

Costco accepts forest management certifications from three leading organizations: Forest Stewardship Council® (FSC),<sup>4</sup> Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. For more information, see the Kirkland Signature [Wood, Pulp and Paper data](#). Besides use in select Kirkland Signature items, other examples in which we use FSC-certified fiber include:

- Costco requires U.S. and Canadian warehouses and fuel stations to use FSC-certified receipt paper that is also phenol-free (no BPA or BPS). In 2023, we transitioned member-facing fuel station receipt paper to BPA- and BPS-free. In calendar year 2024, we also transitioned the tank monitoring system receipts in the fuel station huts to be phenol-free. Additionally, Japanese warehouse and fuel station receipts now use fiber from FSC-certified sources.
- Many of Costco's printed materials, such as *Costco Connection* magazine and promotional fliers, use certified fiber. The certification varies by product and region.
- Our U.S. warehouse pharmacy bags contain FSC-certified recycled content.

the most significant environmental and social impacts of palm oil production. These include the immediate inputs to production, such as seed, chemicals and water, as well as social impacts related to on-farm labor and community relations. They also apply to environmental protections, such as no new plantings on peatlands, burning forests and clearing new areas.

## SOY AND PLANT-BASED ALTERNATIVES

Soy is a major driver of tropical deforestation in countries such as Argentina, Brazil,

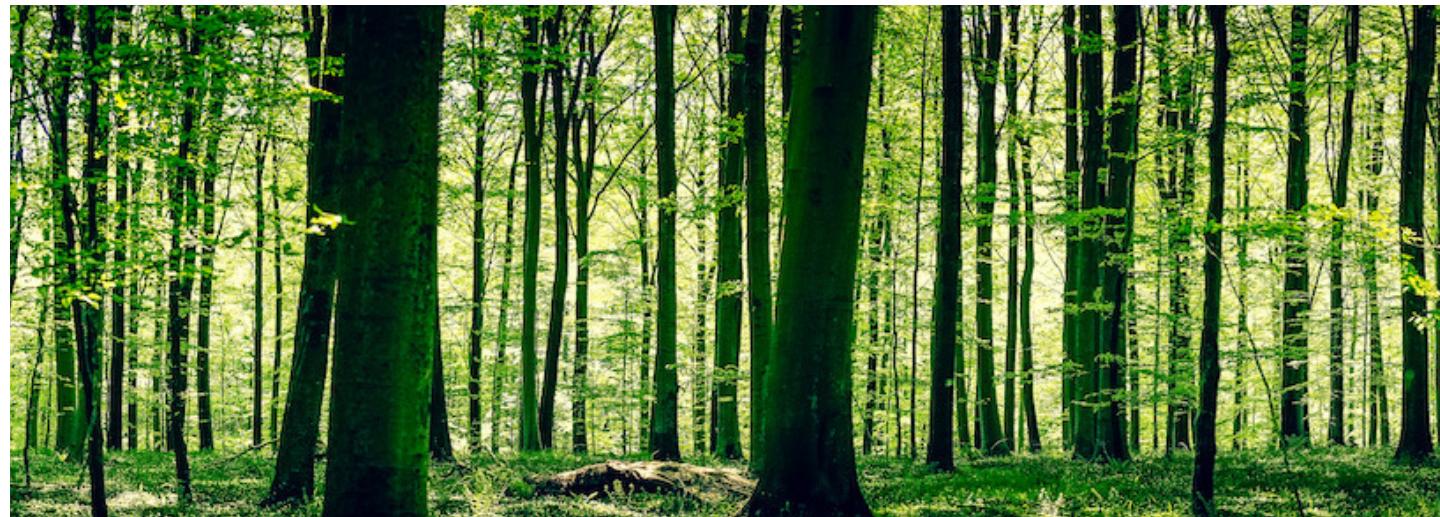
Colombia and Paraguay. Costco strives to source soy for our Kirkland Signature soy products from the U.S. and Canada. We also offer products that allow for protein diversification as a way to address forest stewardship and climate change. Recently, we expanded our Kirkland Signature offerings to include Kirkland Signature Tofu, as well as a selection of other plant-based proteins and alternative beverages.

## WOOD, PULP AND PAPER

Our goal is to have 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 do not contribute to deforestation or degradation.

In 2015, we began allowing the sale of teak products at Costco, with the requirement that all teak 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 will continue to expand our scope of FSC certification.



## Looking Ahead

The initiatives in our Forests and Land Stewardship Action Plan help Costco prepare for an evolving landscape and identify pathways to a more sustainable future. It is our current intent to continue reporting our progress as we work to drive meaningful change in our supply chains.

### Choosing the Right Fiber

Considering recycled versus virgin fiber



How does Costco choose the type of fiber to use for our Kirkland Signature products? We use recycled fibers in many products and for the majority of Kirkland Signature paper-based packaging. However, fiber products degrade after about seven recycling cycles. Virgin fibers offer strength, softness and absorbency — qualities that our members seek in premium household paper products. We carefully consider our members' needs and the quality required to meet those needs when determining fiber types for our products.

**Kirkland Signature Bath Tissue** is one example. As one of the most popular items sold at Costco, we follow a very deliberate method to produce this product with forest conservation as a key goal. 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.

We prioritize recycled fiber where feasible and where we believe it is a more sustainable alternative to virgin fiber. The final fiber choice is determined by quality; food and product safety requirements; product specification and performance; and legal requirements.

# Pollinator Health



Pollinators for food crops and native plants come in many shapes and sizes – from bees, butterflies, and other insects, to even birds, bats, and other creatures.

They are a critically important part of biodiversity for farms to be productive and profitable – and for plants to produce high-quality fruit. They also support native ecosystems in the habitats around farms. Without an abundance and diversity of pollinators, Costco would not be able to sell the quantity and quality of fruit and vegetables that we do.

Costco recognizes that more than one-third of the world's food crops depend on pollinators, but these pollinators are under threat from the loss of natural habitat around farms, the use of pesticides and other chemicals, the reduced diversity of crops on farms, and pests and diseases.

Costco takes a holistic approach to tackling these threats that includes working with our suppliers and partnering with leading nonprofit organizations to advance research, education, and support – for long-term pollinator health, habitat, and biodiversity. This work also contributes to risk management and supply assurance for our food businesses.

## Supplier Engagement and Our 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 nonessential chemicals, utilize methods of pest and disease control that minimize harm to the environment, 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.

## Pollinator-Friendly Products

Costco continues to sell a wide selection of organic products and alternative gardening products. Globally, we no longer offer weed and insect control products containing glyphosate, neonicotinoids or chlorpyrifos.

## Key Partnerships and Initiatives

Since 2012, Costco has contributed a portion of the sales of Kirkland Signature™ honey items to [Project Apis m. \(PAm\)](#), a nonprofit organization that supports critical pollinator research, provides information on best practices for pollinator health and



habitat, and offers resources for beekeepers and growers.

Costco partners with PAm on a number of different pollinator programs, including:

- **[Seeds for Bees \(SFB\)](#)**: SFB encourages California fresh produce and nut suppliers to plant buffer zones, blooming plants, and cover crops in their orchards and fields to help pollinators stay healthy, help honeybees make honey, and improve soil health and water sustainability. Between 2013 and 2025, SFB provided cover crop seed and technical assistance for the planting of over 130,000 acres of cover crop on California farms and orchards. For more information, see the [Seeds for Bees Impact Report for 2024-2025](#).
- **[The Bee & Butterfly Habitat Fund \(BBHF\)](#)**: This nonprofit committed to establishing high-quality pollinator habitat that not only supports pollinators but also delivers multiple, measurable environmental impacts. The BBHF approach is science-based and results-driven, believing every acre established should provide maximum environmental benefits. Through Costco's support, BBHF has been able to scale programs like Seed A Legacy and Solar Synergy, establishing habitat that benefits pollinators, improves agriculture, captures carbon, and strengthens food security. For more information, see [The 2025 Bee & Butterfly Habitat Fund Costco Impact Report](#).
- **[Casa Apis](#)**: This program works with a cooperative of over 700 small-scale beekeepers in Northeast Brazil that is a source of Kirkland Signature Organic Raw Honey. Between 2020 and 2023, Costco provided a \$100,000 grant to support

efforts to plant drought-tolerant native trees in their community. Through Casa Apis's efforts, honeybee survival and honey productivity increased compared to regional averages in reforested areas. Learn more in the [Casa Apis Reforestation Project Progress Report](#).

#### • **PAm-Costco Scholars (Ph.D. Scholarship Grants):**

This program provides funds to scholars to support the future of honeybee research. It 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.

Costco also 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, and food safety for workers, agricultural communities, businesses, and consumers. As of FY25, there were 50 EFI-certified growers supplying Costco from 29 direct suppliers. EFI also collaborates with the IPM Institute of North America to analyze pesticide application records. 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

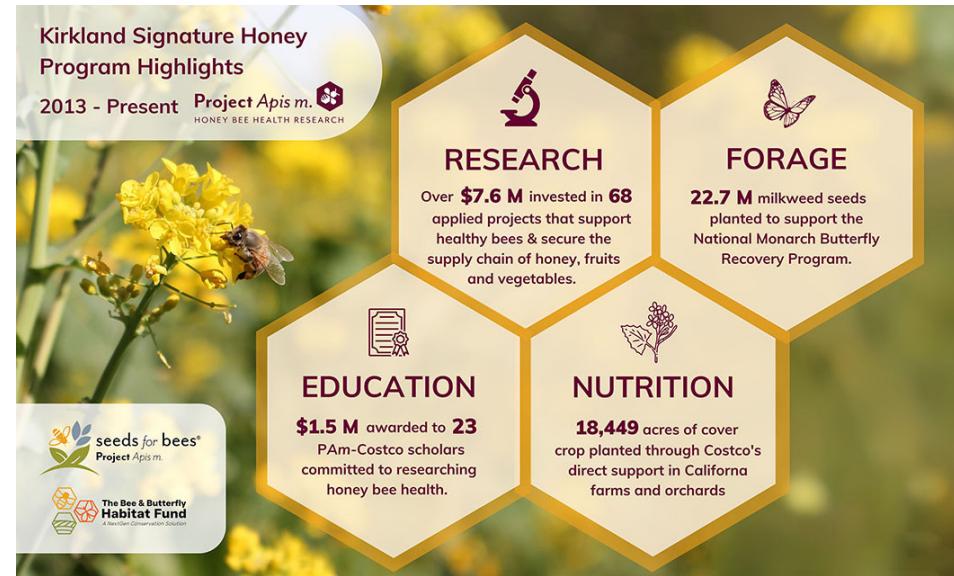
with their IPM plan and documenting risk management measures were implemented during application.

- Irrigation practices that limit erosion and uncultivated buffer strips to further protect water habitats.
- 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.

## Other Initiatives

Through Project Apis m. we fund other projects for pollinator health and habitat as they arise. Here are some additional examples of the work we have funded recently:

- Long-term stock improvement efforts involve developing varroa-resistant bees (such as Hilo bees) for sustainable, chemical-free varroa control options and maintaining a sustainable genetic repository for honeybee germplasm to safeguard honeybee's genetic integrity and diversity against future health threats. Hilo bees had 37% more rentable colonies for pollination compared with control colonies. Learn more by visiting [The Hilo Bee Project](#) and watching the [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.



# Fisheries and Aquaculture



Seafood – both wild-caught and farmed – is an essential food for people around the world.

Costco has three primary objectives for seafood sourcing:

- Continuously improve the sustainability of our wild seafood and our farmed seafood (aquaculture) in ways that enable us to meet current demands without compromising the availability of future resources.
- Safeguard 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 the [Marine Stewardship Council](#) (MSC) and the [Aquaculture Stewardship Council](#) (ASC) align with many of our sourcing objectives. We continue to increase the volume of MSC- and ASC-sourced seafood items we sell globally. We also support comprehensive Fishery Improvement Projects (FIPs) and Aquaculture Improvement Projects (AIPs), which help seafood suppliers to meet MSC and ASC standards, respectively.

## Sourcing Practices: Wild Seafood

For wild species, we rely on the MSC certification process to ensure we are sourcing from fisheries that are sustainably

managed. For fisheries to become MSC-certified, they must meet all three principles of the [MSC Fishery Standard](#), which are:

- **Sustainable fish stocks:** There are enough fish left in the water to reproduce so fishing can continue indefinitely.
- **Minimal environmental impact:** Fishing operations must be carefully managed to maintain the structure, productivity, function and diversity of the marine ecosystem.
- **Effective management:** The fishery must comply with relevant laws and have a management system that allows it to respond quickly to changes in the status quo.

