

Minimizing Waste



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%. See our [Global Waste Stream Report](#) for our annual update.



Diverting Waste from Landfill

Effective waste diversion conserves natural resources, saves energy, cuts expenses and reduces emissions. We continue to examine our waste disposal programs to maximize efficiency and reduce costs.

Regarding our 80% diversion goal, in fiscal year (FY) 2023, we diverted 80.5% of our waste from landfills. 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. Costco is committed to expanding these programs through partnerships, enhanced efficiencies and emerging technologies. See our five-year waste-diversion and donation results on page 7.

Tracking Emissions

Costco started measuring its baseline for total waste emissions in FY20. Since then, we have estimated our total Scope 3 (GHG Protocol Category 5) waste emissions for all reporting Costco locations based upon the total tonnage to landfill and total tonnage diverted. Here are the results:

- FY20: 137,098 mtCO₂e
- FY21: 147,138 mtCO₂e
- FY22: 154,090 mtCO₂e
- FY23: 168,967 mtCO₂e

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



Preventing Wasted Food

One way of reducing food waste in our operations is by creating 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, reflecting local tastes, such as chicken noodle soup and pot pies in the U.S.; enchiladas and pizza in the UK; and Singapore Laksa in Taiwan.

Likewise, ground beef from the U.S. meat departments are 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 food that is still fit for human consumption out of landfills.

Food Donations

Costco has programs and partnerships with [Feeding America](#), [The Global FoodBanking Network](#) and 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. Our U.S., Canada and Mexico warehouses have added the ability to donate cooked food from our Food Courts by creating food safety procedures. More information can be found in our *Costco Connection* article, [Do not discard](#).

We understand the importance of the types of food donated, so we strive to provide healthy and nutritious food. In FY23, 71% of the food donated in the U.S. was in the following categories:

- Produce/fruit/vegetables (40%)
- Grains/bread (18%)
- Dairy/protein (13%)

Other Uses for Food

- We divert organic materials for feed to local programs, including animal sanctuaries, rescue centers, local farms for cattle, hogs and other animals, and city zoos.
- Organic waste is recycled into usable products, such as organic fertilizer, biofuels and electricity. For example, our chicken grease from rotisserie chickens is converted into biofuel.
- Some locations send organic waste to commercial compost facilities to create a nutrient-rich soil conditioner.
- Where possible, trash from our in-warehouse compactors is hauled to waste-to-energy facilities.





Reducing Non-Food Waste

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

Donating

Costco has grown its program with [World Vision](#) to donate first-quality items that used to be destroyed, recycled or returned to the supplier. These items are donated to people in need around the world. More information can be found in the [Costco-World Vision Summary](#), which contains a list of the items donated and some stories that illustrate the impact of these donations. 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

Costco has partnered with Assist International for an Eyeglass Donation Program. 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.



The Making of a Trash Bag

Working with supplier Poly-America, Costco has developed a program to recycle the stretch film that encases products on pallets during the shipping process for use in making some Kirkland Signature™ trash bags. Here's how this closed-loop process works:

- Stretch film secures products as they are transported to Costco locations. In the warehouses, this film is cut off and put into balers.
- The bales of clean stretch film are sent to Poly-America plants. There, the film is broken apart, shredded into small particles, washed and dried.
- This material is then extruded into pellets for use in making new products. These pellets are known as post-consumer recycled (PCR) content, and are useful for new products.
- Finally, the pellets are used in the manufacture of certain Kirkland Signature trash bags. Those bags, incidentally, are shipped to Costco's distribution depots in stretch film, and the process begins all over again.



Recycling

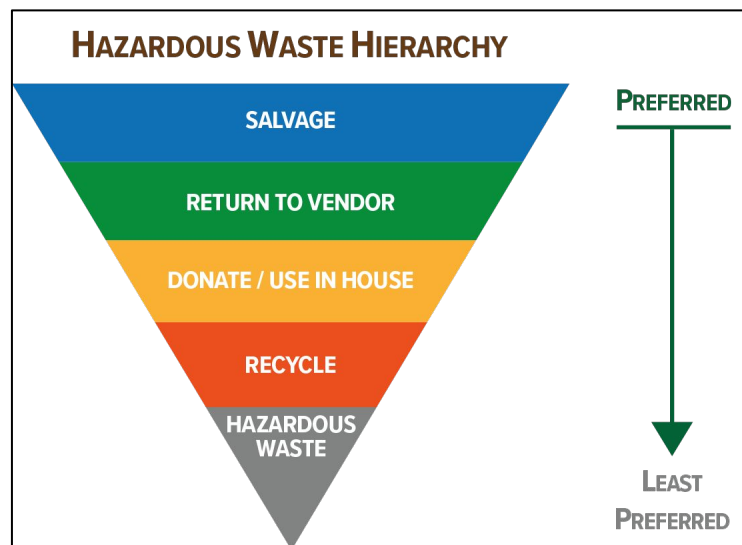
We have developed programs to recycle a wide variety of materials (actual amounts are shown in this [Global Waste Stream Report](#)):

- **Corrugated Cardboard and Shrink-Wrap.** We send shrink-wrap and corrugated material generated from daily operations to our distribution centers for recycling.
- **Tires.** While 15% of our tires are resold, over 80% are recycled into uses like crumb rubber for roads or decorative mulch.
- **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.
- **Styrofoam®.** In certain locations, expanded polystyrene (foam) is densified and distributed to manufacturers that make picture frames, crown molding and other polystyrene products.

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. We are expanding similar training internationally where feasible.

Reducing Hazardous Waste

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



- **Electronic Recycling.** We use an electronic recycling program through approved, licensed recycling vendors. We are able to manage both member returns and company assets while ensuring the highest levels of sensitive data destruction alongside material recovery through the vendor's e-scrap shredding system.
- **Batteries & 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.

Waste Minimization: By the Numbers

Waste Diversion

	FY19	FY20	FY21	FY22	FY23
Landfill/Incineration (US tons)	312,487	291,269	327,874	317,663 ²	315,512
Diverted from Landfill/ Incineration (US tons)	831,594	907,114	1,188,243	1,262,477 ²	1,300,775
Diversion %	72.7%	75.7%	78.3%	79.9% ²	80.5%
Reporting Regions	10	12	12	12	14

Donations Over The Past Five Years

	FY19	FY20	FY21	FY22	FY23
Food Donations (Millions Lbs.)	76.9	92.8	99.0	125.8	168.6
Meals Donated (Million Meals)	64.1	77.3	82.5	104.8	140.5
Warehouses & Depots Donating Food	772	794	823	844	870
Number of Non-Food Pallets Donated	42,493	54,332	80,304	131,438 ¹	100,933
Non-Food Product Value (\$, Millions)	\$76.2	\$79.9	\$137	\$278	\$110.7

¹ The number of pallets significantly increased in FY21-22 because our growing Costco Logistics program, which delivers appliances, TVs and other large items purchased on Costco.com, is now part of our donation program.

² These figures from FY22 are corrected from last year's report.