

Particulars

About Your Organisation

1.1 Name of your organisation

Costco Wholesale Corporation

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- Palm Oil Grower
- Processor and/or Trader
- Consumer Goods Manufacturer
- Retailer
- Bank and/or Investor
- Social and/or Development NGO
- Environmental and/or Conservation NGO
- Affiliate

1.3 Membership number

3-0084-16-000-00

1.4 Membership category

Retailers

1.5 Membership sector

Ordinary

Retailers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain

- Retail - with own brand products
- Retail - without own brand products
- Food service providers
- Retail wholesalers
- Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

2.1 Please list down all operations and subsidiaries using palm oil that are owned and/or managed by the member, including those under Group Membership

Costco Wholesale Corporation operates an international chain of membership warehouses, mainly under the "Costco Wholesale" name. We are principally engaged in the operation of membership warehouses in the United States (U.S.) and Puerto Rico, Canada, United Kingdom (U.K.), Mexico, Japan, Korea, Australia, Spain, France, Iceland, China, and through a majority-owned subsidiary in Taiwan. Our common stock trades on the NASDAQ Global Select Market under the symbol "COST."

2.1.1 In which markets does your company retail goods with palm oil and oil palm products?

Australia ,Canada ,China ,France ,Iceland ,Japan ,Korea ,South ,Mexico ,Puerto Rico ,Spain ,Taiwan ,United Kingdom ,United States

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products in the year:

| Description | Tonnes |
|---|----------|
| Total volume of crude/refined palm oil (tonnes) | 5453.49 |
| Total volume of crude/refined palm kernel oil (tonnes) | 2660.12 |
| Total volume of palm kernel expeller (tonnes) | 27.29 |
| Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes) | 16938.31 |
| Total | 25079.21 |

2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question RT.2.2.4) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

| Description | Percentage |
|---|------------|
| Palm oil-based derivatives and fractions | 62.0 |
| Palm kernel oil-based derivatives and fractions | 38.0 |

2.3 Volume of RSPO-certified palm oil and oil palm products (palm-content only) used in your company's own brand products in the year (tonnes):

| Description | Crude/Refined Palm Oil (CSPO) | Crude/Refined Palm Kernel Oil (CSPKO) | Palm Kernel Expeller (CSPKE) | Certified Derivatives and Fractions |
|---|-------------------------------|---------------------------------------|------------------------------|-------------------------------------|
| RSPO Credits from Mill / Crusher | 87.07 | 397.93 | 0.0 | 1226.42 |
| RSPO Credits from Independent Smallholder | 80.56 | 0.0 | 0.0 | 6.4 |
| Mass Balance (MB) | 4220.64 | 2189.95 | 0.0 | 15354.91 |
| Segregated (SG) | 164.14 | 52.95 | 13.54 | 134.53 |
| Identity Preserved (IP) | 254.57 | 0.0 | 0.0 | 0.13 |
| Total | 4806.98 | 2640.83 | 13.54 | 16722.39 |

2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question RT.2.3) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

| Description | Percentage |
|---|------------|
| Certified Palm oil-based derivatives and fractions | 62.0 |
| Certified Palm kernel oil-based derivatives and fractions | 38.0 |

2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:

96.43%

2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?

No

2.4.2 Please explain why you do not intend to cover the gap using RSPO Credits

For this reporting year, Costco is continuing to direct our suppliers to purchase physical CSPO for the private label products that they produce on our behalf.

2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question RT.2.3) in the following countries/regions:

| Countries/Regions | Percentage |
|--------------------------|-------------------|
| Europe | 3.0 |
| North America | 87.0 |
| Malaysia | 0.0 |
| Indonesia | 0.0 |
| China | 0.0 |
| India | 0.0 |
| Latin America | 3.0 |
| Africa | 0.0 |
| Rest of World | 7.0 |

3. TimeBound Plan

3.1 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2016

3.1.1 If the previous target year for RT.3.1 has not been met, please explain why.

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3.2 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2021

3.2.1 If the previous target year for RT.3.2 has not been met, please explain why.

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3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

2021

3.3.1 If the previous target year for RT.3.3 has not been met, please explain why.

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3.4 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

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4. Trademark Use

4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- Challenging reputation of palm oil
- Confusion among end-consumers
- Costs of changing labels
- Difficulty of applying for RSPO Trademark
- Lack of customer demand
- Limited label space
- Low consumer awareness
- Low usage of palm oil
- Risk of supply disruption
- Others

Others

5. Actions for Next Reporting Period

5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

We will continue to request our Kirkland Signature suppliers that use palm oil and oil palm products to sign our supplier commitment stating that they are committed to help us reach our goal of using all CSPO by 2021 or sooner. We have internal guidelines for buyers to source only CSPO for private label goods and strongly encourage branded suppliers to utilize CSPO as well. We will continue to work with our Kirkland Signature suppliers to help them transition to CSPO, in order to meet our time bound goal. We have identified our private label suppliers that are not currently using CSPO in our Kirkland Signature items and are working with them on a time bound plan to be compliant.

6. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

6.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

6.1.1 Does the policy cover:

- No discrimination
- Wage and working conditions
- Freedom of association
- No child labour
- No harassment
- No forced or trafficked labour

6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

Ethical Conduct & Human Rights

6.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

6.2.1 Does the policy cover:

- Recruitment
- Contractors
- Sub-Contractors & Third-Party Contractors

6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

Land Use

6.3 Does your company have a publicly-available Policy covering Land Use?

Yes

6.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

Occupational Health & Safety**6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

Yes

Climate Change & Greenhouse Gas (GHG)**6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

6.5.1 Does the policy cover:

- Identification and assessment of GHG
- Public reporting of GHG footprint
- Monitored implementation plan to reduce or minimise GHG emissions

6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

Yes

Complaints & Grievances**6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>

Yes

Smallholders**6.7 Does your company support oil palm independent smallholder groups?**

Yes

6.7.1 Does this support cover:

- Fair and transparent dealings with Smallholders
- Improved Smallholder livelihoods

6.7.2 How is your company supporting them?

Costco is supporting oil palm independent smallholder groups by setting expectations in our Palm Oil Policy and working with our suppliers to meet this policy. The Costco Palm Oil Policy states in Section 7: 7. Support for the integration of smallholders into sustainable supply chains. Additionally, in 2017, Costco completed a 14-month partnership project with IDH Sustainable Trade Initiative, Winrock International and Cargill to develop a draft Protocol for Oil Palm Independent Smallholders for Sustainable and Responsible Management of Peat Areas. In 2016, Winrock led a series of meetings and workshops with smallholders, government representatives, researchers, NGOs and other stakeholders to develop a draft protocol that sets forth a step-by-step program to manage peatlands in a sustainable manner, increase market access for smallholders and reduce greenhouse gas emissions. It was field-tested with collectors, palm mills and farmers in Siak Regency, Riau Province, Indonesia. With their input it was further revised and then presented at a national seminar for additional feedback and dissemination of information. Now it is being shared with other organizations to promote implementation and alignment. The goal is to make it available to all stakeholders to serve as a sustainable guideline for smallholders to preserve peat areas.

7. Challenges

7.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- No challenges faced
- Others

Others

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7.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

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7.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

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