## Fisheries Improvement Projects (FIPs)

To support fisheries in reaching MSC certification, Costco is involved in a number of comprehensive [Fishery Improvement Projects](#). These projects are alliances of stakeholders that work together to resolve challenges in fisheries management and work toward the MSC standard. Our involvement includes participation in FIP meetings, letters to governments and/or fisheries participants, and financial contributions. We require comprehensive FIPs to be verified and monitored as credible by publicly reporting on [FisheryProgress.org](#) (free account required).



Costco works with [World Wildlife Fund \(WWF\)](#) to support the following FIPs, which can be found in the [WWF FIP directory](#) (sign-in is required to view full content):

- Spiny Lobster – Honduras
- Spiny Lobster – Nicaragua
- Mahi Mahi – Ecuador
- Mahi Mahi – Peru
- Jumbo Squid – Peru
- Araucanian Herring and Anchovy – Chile

Costco and its suppliers also purchase products from these FIPs. 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. (See [Seafood](#) in the KPIs and Metrics section.) 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 support a program that provides up-front funding for implementation of FIPs called the [Fisheries Improvement Fund](#).

Designed and launched by 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.

## Sourcing Practices: Aquaculture (Farmed Seafood)

We believe that farmed seafood should be an integral part of our business, providing a growing supply of seafood to meet demand from our members. Aquaculture is and will continue to be a critical source of affordable protein both now and into the future. Costco seeks to source aquaculture that is managed in a responsible manner with reduced impacts on the environment, workers and local communities.

In our seafood sourcing, we work closely with organizations and initiatives committed to more sustainable practices in aquaculture such as the ASC, which sets standards that must be met for suppliers to gain certification. These include measures that address water quality, responsible sourcing of feed ingredients, disease prevention, animal welfare, fair treatment and pay for workers, and more. Currently, ASC represents the most robust and credible aquaculture certification program.

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

### Farmed Shrimp

Costco has been working with our suppliers to advance ASC shrimp certification to reduce 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 the ASC standard. This goal has been partially achieved, and we are actively engaged to expand the application of ASC standards to more shrimp farms.

### Farmed 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 supporting further transitions of more salmon farms to reach the ASC standard. Our approach is to work with our suppliers and 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.

### Farmed Pangasius

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

### Farmed Tilapia

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

## Global Salmon Initiative

Many of our farmed salmon suppliers have joined the [Global Salmon Initiative](#) (GSI), which is a collaborative effort to increase sharing and best practices from other salmon producers. The GSI mission is "to farm salmon that's raised to be better for people and planet."

As a collective, GSI publicly reports on key indicators aligning with the ASC standard, which include the reduction in use of antibiotics and pesticides and the avoidance of wildlife interactions and farmed fish escape events. The group also works to catalyze progress toward continuous improvements in responsible sourcing of feed ingredients, including the reduction in the use of fishmeal and fish oil, plus commitments toward deforestation and conversion-free terrestrial feed ingredients.

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

## 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 and does so in a holistic way — 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 fish and shrimp feed, as well as the suppliers of their ingredients. These mills will be the facilities audited against the standard. The standard will also incentivize more feed mills to work toward certification and meet growing demand from ASC farms.

More information about ASC and its aquaculture feed standard can be found on the [ASC feed mills overview](#).

## The Seafood Task Force

Costco is a founding member of the [Seafood Task Force](#) (STF), which has changed the way seafood supply chains are managed in Asia. The organization works to drive greater business confidence to trade in seafood products. Their focus is on a supply chain approach to social and environmental oversight for higher-risk seafood species. This includes those supply chains where product from fishing vessels is tracked to feed mills where it is incorporated into feed and on to shrimp farming, processing and export. To date, the STF has expanded from Thailand to India, Indonesia and Vietnam.

The stakeholders in the STF represent the largest volume of farmed shrimp and wild caught tuna in the world.

## Canned Tuna

All of our canned tuna suppliers are required to be members of the Seafood Task Force. We review product traceability and supply chain mapping to vessels for our Kirkland Signature™ canned tuna supply chains.

Suppliers of Kirkland Signature Canned Albacore Tuna are also 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.

## Restricted Species

Costco limits or discontinues our sales of certain species for various reasons.

Our aim is to refrain from selling any seafood species 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-certified fisheries or ASC-certified farms.



Photo courtesy of the World Wildlife Fund

## Fishery Success Story: 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, which it shares with Ecuador as the fish travel between the two nations' territorial waters. 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 requires additional data on how fishing interacts with other species, including endangered sea turtles and sharks.

Costco has financially supported the Peru mahi mahi longline FIP for several years, including working with its suppliers to encourage the Peruvian and Ecuadorian governments to agree to joint management measures for mahi mahi.

We do not sell wild species that have been identified to be at risk of becoming threatened or endangered, unless sourced<sup>1</sup> from MSC fisheries. Currently, those species are:

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

Until further notice, we have also 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.

For sourcing 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 designed to reduce potential whale entanglements.

<sup>1</sup>According to supplier reports.



Photo of the Majuro Harbor in the Marshall Islands provided by PITP

## Partnership with Pacific Island Tuna Provisions

Communities in the Western Pacific Islands hold tuna in high regard, both culturally and economically. To enhance environmental and social sustainability in the shelf-stable tuna supply chain, Pacific Island Tuna Provisions (PITP) was established in 2021. In 2024, Costco began working with PITP as a supplier for its Kirkland Signature Canned Albacore Tuna, aiming to support a more equitable system to build resilience to climate

change through a unique cooperative business model.

PITP is structured as a co-op owned by participating Pacific Island nations with an initial investment from the Nature Conservancy, a global environmental NGO. PITP profits are reinvested into the Pacific Island communities where the tuna is caught, with a portion dedicated to marine conservation and climate change

resilience projects. Additionally, PITP will provide indirect benefits through local job creation, fair working conditions and the sustainable use of natural resources.

PITP also requires human or electronic monitoring aboard all fishing vessels to prevent illegal, unreported and unregulated (IUU) catches from entering the tuna supply chain.

# Animal Welfare



Animal welfare is part of Costco's culture and responsibility, and we are committed to a global approach.

We are working toward a uniform program in the countries and regions where we operate, while respecting that each 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. We have worked with [Dr. Temple Grandin](#), an independent and prominent animal welfare expert, in adopting these domains:

- Nutrition
- Environment
- Health
- Behavior
- Mental State

If animals have positive experiences in the first four 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. For more information on the Five Domains, see the [MDPI](#) website and the [National Library of Medicine](#).

## Animal Welfare Task Force

We coordinate our efforts through an Animal Welfare Task Force made up of members from corporate and international buying, global sustainability and compliance, and legal 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 including Dr. Grandin, who is highly regarded with decades of experience in the areas of animal science, animal welfare and animal behavior.

## Scope and 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. We place emphasis on auditing suppliers of Kirkland Signature™ items, particularly in the U.S. and Canada. Even as we focus on 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. For on-farm audits, we place primary reliance on the efforts of our suppliers.

***"The Five Domains emphasize the importance of both preventing suffering and providing animals with positive experiences."***

—Dr. Temple Grandin

## Animal Welfare Audits

Costco utilizes and asks its suppliers to utilize recognized audit standards and programs conducted by trained auditors. The purpose of an audit is to gather current, accurate information concerning the overall welfare of animals.

We look at animal welfare both on the farm and at processing. Audit information is made available to members of the Costco Global Sustainability and Compliance team and our 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., Canada and Mexico auditors to be certified.

**Organic certification** in the U.S., in certain respects, also includes limited 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.

## Policies and Procedures by Product

Here, we share animal welfare audit policies and procedures by species, product type and location.

### Poultry (U.S. and Canada)

#### AUDITS: U.S. AND CANADA BROILERS AND TURKEYS

- Costco requires broiler animal welfare audits at processing in accordance with the [National Chicken Council \(NCC\) Recommended Animal Handling Guidelines](#) and [American Humane Certified Farm Program Broiler Standards](#).
- For turkeys, Costco requires audits at processing in accordance with the [National Turkey Federation Animal Care Guidelines](#) or [American Humane Certified Farm Program Turkey Standards Audit Tool](#).
- Costco also expects audits to be completed at hatchery and grow-out facilities.

#### U.S. BROILER POLICY

Broilers are chickens raised for meat (as opposed to eggs). Although broilers 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 U.S. Department of Agriculture. These four facilities are our primary broiler 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 [standards developed by the National Chicken Council \(NCC\)](#). The NCC represents companies that account for approximately 95% of broiler production in the U.S. 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 \(PAACO\)](#).

An important element of broiler welfare is preparation 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. 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 other key elements of welfare:

- **Density:** 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 target an operating density standard of .92 square feet per bird. Due to one of our dedicated complexes being impacted by weather events, 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.

- **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. 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 experimenting with enrichments in a limited number of houses to evaluate whether wider deployment is warranted.

- **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 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 the 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 conducting trials with 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 a full-time animal welfare officer, a full-time auditor for growers, a full-time veterinarian on staff and has enhanced the training requirements for auditors. 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. We continue to engage with Dr. Grandin at our LPP complex annually in person and throughout the year.

## U.S. LAYING HENS

Costco implements animal welfare audits for laying hens in the U.S. as follows:

- Audits can include [American Humane](#), [Certified Humane](#) and [United Egg Producers](#) audit standards.
- Audits now extend in varying degrees to conventional cage, cage-free and organic housing systems.

Costco has introduced the Costco Hen House Audit in the U.S. This tool seeks to promote responsibility and accountability from suppliers 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.

## Cage-Free Chicken Shell Eggs (Global)

Costco is committed to providing cage-free egg options for our members. In addition, Kirkland Signature Liquid Eggs are cage-free in the U.S. In Canada, the percentage of cage-free (or free run eggs) in Kirkland Signature Liquid Eggs continues to increase.

In FY25, cage-free eggs were a smaller percentage of our eggs sold due to the impact of avian flu globally. Despite that, the number of cage-free eggs increased



overall on an absolute basis globally. In addition, a few regions saw a slight increase in the percentage of cage-free eggs sold. This is indicated in the [Cage-Free Chicken Shell Eggs table](#) in KPIs and Metrics. The transition to cage-free eggs will continue to increase with added availability and capacity of cage-free production.

## Down and Feathers

Costco has committed to responsible down sourcing. We require certification of all down and feather products produced for Costco. Costco accepts certifications from International Down and Feather Lab (IDFL), Downpass, or Responsible Down Standard (RDS). Compliance with 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.

## Beef (U.S. and Canada)

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

## Dairy (U.S.)

Costco requests animal welfare audits at the farm level for dairy. 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.

Other considerations:

- **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.

- Tail docking:** The FARM Program does not allow tail docking and Costco does not support this practice. Current suppliers report to us that they do not practice tail docking.

- Age and pain management:** Costco requires its suppliers to implement standards regarding age and pain management as it relates to dehorning.

- Polled cattle:** 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 the farmers who care for them by eliminating the need for dehorning.

- Supplier improvement and innovation:** Through the years, our suppliers have embraced new ways to improve the welfare of the animals in their care. We expect suppliers to continue to seek improvements that promote good animal health and well-being.

## Veal (North America and Australia)

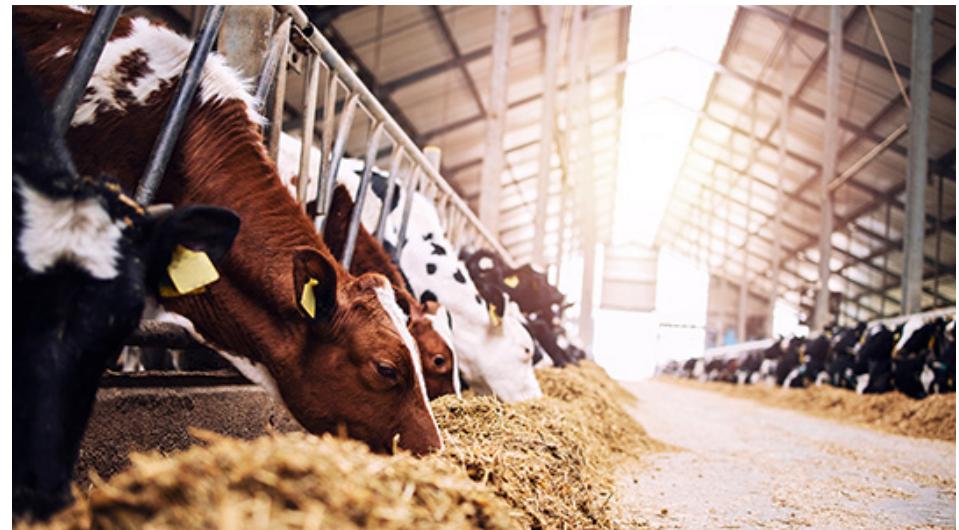
Costco expects that where we sell veal, the veal is traceable to the farm level and that farms are inspected for compliance to meet the following veal policy requirements:

### ALL VEAL

- Inhumane treatment of calves is unacceptable and will not be tolerated at any stage of the animal's life.
- Calves must never be tethered unless needed for a medical reason and it is temporary.
- Electric prods are never to be used.
- Non-ambulatory animals are never to be used in production.
- All farms are to have a Veterinarian Client-Patient Relationship (VCPR).
- Veal is to be a minimum of 20 weeks of age or greater prior to slaughter.

