



## Our Commitment

We're pleased to share our annual update of our Sustainability Commitment. This Commitment reports our progress to date, explains the efforts and steps we are taking to achieve our global sustainability goals, and includes information from our latest fiscal year, which ended Sept. 3, 2023 (FY23).

With more than 850 warehouses around the world, we understand the impact we have on environmental and sustainability issues globally. We believe sustainability is doing the right thing for our members, employees, suppliers, shareholders, communities and the environment. We have an obligation and responsibility to do our part, and we are committed to continuous improvement across all elements of our business. Here are a few highlights from this past fiscal year:

**Our Climate Action Plan:** Our plan details our holistic strategy on how we will do our part to address climate change. Our Global Energy Strategy is driving change to help us meet our Scope 1 and 2 direct absolute emissions reduction target of 39% by 2030. Included in this strategy are smarter operating procedures, lower carbon equipment in our warehouses and transportation networks, upgraded LED lighting, and the purchase of clean energy. The majority of our indirect Scope 3 emissions are related to our supply chains, and this year we set an intensity reduction target of 20% by 2030, excluding fuel. To help us meet this target, we have a Scope 3 Action Plan that focuses on supplier energy transition, regenerative and deforestation-free agriculture, sustainable livestock, energy-efficient items, sustainable packaging and a fuel transition plan.

**People & Communities:** Employee inclusion and development remain high priorities for us, and we are showing progress through numerous programs we offer our employees. We budget 1% of pretax profits for select charitable contributions. In FY23, that amount totaled more than \$75 million, an all-time high. Our charitable donations extend beyond these financial contributions to food and non-food donations from our warehouses. This makes a significant difference in our communities — adding up to 140 million meals donated through our partners — while helping us keep usable goods out of landfills. We have also increased our financial commitment to community investments that support Black- and women-owned small businesses. Finally, we continue to support our Supplier Diversity goals and have highlighted a few success stories this year.

**Operations:** Through our STAR program, we continue to improve the practices we follow in our warehouses to minimize water, waste, energy and emissions, and to meet our environmental compliance obligations. In our transportation network, which includes depots, smaller distribution centers and our Business Delivery fleet, we are piloting programs to replace traditional diesel-powered equipment with electric equipment, and we've started using renewable diesel in our California depots. We will expand these programs where feasible.

**Merchandising:** To help us responsibly source goods, we ask our suppliers six questions that address people, animals and the environment. We're also asking suppliers for details on their own emissions plans, as we know the steps they take are critical to our mutual goal of emissions reduction. Another important area is the packaging of our goods, as we seek smarter ways to reduce materials and use more recycled content. This past year we rolled out new packaging in numerous product categories, such as replacing the traditional plastic jars with smaller plastic sacks for our line of Kirkland Signature™ nuts. These efforts are making a difference: In FY23, we eliminated 14.4 million pounds of plastic in our Kirkland Signature and fresh produce packaging.

In summary, our efforts are woven into all aspects of our business. We support them through our organizational structure, training and commitment to continuous improvement. As always, we thank our employees, suppliers, members and the communities where we operate for their continuing support as we work together to do our part to help our world thrive.

Craig Jelinek  
Chief Executive Officer

Ron Vachris  
President & Chief Operating Officer