### VEAL RAISED IN BARNs

- 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.



### VEAL RAISED ON PASTURE / PADDOCKS (AUSTRALIA)

All suppliers are required to be Livestock Production Assurance (LPA) certified.

### 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 that animals are cared for in a way that ensures their well-being. In Canada, Costco expects suppliers to follow the National Farm Animal Care Council (NFACC) guidelines.

### SOW GESTATION AND GROUP SOW HOUSING

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 is to continually decrease the overall time sows are in individual confinement. We are working with our suppliers to help make this transition, which takes time, education, and investment to change farming practices and infrastructure.

Over the long term, we will target suppliers outside the U.S. for compliance with group sow housing standards, 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.

## KIRKLAND SIGNATURE PORK AND GLOBAL GROUP SOW HOUSING

We are committed to increasing the percentage of our group sow housing for Kirkland Signature fresh pork and cooler items.

We follow the American Association of Swine Veterinarians' definition of group sow housing. This is a housing environment for more than one sow where, after confirmed pregnant, they have the ability to lie down and stand up unimpeded and to turn around. The time sows spend in gestation crates is generally 35 to 45 days, or less as required by law.

In FY25, our global pork business grew in volume sold as did the percentage of pork from group sow housing. Globally, 95.8% of Kirkland Signature™ fresh pork and cooler items were from Group Sow Housing in FY25. See data on [Percentage of Pork Sales from Group Sow Housing](#) in KPIs and Metrics.

## U.S. GESTATION CRATE MINIMIZATION

In the U.S., our goal is to continue to further minimize the time sows spend in gestation crates (including sows already in group sow housing) for U.S. Kirkland Signature fresh pork.

Our Gestation Crate Minimization sets the expectation that sows are to be limited in the time they are confined in individual crates, as needed for their health during gestation, to no more than six hours in a 24-hour period and not more than 24 hours in any 30-day period.

We have made progress with our suppliers to increase the total volume (in pounds) of U.S. Kirkland Signature fresh pork raised in a Gestation Crate Minimization system by more than 17% from the previous year. This growth increased the total penetration of the U.S. Kirkland Signature fresh pork as shown in our [Gestation Crate Minimization](#) data.

## Monkeys and Coconut Harvesting

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.

## Antibiotics Overview

Costco's goal is that suppliers 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 in the U.S. is that producers follow the U.S. 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. In Canada, we ask that producers follow Canada's [Responsible Use of Medically Important Antimicrobials in 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.

Supply chains are, for the most part, only minimally vertically integrated (particularly for beef and pork), with our suppliers largely 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.

## FEATURED INITIATIVE

# Lincoln Premium Poultry

Costco's LPP poultry facility reflects both our business strategy and our sustainability commitments.

Costco's vertically integrated poultry facility in the U.S. helps us meet demand for select Kirkland Signature poultry products in a way that also meets our sustainability commitments.

The facility, which helps us to meet demand for Kirkland Signature rotisserie chickens and more, 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,

aligned with our belief in a fair return for our suppliers.

- Treats the chickens in accordance with high animal welfare standards.
- Is environmentally responsible through on-site processes to manage water (including wastewater), emissions and energy use, and more. See Water Conservation for more details.
- Provides our members with the highest quality product at the lowest possible price.

Corn and soybean meal for LPP poultry operations is sourced from a local supply shed, with the majority of feed ingredients coming from cropland within a 100-mile radius of the chicken plant. By purchasing

directly from local farmers, the feed mill not only ensures a consistent, high-quality supply, but it also contributes to the economic vitality of the surrounding rural communities and avoids emissions by reducing trucking distance.

In FY25, Costco and LPP began exploring expansion of our regenerative agriculture feed initiatives to support more of our growers in adopting regenerative agricultural practices. These include low- and no-till cultivation methods, along with planting cover crops — practices that promote soil health, reduce synthetic chemical inputs and contribute to the long-term stability of supply.



Aerial overview of six chicken barns that are part of Lincoln Premium Poultry.



A feed mill at LPP. The majority of feed ingredients come from cropland within a 100-mile radius of the chicken plant.

## Team Lincoln: LPP's employee-focused culture pays off

In July 2025, MEAT+POULTRY Magazine recognized Costco's vertically integrated poultry plant for investing in employees and creating a career pathway in poultry processing. [Learn more.](#)



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Photo: Bob Sims/Sosland Publishing Company



# Resource Management

We strive to use resources responsibly, minimize the impact of our business operations on the environment, and ensure that products are safe for our members.

## We are:



### Increasing water efficiency

We work to reduce our global water intensity (gallons used relative to sales) as our business grows, and we share learnings with our suppliers.



### Diverting waste from landfills

Our aim is to continually decrease the amount of waste we send to landfills, with a goal of diverting 80% to new uses or to recycling.



### Reducing and reusing materials

In our packaging initiatives, we test and evaluate to reduce plastic use and increase recycled content. We design new buildings to be energy-efficient and reuse materials when feasible.

# Water Conservation



Costco has 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.

## Operational Water Performance

We continually 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 helps us to manage 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.

For details, see our [Water Usage data](#).

## Our Approach to Landscaping

Landscaping around our facilities is important for providing beauty 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 (channels to capture, filter and redirect stormwater) to preserve groundwater and prevent runoff in select locations.
- Performing geographical risk analysis to understand water availability, challenges, and landscaping alternatives.



## Water Savings in Our Chicken Plant

Lincoln Premium Poultry (LPP), Costco's vertically integrated facility in Fremont, Nebraska, was designed with water preservation, reuse, efficiency and treatment in mind.

Costco worked with the city of Fremont to expand its wastewater treatment plant to ensure that its wastewater is treated before returning to the municipal wastewater treatment plant. In addition, through a process of air chilling our poultry, we save a substantial amount of water in comparison to typical water chill processing. Air chilling also supports lower risk of water contamination, improving food safety and reducing the



need for water treatment. Air chilling can also enhance flavor and texture by preventing water absorption into the poultry product.

## Wastewater and Stormwater Management

Each U.S. Costco location has wastewater and stormwater plans and procedures designed to comply 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 and Savings

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

- In some of 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 versus the previous system, while requiring less energy and labor hours as well. So far, we have installed 385 new dishwashers since program inception.
- In 23 Mexico locations, all water used in the warehouses (e.g., bathrooms, fresh food areas) goes from the drains to on-site small treatment plants, instead of the sewer. This treated water is then used for

site irrigation. This reduces the impact on local sewer systems — and it 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 use 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.

## Water Management and Stewardship

We have expanded our global water strategy to include a water stewardship initiative. This initiative builds on learnings from 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.



## 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. This photo shows an example of a parking area that has been redesigned. Updates also can include drip irrigation systems. New warehouse sites are designed with water-efficient landscaping in mind.

## Cutting Water Use at Car Washes

We reduce wastewater in our on-site car washes in these 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.
- 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. This saves millions of gallons of water annually.

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

# Waste Reduction



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%.

Effective waste diversion helps conserve natural resources, save energy, cut expenses and reduce emissions. 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.

We continue to examine our waste disposal programs to maximize efficiency and reduce costs. In FY25, Costco diverted 82.8% of our waste from landfills, exceeding our goal of 80%. For detailed information and data on our donations and other diversion efforts, as well as our waste emissions tracking, see our annual [Global Waste Stream Report](#). Costco is committed to expanding these programs through partnerships, enhanced efficiencies and emerging technologies.

## 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 people who are food insecure, feeding it to animals, or composting. For food waste, we follow the [Wasted Food Scale](#), as defined by the U.S. Environmental Protection Agency.

## Food Waste Prevention

One way of reducing food waste in our operations is by using quality food in-house to create 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 such as chicken noodle soup, pot pies, enchiladas and fajita quesadillas to reflect local tastes.

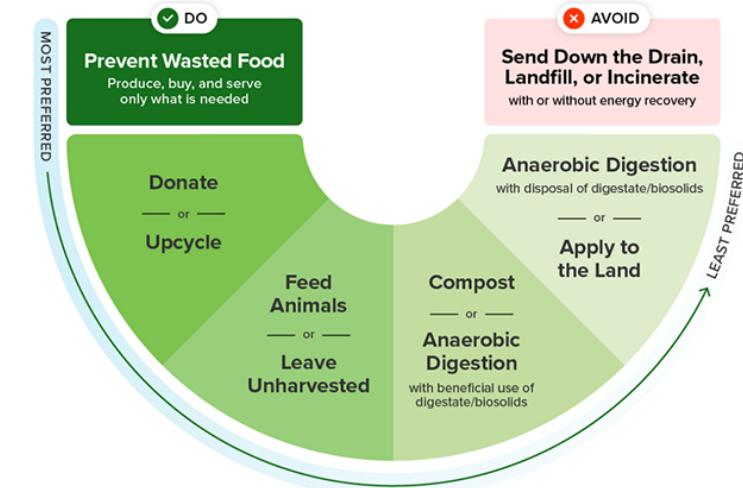
Likewise, ground beef from the U.S. meat departments is used for stuffed peppers and meatloaf in the deli, and for shepherd's pie and stuffed bell peppers in Canada.

All in all, our goal is to keep quality food out of landfills.



## Wasted Food Scale

How to reduce the environmental impacts of wasted food



Wasted Food Scale graphic  
courtesy of the United States Environmental Protection Agency (EPA).



Costco's waste reduction efforts include millions of pounds of donated food and recycled materials each year.

## Food Donations

Costco has programs and partnerships with [Feeding America](#), [The Global FoodBanking Network](#) and local 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. The U.S., Canada and Mexico have added the ability to donate cooked food from our Food Courts by creating food safety procedures.

We understand the importance of the types of food donated, so we strive to provide

healthy and nutritious food. In FY25, 74.4% of the food donated in the U.S. was in the following categories:

- Produce/fruit/vegetables (46.9%)
- Grains/bread (19.6%)
- Dairy/protein (7.9%)

Other ways in which we reduce food waste include diverting organic materials to local programs that feed animals (such as rescue centers, farms, and zoos); sending organic waste to be converted into energy (such as converting our chicken grease from rotisserie chickens into biofuel); and sending food waste that cannot be consumed by people or animals to composting or anaerobic digestion facilities.

## Reducing Non-Food Waste

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

### Non-Foods Donations

Costco donates first-quality items that are returned to our warehouses and cannot be resold but that are perfectly usable. Examples of frequently donated products include mattresses, coolers, diapers and personal-care items. Instead of being destroyed, recycled or returned to the supplier, Costco is able to give these items a new life and support communities in need.

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

In our partnership with [Assist International](#), Costco 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.



## Recycling

We have developed programs to recycle a wide variety of materials (actual amounts are shown in the [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 14.6% of our tires are resold, over 85% are recycled into uses like crumb rubber for roads or decorative mulch. Due to limited recycling facilities in some areas of the United States, we cannot recycle tires in all Costco locations. For every tire Costco receives that can't be resold or recycled, we recycle an additional tire in a location where recycling facilities are available.
- **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:** In the U.S., we have a new program to recycle scrap metal that cannot be processed through standard single-stream recycling bins.

In certain locations, we recycle other items (such as polystyrene foam and mattresses) based on the availability of local processing facilities. Where we can't recycle a material, we explore other opportunities to keep it out of landfills. Styrofoam is one example. In three of our U.S. locations, Costco is testing

styrofoam densification. This is the process of shredding the foam into a machine that pressurizes it, turning it into a usable material for other uses such as building insulation, motorcycle helmet padding, furniture padding and more. Costco then sells the densified styrofoam to large recyclers who use or resell it, thus keeping it out of landfills. We will explore expanding this program where feasible.

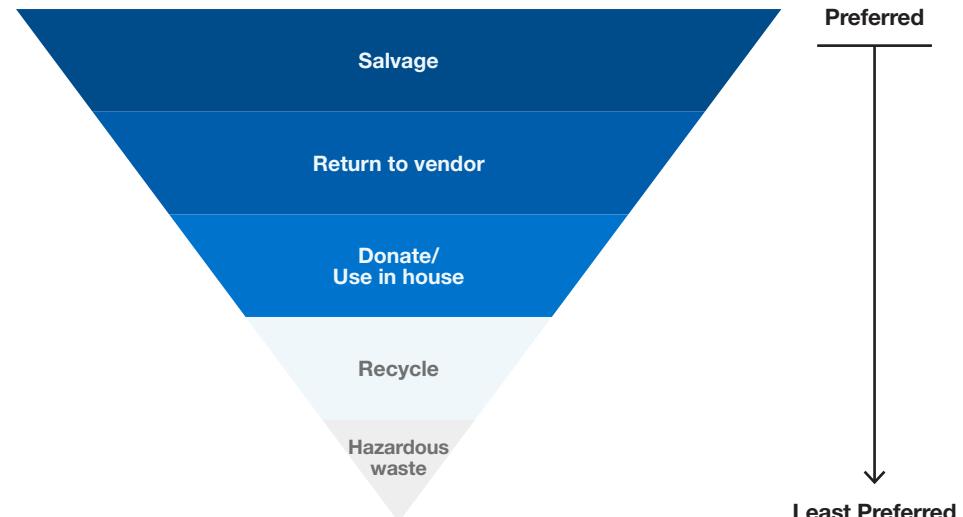
## Employee Education on Recycling

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. This course has been taken by U.S. employees over 300,000 times. Taiwan, Korea, Japan and Mexico also leverage a translated version of the recycling course and we are continuing to expand similar training internationally where feasible. For example, Canada, the UK, Australia, Spain, Sweden, France and Iceland have training for employees related to donations and diversion.

## Hazardous Waste Reduction

Hazardous materials pose a risk to the environment, human health and/or the communities where we operate. These include 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. Here's a look at our programs to manage hazardous waste:

## HAZARDOUS WASTE HIERARCHY



- **Electronic recycling:** We use an electronic recycling program through approved, licensed recycling vendors. We manage both member returns and company assets while securely removing sensitive data alongside material recovery through the vendor's e-scrap shredding system.
- **Batteries and 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.

# Packaging



Costco's goal is to reduce our packaging waste while maintaining food safety, product quality and minimal damage to products during shipping.

## Our Packaging Approach

Packaging plays an important role in the delivery of goods. Packaging must protect the product, help provide shelf-life benefits, contribute to efficient logistics and distribution, comply with laws and regulations, and communicate effectively with our members, all without compromising on food safety, product quality, or product sales.

We strive to reduce our packaging waste by improving our efficiencies and making continual improvements to the mix of materials used. We carefully evaluate and test potential solutions to understand our packaging impacts through data, Life Cycle Assessments (LCAs) and testing, all the while confirming that product integrity and safety will be maintained.

While our priority focus is on our Kirkland Signature™ products, we also share our packaging approach and strategy with branded suppliers at our annual Supplier Day event with the intent of providing guidance on how to implement this packaging plan. We also strive to learn from our suppliers as they improve their packaging and share their success stories, and then incorporate what we learn from them into our own efforts.

This approach is based on our key principles for packaging, which we call the **Six Rights of Packaging Sustainability**:

- **The Right Reduction:** Using less conserves natural resources while reducing water use, greenhouse gases and pollution.
- **The Right Amount of Post-Consumer Recycled Content (PCR):** Using recycled content creates more demand for recycled materials.<sup>1</sup>
- **The Right Fiber – Tree-Free or Certified Forest Product:** Responsible forestry supports biodiversity, carbon sequestration, water and air quality.
- **The Right Recyclable Packaging:** Recycling conserves natural resources and reduces pollution.
- **The Right Certified Compostable Packaging:** Composting puts valuable nutrients back into our soils and offers an option for packaging that can't easily be recycled.
- **The Right Labeling:** Labeling facilitates proper sortation and reduces contamination of the recycling stream.

See [Packaging](#) on our website for more on the Six Rights of Packaging Sustainability.



## What is a Life Cycle Assessment?

in our packaging program, a **life cycle assessment (LCA)** is an assessment that measures the environmental impact of a package starting from extraction of raw materials, through the production of a package, to end-of-life scenarios (such as recycling or landfill).

Multiple indicators are assessed including how much water and fossil fuel is used in the production of the package; what is the GWP (global warming or emissions) potential, and a number of other indicators that may be measured to determine the overall impact of a package.

<sup>1</sup>As 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.

## Kirkland Signature Packaging Strategy

With Kirkland Signature™ packaging, we continue to refine and improve our packaging globally by taking the following deliberate steps within a holistic approach.

### Improving Packaging Data

Costco surveys packaging suppliers to collect data that identifies and accounts for the specific materials used in all packaging components for our Kirkland Signature products. Suppliers assist us in collecting this information for the purposes of developing comprehensive strategies and to identify areas of improvement. In FY24, we expanded our data collection scope to include in-house packaged goods from our Fresh Departments. In FY25, we added ecommerce shipping packaging to our data survey. Each year, we continue to improve our packaging data based on supplier input.

### Leveraging Individual Packaging Analysis

Using the packaging data, a packaging configuration undergoes an individual evaluation to assess its components (Individual Packaging Analysis). This evaluation helps determine whether each component is essential or if it can be replaced with an alternative material that does not increase environmental impact, as validated by our LCAs. Additionally, each component is assessed using its emissions factor formula to gauge its actual carbon impact. The insights from this analysis are used by Costco buying teams to identify areas of continuous improvement for many Kirkland Signature products.

### Promoting Opportunities to Build in Circularity

We promote circularity by looking for opportunities to design for recycling and recovery. This work includes ensuring the packaging we select is recyclable on a widespread basis as well as finding a way to utilize our own recovered materials in new packaging or products (either for Costco or in collaboration with suppliers). An example of our focus on circularity is our pallet wrap collection program in our daily operations. We collect our stretch wrap and provide it to our Kirkland Signature trash bag supplier to incorporate the recovered plastic into the manufacturing of trash bags. This helps reduce the use of virgin plastic in our products.

### Collaborating with the Industry on Improvements

We recognize that to make significant change, collaboration on a broad scale is necessary. We engage with a variety of respected industry organizations such as the Sustainable Packaging Coalition® (SPC), The Recycling Partnership®, Association of Plastic Recyclers®, Biodegradable Products Institute (BPI)®, How2Recycle® and others. These organizations help us stay up to date on the latest innovations in sustainable packaging and circularity.

### Pressed-Paper Handles Expand to More Products Reduction



Costco continues to expand our use of pressed-paper packaging to replace plastic carrier handles. The pressed paper versions are recyclable, easier to remove, and effective at protecting multipack products during shipping and stacking.

Originating from a collaboration started in 2021 with Smurfit Westrock, a sustainability-focused packaging company, we have expanded usage of pressed-paper carrier handles to more products such as personal care items, bottled beverages, and jars of sauces and condiments. In FY24 alone, converting our handles for Kirkland Signature oils from plastic to recyclable handles saved 166,556 pounds of plastic.

In FY25, we began using the pressed-paper carrier handles for select products in global locations such as Kirkland Signature shampoo and conditioner multipacks in Canada. We will continue to replace plastic carrier handles with pressed paper where feasible.

### Partnerships in Packaging

Costco is a member of the following organizations, which are dedicated to increasing sustainable practices in the innovation, production and/or management of packaging.



ASSOCIATION OF PLASTIC  
RECYCLERS





## Educating Our Employees, Members and Suppliers

Teaching is a fundamental part of every initiative. We communicate with key teams through these channels:

- **Costco buyers:** We work with our buyers to provide visibility into the packaging analyses of their items, coaching them through opportunities for improvement. We also publish our data internally for our buyers to understand their performance in packaging sustainability.

- **Suppliers:** We speak with our suppliers on clear guidelines and expectations for sustainable packaging, and we engage in supplier-specific conversations to provide feedback on proposed ideas as well as

to learn from them as they innovate and improve their packaging.

- **Members:** We share our packaging progress openly in places like the [Costco Sustainability Commitment website](#), Costco's social media channels, and our monthly magazine, *Costco Connection*. Our intent is to provide an annual progress update on the Kirkland Signature Packaging Strategy in our annual sustainability report.

## Reviewing 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](#) section.

## U.S. Kirkland Signature Plastic Action Plan

We recognize that our packaging includes plastic, which has both positive and negative consequences, giving rise to trade-offs. Plastic packaging has many positive benefits that include longer preservation of food, the ability to ship products globally with minimal damage, and reduction of transportation emissions and costs. However, as the world has grown, our society's dependence on plastic is outpacing the solutions to manage it. The resulting challenges include excessive use at times, limited recyclability, fugitive plastic in the environment and plastic in landfills. While all of the Six Rights of Packaging Sustainability apply to plastic packaging, three of the six rights take precedence: reduction, PCR and recyclability.

After we complete our review of the Individual Packaging Analysis (individual evaluation described above), we assess the viability of implementing several strategies:

- **Lightweighting/Down-gauging:** We explore opportunities to reduce plastic use across packaging components. This includes lightweighting to minimize the amount of plastic in rigid containers and down-gauging to decrease the micron thickness in flexible packaging.
- **Using PCR:** We continually work to increase our use of post-consumer recycled (PCR) content across various resin types and packaging formats. To support this, we communicate clear expectations and timelines for our suppliers on an ongoing basis, provide them with PCR resources and actively engage with potential partners to help develop PCR content.
- **Recyclability:** We actively look for circularity opportunities to convert non-recyclable packaging to widely recyclable.

In FY25, we reduced another 1.5 million pounds of plastic.<sup>2</sup> See the [Kirkland Signature Plastic Packaging table](#) for a detailed breakdown.

<sup>2</sup> Based on supplier-provided data.

## Costco Reduction Success Stories

Costco has formally tracked our plastic reduction efforts since FY19, seeking opportunities to reduce our packaging footprint year over year. In some years, we have achieved large reductions due to new technology, advancements in materials, or progress in our testing. In other years, our gains have been smaller as we continue to test and seek the next breakthrough. Yet with Costco's volumes, even the smallest improvements can create a significant impact.

Here are some specific examples of our successes in reducing plastic over the last few years.

Costco Reduction Success Stories			
Country	Description	FY implemented	Impact in initial year (pounds) <sup>3</sup>
U.S.	Removed the plastic tray from Kirkland Signature Pulled Pork.	FY25	173K
U.S., Mexico, Canada, Iceland, Sweden	Converted multiple, additional items from plastic carrier handles to corrugated, recyclable handles, including expansion to some items outside the U.S.	FY25	163.5K
U.S.	Converted Kirkland Signature Oil items from plastic carrier handles to corrugated, recyclable handles.	FY24	166.6K
U.S., Mexico	Replaced a two-piece rigid container with a plastic bag for Kirkland Signature Rotisserie Chickens.	FY24	15.1M
Multiple Countries	Moved multiple packaging pieces of Kirkland Signature Dress Shirts from plastic to paper.	FY24	33.1K
U.S.	Changed the outer wrap on Kirkland Signature Bar Soap from plastic to paper.	FY24	31.5K
U.S.	Reduced the plastic foam protective packaging of the Kirkland Signature Driver, Putter and Wedge set by 90%.	FY24	131.7K
South Korea	Removed the plastic label from some Kirkland Signature Bottled Water items.	FY24	144.3K
Multiple Countries	Multiple Kirkland Signature Nut and Mixed Nut items changed from a plastic jar to plastic bag.	FY24	4.6M

<sup>3</sup> Plastic reduction in initial year as shown. Due to variability in product availability and sales year over year, we do not typically share a cumulative estimate for our plastic reductions across multiple years. However, reductions in previous years continue to provide benefits over time.

# Construction, Land Use and Preservation



Costco operates more than 900 locations around the world, with more added every year. We understand the importance of building our new locations with sustainability and respect for natural spaces in mind.

Costco works continually with sustainability experts and architectural partners by meeting every month to identify opportunities for sustainable design.

Our approach to design and construction encompasses internationally accepted benchmarks for green building design and construction. We practice responsible use of materials, energy and water efficiency, and good land stewardship in how we preserve natural spaces and incorporate native vegetation.

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 joists, thanks to engineering and design improvements.
- Use recycled materials where possible, which reduces 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.

## Recycled Materials and Efficient Systems

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, and Mexico locations along with 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 recycled content.

We use recycled asphalt in new parking lots, with recycled concrete base material, if available. We also reuse demolition materials and rocks that are mined from the site where possible. This can help reduce costs by avoiding imported material for the asphalt base and building slab base. In some cases, the larger rocks and/or boulders are used for retaining walls.



When possible, 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.
- Increasing the efficiency of the structural system used to erect the building (columns, beams, trusses and bracing) and envelope (metal roof and siding) to reduce the overall construction duration, saving time and money.
- High-efficiency restroom fixtures that save 32% more water than standard fixtures.
- Capturing mechanical heat from refrigeration systems to preheat hot water tanks.

## Natural Preservation and Landscaping

Preservation of natural landscapes or indigenous lands is important to Costco. Our landscaping designs try to take this into account. As we plan new buildings, we are mindful of wetlands and habitats. We aim to provide larger, shade-producing trees, drought-tolerant plant species, native and ornamental vegetation, and rocks instead of manicured lawns in the landscapes surrounding our buildings. This helps to eliminate irrigation and mowing.

## Exploring Lower Carbon Concrete



To help reduce emissions from our construction-based activities, Costco is actively engaged in exploring the use of materials in concrete that contain higher percentages of lower-carbon materials — for example, limestone, slag, and fly ash, as well as other materials that address the goal of reducing the overall carbon footprint of our construction projects.

These efforts help reduce our footprint in a way that is positive for the environment and also reflect the direction that the construction industry is pursuing.

In FY25, Costco selected six pilot projects to begin testing the use of lower-carbon concrete in footings, foundations, and some site concrete such as curb, gutter and sidewalks. At present, supply and competitive factors related to lower-carbon concrete is a challenge. That said, Costco's intent is to expand testing at up to 12 more sites in FY26.

## Building with Nature in Mind

Several Costco buildings around the world are designed to use energy wisely, conserve water and preserve natural spaces. Here are some examples.



### MERIDA, MEXICO

Preservation of natural landscapes 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) on-site that was restored and rehabilitated. It is named Kakutzal, a Mayan word meaning “back to life” or “rebirth.” Onlookers can view the natural feature from above on an interpretive plaza. The site also features an on-site wastewater treatment plant (foreground, with yellow rail) and water tank (background).



### ICELAND

Iceland's geothermal system produces hot water that provides space heating and supplies hot water 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.

# Chemical Management



Through our Global Chemical Management Policy, we aim to meet or exceed regulatory compliance in an effort to reduce or remove potential chemical harm to consumers, the environment and those who manufacture our items.

At Costco, we manage a comprehensive testing program in which we test for both regulated chemicals and for chemicals of concern (COCs) that may not be legally prohibited.

Contractually, we require our suppliers to comply with laws regarding chemicals in products and packaging. We go further by providing our suppliers with 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 so that they can:

- 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 chemical management strategy and team is led by our Senior Vice President of Global Sustainability and Compliance

who reports to the CEO. Our intent is to continuously review and improve our program at minimum on an annual basis.

See also our summary of Costco Smart Screening results in Table 29 on [Chemical Management](#).

## Chemical Testing and the Costco Smart Screening Program

Costco tests many product categories worldwide for chemicals that are regulated in the countries where we do business. The product categories include both private label and branded items, which are tested annually or when changes are made to a program. Product categories that are tested include juvenile products, food use, furniture, electrical, apparel and home textiles.

Through the **Costco Smart Screening Program (CSS)**, we also work with third-party laboratories to identify and test for COCs. We test using requirements that include regulatory, industry and Costco analytical standards.

Since we cannot test all products within CSS, we prioritize assessments for certain



product categories. A priority in the CSS 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.

Across all testing, Costco works closely with third-party laboratories to conduct analytical tests for both regulated chemicals and COCs. Costco also recognizes and accepts a number of third-party certifications for the CSS 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

Costco publishes Restricted Substances Lists (RSLs) that 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, and the U.S. Toxic Substances Control Act (TSCA), and the following classes of chemicals:

- Alkylphenols (APs) & Alkylphenol Ethoxylates (APEOs)
- Allergic, Carcinogenic, Disperse and Other Dyes
- Asbestos
- AZO Dyes
- Bisphenols

- Chlorinated Paraffins
- Chlorobenzenes and Chlorotoluenes
- Chlorophenols
- Dimethyl fumarate (DMFu)
- Flame Retardants
- Formaldehyde
- Heavy Metals
- Nitrosamines
- Organotin Compounds
- Polycyclic aromatic hydrocarbons (PAH)
- Per- and polyfluoroalkyl substances (PFAS)
- Phthalates
- Solvents & Residuals
- UV Absorbers/Stabilizers
- Volatile Organic Compounds (VOCs)

The RSLs are applicable to both Kirkland Signature™ and branded products for Costco and are regularly updated to keep up with global regulatory chemical restrictions in consumer products. Costco may also request suppliers to disclose if specific chemicals of concern are intentionally added to items. Here are the lists by category<sup>1</sup>:

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

Over the years, as the CSS program has grown to test an increasing number of 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.

## Textiles

The largest category of products in the CSS program is textiles. This area is based on the Apparel and Footwear International RSL Management (AFIRM) Group. The AFIRM Restricted Substance List 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 utilize third-party certifications to protect against harmful chemicals in these products. Some examples of third-party certification programs for both Kirkland Signature and private brands include:

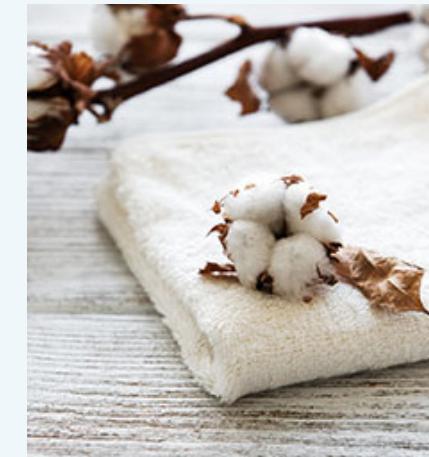
- The Blue Way by BLUESIGN® represents the vision and mindset of responsible and sustainable manufacturing of textile consumer products. More information can be found on the [BLUESIGN](#) website.
- OEKO-TEX® STANDARD 100 assesses over 1,000 harmful substances. Labeled textile products — and each of their components — have been independently tested and certified. More information can be found on the [OEKO-TEX® STANDARD 100 website](#).

## Textiles and Cotton

Textiles and cotton 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 AND TRACEABILITY

We have had a comprehensive Cotton Traceability program for our Kirkland Signature apparel since 2019. Items containing cotton are required to have full supply chain mapping, which identifies sources and steps from the farm level to the final production facility. Additionally, these items undergo third-party document verification and forensic lab testing to confirm the origin of the cotton.



is maintained throughout the supply chain, from feedstock to final product, by combining chain of custody requirements with clear rules for the use of certified organic inputs and labeling claims.

### 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. As a result, at Costco we look to source recycled textiles for our items, with the exception of recycled cotton. 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®.

<sup>1</sup>RSLs not shown here may be used when deemed appropriate by Costco.

- 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](#).

See also our [data regarding OEKO-TEX® certifications for Costco products](#).

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

## Product Packaging

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

- Packaging of products that are part of the CSS program use the AFIRM Group Packaging RSL. Examples of packaging components include paper, wood, cartons, stickers, plastic, finishing dyes, inks, coatings, metal, tape, textiles and desiccants. More information can be found on the [AFIRM website](#).
- Packaging for many product categories that are tested but are not in the scope of the CSS program is 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 Group Packaging RSL. Items from these suppliers will be selected to be audited through CSS testing.

- Food contact packaging materials used in the Costco Meat Department, Bakery, Deli and Food Court are tested in the CSS program. Examples of packaging include meat trays, bakery containers, deli tins and pizza boxes.

Details about Costco packaging and plastic reduction are covered in [Packaging](#).

## Cleaning and Beauty Aid Formulated Products

Suppliers of cleaning and beauty aid formulated products are required to provide Costco with a list of their ingredients on the packaging, on their website, and/or with a third-party chemical management tool. Costco works with third-party platforms such as SmarterX to gather bills of substances (BOS) of any intentionally added chemicals, except fragrances and flavors in products. [SmarterX](#) screens the SKU level BOS against the Costco Restricted Substance Lists and [ChemFORWARD](#) hazard data. ChemFORWARD manages a Data Trust that provides detailed data and scores on both human and environmental hazard levels for nearly 220,000 chemicals. Hazard scores help users identify chemicals that exhibit high hazard(s), those that are uncharacterized with respect to hazard (i.e., a data gap), and those that are considered to be safer based on comprehensive chemical hazard assessments (CHAs).

Costco tests for COCs through CSS on Kirkland Signature cleaning, health and beauty formulated products. Costco recognizes and accepts certain third-party certifications into its CSS program,



which aims to provide safe, traceable, and sustainable products. An example of a third-party certifier for formulated private label and branded 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.

## Chemicals Used in Agriculture and Horticulture

Costco is also concerned about the chemicals applied to live goods and plants, fruits, and vegetables. For more information, see our [Pollinator Health Policy](#) and the [Pollinator Health](#) section.

## Strategy, Training and Education

We educate our buyers and suppliers annually on our chemical testing process, our expectations, and their testing progress. Specifically:

- When a COC is identified in a product or packaging, the information is provided to the suppliers. Suppliers then work on corrective action plans to remove or replace the concerning chemical.
- Reports are provided for suppliers that summarize CSS results against their results in previous years. These allow suppliers to investigate any concerning chemicals within their supply chains across their operations.

We believe that partnering with our suppliers to support development of their chemical management programs is critical, so we provide ample resources to them including the Costco RSLs, CSS results, Good Manufacturing facility audits results, and the [Costco Smart Screening Guide](#) to help them source alternative components and materials.



Additionally, we engage with chemical and consumer product industry groups to increase our understanding and to find more environmentally friendly alternatives for chemicals and practices of concern. For example, we work with [Change Chemistry](#) to identify opportunities to enhance our current chemical management program, understand potential future trends, and gain insight into new sustainable materials and emerging chemistry innovations that support healthier product offerings.

# KPIs and Metrics

This section provides data relating to Costco's non-financial performance as pertains to the topics and initiatives described in this report. Regarding our time range of reporting:

- In most cases, we provide information for the three most recent consecutive years (FY23, FY24, and FY25).
- For metrics with publicly stated base years and for certain commodities, we report on a calendar year and/or lagging basis for the base year plus the most recent reporting years.
- Based on data availability and methodology improvements, for a small number of metrics, we report data for only one to two years.

The data reported below is compiled from sources that we believe are reasonable to rely on at the time of publication. Select metrics are based on supplier-provided data, as noted below. Values may change as new information becomes available, and future reports may be adjusted accordingly.

## People Data

### Workforce

1. Employees and Tenure				
Index	Metric	FY23	FY24	FY25
1.1	Number of employees – Global	316K	330K	341K
1.2	Percentage of employees with 5+ years of service – U.S.	55%	54%	55%
1.3	Percentage of employees with 10+ years of service – U.S.	33%	33%	34%
1.4	Number of employees with 25+ years of service – U.S.	13.5K	15K	17.3K
1.5	Percentage of full-time employees in workforce vs. part-time – U.S.	62.4%	62%	63%
1.6	Percentage of eligible employees <sup>1</sup> enrolled in health benefits – U.S.	96.8%	96.6%	96.8%

<sup>1</sup> Excludes seasonal employees and reflects percentage as of the first week of November per year.

### Communities and Charitable Contributions

2. Charitable Giving and Volunteering				
Index	Metric	FY23	FY24	FY25
2.1	Annual amount donated to charitable organizations per year – U.S.	\$75M	\$84M	\$97M
2.2	Annual amount raised for Children's Miracle Network Hospitals during member drive – U.S., Canada	\$48M	\$48.9M	\$53.7M
2.3	Cumulative amount donated to other schools and organizations for scholarships and educational opportunities since 2006 – U.S.	\$116.3M	\$134.7M	\$152.7M
2.4	Cumulative amount raised through our Workplace Giving Campaign, including matching funds since 1984 – U.S.	\$434M	\$468M	\$509M
2.5	Cumulative number of backpacks donated since 1993 – U.S., Canada	8M	8.4M	8.9M
2.6	Cumulative number of scholarships awarded through the Costco Scholarship Fund since 2000 – U.S.	2.3K	2.6K	2.7K
2.7	Cash grants contributed to Feeding America per year – U.S.	\$7M	\$8.5M	\$11M
2.8	Pounds of food donated to Feeding America per year – U.S.	117M	138M	140.8M
2.9	Warehouses participating in the Costco Volunteer Reading Program per year – U.S., Canada	456	500	566
2.10	Volunteers in Costco Reading Program per year – U.S., Canada	2.6K	3K	3.3K

# Climate Data

## Emissions

We prepare our Scope 1, 2 and 3 greenhouse gas (GHG) emissions inventory annually 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 the 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 13 four-week periods that generally end on the Sunday nearest the end of August. Our inventory includes emissions from carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs). We do not generate emissions of perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>), and these are excluded from our inventory. Additionally, we track hydrochlorofluorocarbons (HCFCs) and hydrofluoroolefins (HFOs) that are used in some of our refrigeration systems. We apply 100-year Global Warming Potential (GWP) values from the Fifth Assessment Report of the IPCC for calculating CO<sub>2</sub> equivalent emissions.

For Scopes 1 and 2, we apply the most recent emission factor set available and relevant to the fiscal year at the time of

analysis. We use emissions factors that are dated to the calendar year of the footprint. For Scope 1 emissions, we apply the most recent EPA factors available. For Scope 2 emissions, we apply country-specific emission factors. 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, World Food LCA Database (WFLDB) activity 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.

We aim to improve our methodology continuously in each year of reporting. Alongside general improvements, we have begun to transition portions of our Scope 3, Category 1 methodology from spend-based calculations to a mix of spend-based and volume-based calculations and will continue to implement data quality improvements over time as the data becomes available. Scope 3 totals for FY20 and FY23 have been restated based on updates in methodology, where relevant.

3. Greenhouse Gas Emissions				
Index	Metric	CY20/ FY20 <sup>1</sup>	FY23	FY24
3.1	Total greenhouse gas emissions (MT CO <sub>2</sub> e) <sup>2</sup>	154M	193M	182.2M
3.2	Scope 1 (MT CO <sub>2</sub> e)	1.2M	1.4M	1.3M
3.3	Scope 2 – Location (MT CO <sub>2</sub> e)	1.5M	1.5M	1.5M
3.4	Scope 2 – Market (MT CO <sub>2</sub> e)	1.4M	1.3M	1.3M
3.5	Scope 3 (MT CO <sub>2</sub> e) <sup>2</sup>	151M	190M	180M
3.6	Scope 1 biogenic emissions (MT CO <sub>2</sub> e) <sup>3</sup>	0 <sup>4</sup>	0 <sup>4</sup>	60.8K
3.7	Scope 3 biogenic emissions (MT CO <sub>2</sub> e) <sup>2,3</sup>	4.4M	6.6M	6.5M

<sup>1</sup> Our Scope 1 and 2 emissions target is set against our total in base year CY20. Our Scope 3 intensity target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

<sup>2</sup> Costco has updated our calculation methodology for Scope 3 categories 1, 4, and 11, as well as our biogenic emissions. We have restated our emissions for years FY23 and FY20 (base year) to incorporate this methodology change.

<sup>3</sup> Biogenic emissions are defined by the [United States EPA](#) as "emissions related to the natural carbon cycle, as well as those resulting from the combustion, harvest, digestion, fermentation, decomposition, or processing of biologically based materials."

<sup>4</sup> FY24 Scope 1 biogenic emissions are from renewable diesel use in our fleet vehicles. Renewable diesel use began partway through FY23, and resulting biogenic emissions in FY23 were considered immaterial and were not reported separately from our Scope 1 footprint.

4. Greenhouse Gas Emissions – Scope 1 and 2 Progress Against Targets				
Index	Metric	CY20 <sup>1</sup>	FY23	FY24
4.1	Scope 1 and 2 – Market (MT CO <sub>2</sub> e)	2.6M	2.8M	2.6M
4.2	Scope 1 and 2 – Progress vs. previous year (YoY)	—	-0.7%	-7.2%
4.3	Scope 1 and 2 – Progress vs. base year	—	5.6%	-2.1%

<sup>1</sup> Our Scope 1 and 2 emissions target is set against our total in base year CY20.

### 5. Greenhouse Gas Emissions – Scope 3 Progress Against Targets<sup>1,2</sup>

Index	Metric	FY20 <sup>1</sup>	FY23	FY24
5.1	Scope 3 intensity (MT CO2e/\$M net sales)	644	616	533
5.2	Percentage change in Scope 3 intensity vs. previous year – Global	—	0.3%	-13.5%
5.3	Percentage change in Scope 3 intensity vs. base year – Global	—	-4.4%	-17.2%

<sup>1</sup> Our Scope 3 intensity target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

<sup>2</sup> Costco has updated our calculation methodology for Scope 3 categories 1, 4, and 11 and restated our emissions for years FY23 and FY20 (base year) to incorporate this methodology change.

### 6. Scope 3 Emissions Breakdown<sup>1,2,3</sup>

Index	Metric	FY20 <sup>1</sup>	FY23	FY24
6.1	Category 1 – Purchased Goods & Services (MT CO2e) <sup>4</sup>	83.5M	95.2M	85.2M
6.2	Category 2 – Capital Goods (MT CO2e)	0.7M	1.1M	1.2M
6.3	Category 3 – Fuel & Energy Related Activities (MT CO2e)	0.4M	0.5M	0.5M
6.4	Category 4 – Upstream Transportation & Distribution (MT CO2e) <sup>4</sup>	9.4M	10.6M	7.7M
6.5	Category 5 – Waste Generated in Operations (MT CO2e)	0.1M	0.2M	0.2M
6.6	Category 6 – Business Travel (MT CO2e)	0.01M	0.02M	0.02M
6.7	Category 7 – Employee Commuting (MT CO2e)	0.4M	0.5M	0.5M
6.8	Category 8 – Upstream Leased Assets (MT CO2e)	Not material for Costco		
6.9	Category 9 – Downstream Transportation & Distribution (MT CO2e) <sup>4</sup>	1.3M	1.6M	1.1M
6.10	Category 10 – Processing of Sold Products (MT CO2e)	Not relevant for Costco		
6.11	Category 11 – Use of Sold Products (MT CO2e)	55.5M	80.6M	83.3M
6.12	Category 12 – End of Life Treatment (MT CO2e)	Not measured		
6.13	Category 13 – Downstream Leased Assets (MT CO2e)	Not material for Costco		
6.14	Category 14 – Franchises (MT CO2e)	Not relevant for Costco		
6.15	Category 15 – Investments (MT CO2e)	Not relevant for Costco		

<sup>1</sup> Our Scope 3 intensity target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

<sup>2</sup> Costco has updated our calculation methodology for Scope 3 categories 1, 4, and 11 and restated our emissions for years FY23 and FY20 (base year) to incorporate this methodology change.

<sup>3</sup> Definitions: Not material - Amount is insignificant; Not relevant - Does not pertain to Costco's business;

Not measured - Costco has not measured and analyzed this category due to lack of available data.

<sup>4</sup> Many of the decreases in Scope 3 are due to two factors: a) a decrease in overall emission factors values as published by the U.S. Environmental Protection Agency (EPA); and b) our product mix, which greatly affects our Scope 3 footprint each year.

### 7. Greenhouse Gas Emissions – Fuel

Index	Metric	FY20 <sup>1</sup>	FY23	FY24 <sup>2</sup>
7.1	Percentage of total emissions from fuel business – Global	36%	42%	45%

<sup>1</sup> Our Scope 1 and 2 emissions target is set against our total in base year CY20. Our Scope 3 intensity target is set against our total in base year FY20, is adjusted for inflation, and excludes fuel.

<sup>2</sup> Increase is primarily the result of an overall decrease on Scope 3 emissions, specifically within non-fuel related emissions.

### 8. Fuel Transition Plan

Index	Metric	FY24	FY25
8.1	Cumulative number of vapor management systems installed – Global	393	539
8.2	Estimated gallons of gasoline loss avoided due to installation of vapor management systems – Global, per year	522K	1M
8.3	Cumulative number of EV chargers for members – Global <sup>1</sup>	200	1.7K
8.4	Cumulative number of EVs purchased through Costco Auto Program to date – Global	103K	193K

<sup>1</sup> FY24: Number of charging stations. FY25: Number of handles in total across all charging stations.

## Energy and Refrigeration

### 9. Electricity<sup>1</sup>

Index	Metric	CY22	CY23	CY24
9.1	Percentage of global purchased electricity from clean sources	19%	21%	28%

<sup>1</sup> Our clean electricity target is based on calendar year reporting. Clean electricity attestations are delivered annually for the prior calendar year, with specific deadlines depending on the program.

### 10. Energy – Other

Index	Metric	FY23	FY24	FY25
10.1	Number of operational on-site solar systems	100	123	126
10.2	Active number of Certified Energy Managers	12	21	21
10.3	Annual number of LED retrofits	142	114	75

### 11. Refrigeration

Index	Metric	FY23	FY24	FY25
11.1	Warehouses with refrigeration retrofits for lower GWP refrigerants – Global	16	21	34
11.2	New warehouses opened with CO2-based refrigeration systems – Global	7	13	11
11.3	Warehouse remodels from freon refrigeration systems to CO2-based refrigeration systems – Global	1	3	5
11.4	Gas swaps from midrange GWP to lower GWP refrigerants – North America	0	3	11
11.5	Advanced leak detection installations – U.S., Canada	27	7	102

## Transportation and Logistics

12. Transportation and Logistics			
Index	Metric	FY24	FY25
12.1	Gallons of diesel fuel replaced with renewable diesel per year – U.S., Canada	6.6M	6.8M
12.2	Estimated avoided miles from Backhaul Program – U.S., Canada	2.8M	8M
12.3	Estimated gallons of fuel saved from Backhaul Program – U.S., Canada	429K	1.2M
12.4	Estimated avoided miles from Ecommerce Big & Bulky initiative – U.S., Canada	1.4M	1.1M
12.5	Estimated gallons of diesel fuel saved by Ecommerce Big & Bulky initiative – U.S., Canada	220K	176K
12.6	Parcels avoided by Ecommerce Smarter Shipping initiative – U.S., Canada	1.9M	2.1M
12.7	Parcels shifted from air to ground delivery through Ecommerce Smarter Shipping initiative – U.S., Canada	18M	19.2M

# Biodiversity and Nature Data

## Responsible Sourcing

To monitor our progress against our Kirkland Signature™ goals related to biodiversity and nature, Costco relies on supplier-provided data. We issue annual surveys to collect this information, and we rely on our suppliers to submit data that accurately reflects their sourcing and practices. Please note that these surveys are scoped to cover our global Kirkland Signature business.

### 13. Beef

Index	Metric	FY23	FY24	FY25
13.1	Percentage of Kirkland Signature beef not sourced from Argentina, Brazil, Colombia or Paraguay <sup>1</sup>	100%	99.9%	100%

<sup>1</sup> Results are based on projections.

### 14. Cocoa

Index	Metric	FY24 <sup>3</sup>	FY25
14.1	Percentage of Kirkland Signature cocoa sourced from certifications and/or programs that promote responsible sourcing practices <sup>1, 2</sup> (USD)	64.2%	81.8%

<sup>1</sup> Responsible sourcing practices include but are not limited to internal requirements on traceability, child labor monitoring and remediation, deforestation risk mitigation, farmer training, and third-party verification.

<sup>2</sup> Results are based on best available supplier-provided data and include projections.

### 15. Coffee<sup>1</sup>

Index	Metric	FY24 <sup>2</sup>
15.1	Percentage of Kirkland Signature coffee certified <sup>3</sup>	79.2%

<sup>1</sup> Results are based on best available supplier-provided data. Coffee data reported on a lagging basis due to the timing of this year's annual survey.

<sup>2</sup> FY24 is Costco's first year of reporting on coffee certification.

<sup>3</sup> Accepted certifications include Fair Trade USA, Fair Trade International, Rainforest Alliance, AtSource and Enveritas.

### 16. Palm<sup>1</sup>

Index	Metric	CY22	CY23	CY24
16.1	Percentage of Kirkland Signature RSPO certified – Physical palm oil	99.2%	99.8%	99.9%
16.2	Percentage of Kirkland Signature RSPO certified – Book & Claim	0.8%	0.2%	0.1%
16.3	Percentage of RSPO Kirkland Signature certified overall	100%	100%	100%

<sup>1</sup> Results are based on best available supplier-provided data. We align to the RSPO ACOP reporting timeline.

### 17. Seafood – Fisheries and Aquaculture<sup>1, 2, 3</sup>

Index	Metric	FY23	FY24	FY25
17.1	Percentage of Kirkland Signature wild-caught seafood from FIPs or MSC-certified fisheries	63.8%	64.7%	72.7%
17.2	Percentage of Kirkland Signature farmed seafood that is ASC certified or from ASC-certified farms	63.9%	72.9%	76.8%
17.3	Cumulative Costco contribution to support improvement projects in seafood from 2016-2025	\$0.9M	\$1.0M	\$1.2M

<sup>1</sup> For FY25, we have adjusted our reporting to reflect combined total contributions to support both fishery- and aquaculture-related improvements.

<sup>2</sup> Results are based on best available supplier-provided data and include projections.

<sup>3</sup> ASC: Aquaculture Stewardship Council. MSC: Marine Stewardship Council.

**18. Soy**

Index	Metric	FY23	FY24	FY25
18.1	Percentage of soy for Kirkland Signature items not sourced from Argentina, Brazil, Colombia or Paraguay <sup>1</sup>	100%	100%	100%

<sup>1</sup> Results are based on best available supplier-provided data and include projections. Does not include embedded soy, such as animal feed, or soy by-products, such as soy lecithin.

**19. Wood, Pulp and Paper<sup>1,2</sup>**

Index	Metric	FY23	FY24	FY25
19.1	Percentage of Kirkland Signature certified by FSC	70.0%	70.9%	70.1%
19.2	Percentage of Kirkland Signature certified by PEFC	12.1%	12.2%	12.4%
19.3	Percentage of Kirkland Signature certified by SFI	17.9%	16.9%	17.5%
19.4	Percentage of Kirkland Signature certified overall	99.9%	100%	100%

<sup>1</sup> Results are based on best available supplier-provided data and include projections. Includes bath tissue, facial tissue, paper towels, parchment paper, gift wrap paper, photo paper, and paper napkin products. Does not include solid wooden products such as furniture and product packaging.

<sup>2</sup> FSC: Forest Stewardship Council. PEFC: Programme for the Endorsement of Forest Certification. SFI: Sustainable Forestry Initiative.

## Animal Welfare

20. Cage-Free Chicken Shell Eggs (% of Total Number of Individual Eggs)				
Index	Metric	FY23	FY24	FY25
20.1	Australia	55.6%	51.6%	63.7%
20.2	Canada <sup>1</sup>	22%	21.3%	22.6%
20.3	China <sup>1</sup>	2.9%	3.2%	3.1%
20.4	France	100%	100%	100%
20.5	Iceland	100%	100%	100%
20.6	Japan <sup>1</sup>	10.1%	6.3%	6.1%
20.7	Mexico	100%	100%	100%
20.8	New Zealand <sup>3</sup>	100%	100%	50.1%
20.9	South Korea <sup>3</sup>	100%	100%	99.1%
20.10	Spain	100%	100%	100%
20.11	Sweden	100%	100%	100%
20.12	Taiwan <sup>1,2</sup>	16.1%	23%	49.8%
20.13	United Kingdom <sup>3</sup>	100%	100%	75%
20.14	United States <sup>3,4</sup>	91.6%	97.1%	84.7%
20.15	Global	77.7%	81.6%	72.9%

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

<sup>2</sup> 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.

<sup>3</sup> South Korea, New Zealand, United Kingdom and the U.S. cage-free supply issues were heavily affected by High Pathogenic Avian Influenza over the last year. To keep eggs in stock for our members, we had to partially resort to conventional or colony eggs.

<sup>4</sup> U.S. includes hard-boiled eggs, in shell and peeled.

21. Pork from Sows in Group Housing with Turn Around				
Index	Metric	FY23	FY24	FY25
21.1	Australia	92.7%	100%	100%
21.2	Canada	87.6%	100%	100%
21.3	China	100%	100%	100%
21.4	France	100%	100%	100%
21.5	Iceland	100%	100%	100%
21.6	Japan	50.5%	54.7%	61.1%
21.7	Mexico	63.6%	72.8%	86.6%
21.8	New Zealand	99.8%	100%	100%
21.9	South Korea	83.9%	94.8%	90.9%
21.10	Spain	98.7%	98.2%	100%
21.11	Sweden	100%	100%	100%
21.12	Taiwan <sup>1</sup>	0.1%	0.7%	0.6%
21.13	United Kingdom	99.4%	99.4%	100%
21.14	United States <sup>2</sup>	97.3%	100%	100%
21.15	Global	90.9%	95.2%	95.8%

<sup>1</sup> We have restated Taiwan numbers and resulting overall Global totals due to a region-specific documentation review.

<sup>2</sup> U.S. includes pork hot dogs from our international food courts as well as pork sourced by our meat department for use in service deli items.

22. Gestation Crate Minimization System <sup>1</sup> - U.S. Kirkland Signature Fresh Pork				
Index	Metric	FY23	FY24	FY25
22.1	Percentage raised in Gestation Crate Minimization (in pounds) (total penetration)	32.6%	34.7%	38.8%
22.2	Percentage of YoY increase in total volume (in pounds) <sup>2</sup>	—	13%	17.4%

<sup>1</sup> We define Gestation Crate Minimization as a limit in the time sows are confined in individual crates, as needed for their health during gestation, to no more than six hours in a 24-hour period and not more than 24 hours in any 30-day period.

<sup>2</sup> FY24 is the first year Costco reported on the percentage of year-over-year increase in total volume (in pounds).

# Resource Management Data

## Water Usage

23. Estimated Global Water Usage				
Index	Metric	FY23	FY24	FY25
23.1	Gallons used ('000s)	4.2M	4.5M	4.7M
23.2	Percentage of water use increase (YoY)	2.2%	7.4%	3.4%
23.3	Water intensity ('000 gallons/\$MM Sales) <sup>1</sup>	17.8	18.2	17.4
23.4	Percentage of facilities with operational water monitoring system <sup>2</sup>	17.7%	96.6%	98.8%

<sup>1</sup> 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.

<sup>2</sup> Includes warehouses, business centers and depot facilities with monitoring systems for water used inside the building. This does not include irrigation. All locations are equipped with water monitoring systems within six months of opening.

## Waste Reduction and Diversion

### 24. Global Waste Diversion<sup>1</sup>

Index	Metric	FY23	FY24	FY25
24.1	Tons (U.S.) of waste to landfill/incineration	316K	349.2K	355.7K
24.2	Tons (U.S.) of waste diverted from landfill/incineration	1.3M	1.6M	1.7M
24.3	Percentage of waste diverted	80.5%	82.1%	82.8%

<sup>1</sup> For a detailed breakdown, see the Global Waste Stream Report in the Appendix.

### 25. Food and Non-Food Donations

Index	Metric	FY23	FY24	FY25
25.1	Pounds of food donations – Global	168.6M	213.5M	223.4M
25.2	Number of meals donated – Global	140.5M	177.9M	186.2M
25.3	Number of warehouses and depots donating food – Global	870	908	932
25.4	Value of non-foods donations (USD) – Global	\$110.7M	\$104M	\$97M

### 26. Food Donations by Type

Index	Metric	FY23	FY24	FY25
26.1	Percentage of food donations – produce, fruit, vegetables (U.S.)	40%	42.7%	46.9%
26.2	Percentage of food donations – grains, bread (U.S.)	18%	16.2%	19.6%
26.3	Percentage of food donations – dairy, protein (U.S.)	13%	12.9%	7.9%

## Packaging

To measure progress against our packaging goals, we issue an annual survey to Kirkland Signature™ suppliers about their packaging footprints for each item sold to Costco. We rely on supplier-provided information.

27. Kirkland Signature Plastic Packaging (U.S. Only)					
Index	Metric	Unit of Measure	FY23 <sup>1</sup>	FY24 <sup>1</sup>	FY25
27.1	Resin Code – 1 PETE	MT	146.4K	135.5K	140.3K
27.2		%	56.6%	52.9%	50.9%
27.3		% PCR	23.6%	28.9%	30.0%
27.4	Resin Code – 2 HDPE	MT	33.7K	34.4K	36.4K
27.5		%	13%	13.4%	13.2%
27.6		% PCR	10.4%	8%	7.5%
27.7	Resin Code – 3 PVC	MT	1.9K	1.8K	1.7K
27.8		%	0.7%	0.7%	0.6%
27.9		% PCR	0.2%	0%	0%
27.10	Resin Code – 4 LDPE	MT	39.6K	47K	48.8K
27.11		%	15.3%	18.3%	17.7%
27.12		% PCR	7.7%	3.2%	4.3%
27.13	Resin Code – 5 PP	MT	26.1K	17.9K	19.3K
27.14		%	10.1%	7%	7%
27.15		% PCR	4.3%	2.6%	0.5%
27.16	Resin Code – 6 PS	MT	1.6K	2K	9.6K
27.17		%	0.6%	0.8%	3.5%
27.18		% PCR	0%	0%	0.1%
27.19	Resin Code – 7 Other	MT	9.3K	17.8K	19.7K
27.20		%	3.6%	6.9%	7.1%
27.21		% PCR	1.2%	7.4%	6%
27.22	Total (all Resin Codes)	MT	258.6K	256.4K	275.9K
27.23		% PCR	16.4%	17.7%	17.5%

<sup>1</sup>FY23 and FY24 results are restated due to updated information.

### 28. Packaging – Other Metrics

Index	Metric	FY23	FY24	FY25
28.1	Pounds of plastic reductions in packaging for Kirkland Signature products and fresh product plastic packaging – Global	14.4M	23M <sup>1</sup>	1.5M
28.2	Pounds of plastic reductions in packaging for branded items – Global	3.5M	3.5M	1.3M
28.3	Metric tons of PCR plastic packaging in Kirkland Signature items – U.S. <sup>2</sup>	42.4K	45.3K	48.2K
28.4	Percentage of Kirkland Signature products with How2Recycle labeling – U.S.	35%	56%	71%
28.5	Number of Kirkland Signature products with How2Recycle labeling – U.S.	500	900	1,100

<sup>1</sup> FY24 total restated due to updated information.

<sup>2</sup> PCR: Post-consumer recycled content.

## Chemical Management

The following chemical management statistics are collected through our products and packaging third-party testing programs.

### 29. Costco Smart Screening Results and OEKO-TEX® Certifications

Index	Metric	FY23	FY24	FY25
29.1	Number of Costco Smart Screening (CSS) reports managed by Costco	6.9K	9.2K	8.8K
29.2	Percentage of CSS results with no COCs <sup>1</sup> (Lab report for product and packaging)	81%	88.5%	88.7%
29.3	Percentage of total CSS reports without COC <sup>1</sup> findings for packaging	88.3%	94.7%	93.9%
29.4	Percentage of increase in OEKO-TEX® Certifications (YoY)	-3%	43.5%	9.4%

<sup>1</sup> COCs: Chemicals Of Concern.

# Appendix

This section contains links to supporting documents that provide additional information or official policy for Costco's environmental, social and governance programs.

## POLICIES AND STATEMENTS

- [Australia Modern Slavery Act Statement](#)
- [California Transparency in Supply Chain Act Disclosure](#)
- [Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act](#)
- [Conflict Minerals Policy](#)
- [Form SD](#)
- [Human Rights Statement](#)
- [Open Door Policy](#)
- [Palm Oil Policy](#)
- [Pollinator Health Policy](#)
- [Supplier Code of Conduct](#)
- [UK Modern Slavery Act Statement](#)

## PROGRAM UPDATES

- [The Bee and Butterfly Habitat Fund Impact Report](#)
- [Casa Apis Impact Report](#)
- [Kirkland Signature Honey Program Highlights \(Project Apis m.\)](#)
- [Packaging FAQs](#)
- [PAm-Costco Scholarship Program \(Project Apis m.\)](#)
- [Sassandra Cocoa Program – Côte d'Ivoire Report](#)
- [Seeds for Bees Impact Report 2024-2025](#)
- [Top U.S. Recipients for Charitable Giving - FY25](#)

## REPORTS

- [Climate Risk Statement 2025](#)
- [Conflict Minerals Report](#)
- [Equal Employment Opportunity summary](#)
- [Global Waste Stream Report 2025](#)
- [Sustainability Accounting Standards Board \(SASB\) 2025](#)

## CHEMICAL MANAGEMENT

- [Apparel & Textiles Restricted Substance List](#)
- [Cleaning & Beauty Aid Restricted Substance List](#)
- [Disposable Baby Diapers Restricted Substance List](#)
- [Disposable Baby Wipes Restricted Substance List](#)
- [Furniture & Hand Goods Restricted Substance List](#)
- [Luggage & Bags Restricted Substance List](#)
- [Packaging Restricted Substance List](#)
- [Smart Screening Guide](#)

## ARCHIVE

- [2024 Sustainability Commitment](#)
- [2023 Sustainability Commitment](#)
- [2022 Sustainability Commitment](#)
- [2021 Sustainability Commitment](#)
- [2020 Sustainability Commitment](#)
- [2019 Sustainability Commitment](#)
- [2018 Sustainability Commitment](#)

# UN SDGs Alignment

Here, we summarize our FY25 initiatives and results as they align with the seven UN Sustainable Development Goals (SDGs) that relate most closely to our business.

SDG	Our Goals	Key Performance Indicators	FY23	FY24	FY25
<b>6</b> <small>CLEAN WATER AND SANITATION</small> 	Water is a precious and limited resource that cannot be wasted. Costco is committed to improving water use efficiency, reducing operational water waste and demonstrating good water stewardship.	Percentage of facilities with operational water monitoring systems <sup>1</sup> (excludes Costco Logistics)	17.7% <sup>2</sup>	96.6%	98.8%
		Global water intensity	17.8 ('000 gal/ \$MM sales)	18.2 ('000 gal/ \$MM sales)	17.4 ('000 gal/ \$MM sales)
<b>8</b> <small>DECENT WORK AND ECONOMIC GROWTH</small> 	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 <a href="#">Supplier Code of Conduct</a> and partnerships in the <a href="#">Human Rights</a> section under People; see also the <a href="#">Employees</a> and <a href="#">Communities</a> sections for examples of worker and community support programs.		
<b>10</b> <small>REDUCED INEQUALITIES</small> 	Costco's philosophy of creating an inclusive and respectful workplace is part of our goal to create a culture in which everyone feels included and respected in all aspects of our business. We also aim to make a positive impact on the communities where we do business.	Gender and racial/ethnic group representation of our employees	See our demographic information in the <a href="#">Inclusion</a> section under People.		
<b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small> 	Costco's goal is to continually decrease the amount of waste going to landfills through reducing food waste at its source, feeding hungry people and animals, supporting industrial programs (i.e., biofuel), composting and other recycling and donation programs.	Waste diversion rates	80.5%	82.1%	82.8%
	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.		For more details, see the <a href="#">Waste Reduction</a> section under Resource Management and the Global Waste Stream Report in the Appendix.		
<b>12</b> <small>RESPONSIBLE CONSUMPTION AND PRODUCTION</small> 	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.	14.4M pounds	23M pounds <sup>3</sup>	1.5M pounds <sup>3</sup>	
	We have aligned our climate-related initiatives using a holistic and integrated approach that considers a number of interdependent issues including not only emissions but also water, biodiversity, forests and land stewardship, and more. Our plan prioritizes the mitigation of Scope 1, 2, and 3 CO <sub>2</sub> e emissions and water usage.	Global Scope 1, 2, and 3 GHG emissions	For more, see the <a href="#">Packaging</a> section under Resource Management.		
<b>13</b> <small>CLIMATE ACTION</small> 			Find more about our Scope 1, 2, and 3 emissions numbers in the <a href="#">Emissions</a> section under Climate.		
			Find details about our other climate-related initiatives, including forests and land stewardship and water usage, throughout the <a href="#">Climate</a> , <a href="#">Biodiversity and Nature</a> , and <a href="#">Resource Management</a> sections.		

SDG	Our Goals	Key Performance Indicators	FY23	FY24	FY25
 <b>14</b> LIFE BELOW WATER	<p>We will prioritize sourcing sustainable seafood products from either wild fisheries or farmed aquaculture in ways that help meet current demands without compromising the availability of resources for future generations.</p>	Percentage of Kirkland Signature wild species product sourced from MSC-certified fishery or in a FIP, based on supplier-reported data	63.8%	64.7%	72.7%
		Percentage of Kirkland Signature farmed seafood sourced from ASC-certified farms or in an AIP, based on supplier-reported data	63.9%	72.9%	76.8%
 <b>15</b> LIFE ON LAND	<p>Our goal is to responsibly source priority commodities associated with a high risk of deforestation. We utilize certifications, monitoring programs, and sourcing from lower-risk geographies. We typically prioritize our efforts around Kirkland Signature™ items but also work to minimize deforestation across our supply chains. Metrics shown here apply to Kirkland Signature items only.</p> <p>For more information, see the <a href="#">Forests and Land Stewardship</a> section under Biodiversity and Nature.</p>	Beef: Percent not sourced from Argentina, Brazil, Colombia and Paraguay	100%	99.9%	100%
		Cocoa: Percent sourced using responsible sourcing practices <sup>4, 5</sup>		64.2%	81.8%
		Coffee: Percent certified <sup>5</sup>			79.2%
		Palm: Percent RSPO certified	(CY22) 100%	(CY23) 100%	(CY24) 100%
		Seafood: See Life Below Water, above			
		Soy: Percent not sourced from Argentina, Brazil, Colombia and Paraguay	100%	100%	100%
		Wood, pulp and paper: Percent certified <sup>6</sup>	99.9%	100%	100%

<sup>1</sup> Includes warehouses, business centers and depot facilities with monitoring systems for water used inside the building. This does not include irrigation. All locations are equipped with water monitoring systems within six months of opening.

<sup>2</sup> 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.

<sup>3</sup> FY24 restated due to updated information. Decrease in FY25 is due to large reduction in FY24 driven primarily by switching Kirkland Signature Rotisserie Chicken packaging from two-sided plastic trays to single plastic bags. While this switch continues to save millions of pounds of plastic over time, we do not calculate cumulative savings across years due to factors such as fluctuating product availability, sales, etc.

<sup>4</sup> We define responsible sourcing practices for cocoa to include sourcing cocoa that is certified, that originates from the Sassandra Program, and/or that is from a vendor/supplier monitoring program.

<sup>5</sup> We began reporting cocoa using current methodology in FY24. We began reporting coffee certification in FY25.

<sup>6</sup> Results are based on best available supplier-provided data and include projections. Includes bath tissue, facial tissue, paper towels, parchment paper, gift wrap paper, photo paper, and paper napkin products. Does not include solid wooden products such as furniture and product packaging.

# Sustainability Accounting Standards Board (SASB)

## FY25

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

Sustainability Accounting Standards Board (SASB) Standards identify sustainability-related metrics for a variety of industries. We reviewed and identified metrics in two SASB industries that are relevant to our operations: Food Retailers and Distributors; and Multiline and Specialty Retailers and Distributors. We report on these selected metrics on the following pages.

Code	Metric	FY22 <sup>1,2</sup>	FY23 <sup>1,2</sup>	FY24 <sup>1</sup>
<b>Air Emissions from Refrigeration</b>				
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants <sup>3</sup>	612,500 MT CO2e	613,600 MT CO2e	673,000 MT CO2e
Reference: <a href="#">Energy and Refrigeration</a> in the Costco 2025 Sustainability Report				
<b>Energy Management</b>				
FB-FR-130a.1	(1) Operational energy consumed <sup>4</sup>	25,748,000 GJ	26,329,000 GJ	24,443,000 GJ
	(2) Percentage grid electricity	57.1%	57.7%	62.8%
	(3) Percentage renewable	3.7%	7.0%	8.9%
Reference: <a href="#">Energy and Refrigeration</a> in the Costco 2025 Sustainability Report				

<sup>1</sup> Costco reports under SASB v2023-12.

<sup>2</sup> Air Emissions from Refrigeration and Energy Management have been restated to align with our fiscal year verified emissions instead of calendar year as previously reported.

<sup>3</sup> U.S. and Canada 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.

<sup>4</sup> Reduction in FY24 compared to FY23 is partially attributable to the discontinuation of our charter shipping activities.

Code	Metric	FY23	FY24	FY25
<b>Fleet Fuel Management</b>				
FB-FR-110a.1	(1) Fleet fuel consumed	2,405,200 GJ	2,909,900 GJ	3,079,600 GJ
	(2) Percentage renewable <sup>5,6</sup>	15% renewable	33% renewable	32% renewable
Reference: <a href="#">Transportation and Logistics</a> in the Costco 2025 Sustainability Report				
<b>Activity Metrics</b>				
FB-FR-000.A	Number of (1) retail locations and (2) distribution centers <sup>7</sup>	(1) 861 warehouses and business centers (2) 108 distribution and logistics centers	(1) 890 warehouses and business centers (2) 104 distribution and logistics centers	(1) 914 warehouses and business centers (2) 103 distribution and logistics centers
FB-FR-000.B	Total area of (1) retail space and (2) distribution centers	(1) 11.7 mil m <sup>2</sup> operating space (126.3 mil ft <sup>2</sup> ) (2) 3.1 mil m <sup>2</sup> distribution and logistics facilities (33.1 mil ft <sup>2</sup> )	(1) 12.2 mil m <sup>2</sup> operating space (130.9 mil ft <sup>2</sup> ) (2) 3.0 mil m <sup>2</sup> distribution and logistics facilities (31.9 mil ft <sup>2</sup> )	(1) 12.5 mil m <sup>2</sup> operating space (134.7 mil ft <sup>2</sup> ), (2) 3.0 mil m <sup>2</sup> distribution and logistics facilities (32.2 mil ft <sup>2</sup> )
<b>Data Security</b>				
FB-FR-230a.1	(1) Number of data breaches	Costco did not identify any material data breaches in FY23	Costco did not identify any material data breaches in FY24	Costco did not identify any material data breaches in FY25
	(2) Percentage that are personal data breaches			
	(3) Number of customers affected			
FB-FR-230a.2	Description of approach to identifying and addressing data security risks	Reference: <a href="#">Governance, Education and Data Security</a> in the Costco 2025 Sustainability Report		

<sup>5</sup> Fuel is determined renewable under U.S. Renewable Fuel Standard (RFS).

<sup>6</sup> FY24 percent of renewable fleet fuel has been restated to reflect updated information.

<sup>7</sup> Distribution and logistics center counts have been restated this year based on the total number of campuses. Facilities with multiple buildings on the same campus are now counted as 1 location for this metric. Costco uses the operational control approach when defining the number of facilities in scope and excludes facilities operated by a third party. Logistics centers that operate on the same campus as a retail warehouse are included in the count of retail locations.

Code	Metric	FY23	FY24	FY25
<b>Workforce Diversity &amp; Inclusion</b>				
CG-MR-330a.1	Percentage of (1) gender for (a) executive management, (b) non-executive management and (c) all other employees			
	Percentage of (2) diversity group representation for (a) executive management, (b) non-executive management and (c) all other employees	Reference: <a href="#">Inclusion</a> in the Costco 2025 Sustainability Report		
<b>Labor Practices</b>				
FB-FR-310a.1	(1) Average hourly wage, for U.S. in-store and distribution center employees <sup>8</sup>	\$27	\$28	\$30
	(1.a) True rate of pay, for U.S. in-store and distribution center employees <sup>8</sup>	\$29	\$30	\$31
	(2) Percentage of in-store and distribution center employees earning minimum wage, by region	All employees earn more than the regional minimum wage		
FB-FR-310a.2	Percentage of active workforce employed under collective bargaining agreements <sup>9</sup>	Approximately 5% of employees are represented by unions		
CG-MR-310a.2	(1) Voluntary turnover rate for in-store and distribution centre employees	14.0%	12.5%	10.0%
	(2) Involuntary turnover rate for in-store and distribution centre employees	14.3%	13.9%	12.4%
	(2.a) Involuntary turnover of regular workforce <sup>10</sup>	3.6%	3.5%	3.1%
Reference: <a href="#">Employees</a> in the Costco 2025 Sustainability Report				

<sup>8</sup> SASB average hourly wage and SASB true rate of pay are calculated as an average for the entire reporting period. SASB true rate of pay includes twice-yearly Extra Checks for long-tenured hourly employees. The average hourly rate at the end of FY25 was approximately \$32.00 per hour as disclosed in our FY25 10-K, which is calculated using average wage data at the end of FY25 as opposed to the entire fiscal year.

<sup>9</sup> Represents the percentage of employees covered under a collective bargaining agreement at fiscal year-end.

<sup>10</sup> We include involuntary turnover of regular workforce, which excludes our seasonal workforce as this better represents our normal turnover.

Many statements contained in the [Costco.com](https://www.costco.com) Sustainability website and the annual Costco Sustainability Report are aspirational and relate to the manner in which the Company currently seeks or intends to conduct certain of its activities, based on management's current plans and expectations. We rely on supplier provided data that is not necessarily verified by Costco Wholesale or an independent third party. These statements are not promises, guarantees, or statements on which you should rely with respect to the Company's conduct or policies, and are subject to a variety of risks and uncertainties, some of which may be material and/or beyond the Company's control. In addition, certain statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects or anticipates may occur in the future. In some cases forward-looking statements can be identified because they contain words such as "anticipate," "believe," "consider," "continue," "could," "estimate," "expect," "explore," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "test," "will," "would" or similar expressions and the negatives of those terms. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks and uncertainties include, but are not limited to, domestic and international economic conditions, including exchange rates, inflation or deflation, the effects of competition and regulation, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, actions of vendors, rising costs associated with employees (generally including health-care costs), energy and certain commodities, geopolitical conditions (including tariffs and the Ukraine conflict), the ability to maintain effective internal control over financial reporting, regulatory and other impacts related to climate change, public-health related factors, and other risks identified from time to time in the Company's public statements and reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update these statements, except as required by law. Statements reflect Costco's intent globally but are not promises or guarantees of specific activities everywhere we operate.

Last Updated: November 2025