



Our Approach

Our goal is for our suppliers to create wood, paper and fiber-based products with as little impact to the ecosystem as possible while still delivering the quality and price our members demand. To meet our goal of offering items that are responsibly sourced from forests, we accept forest management certifications from three leading organizations: Forest Stewardship Council® (FSC)¹, Sustainable Forestry Initiative (SFI) or Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. These certifications help to ensure that the needs of the forest ecosystems and their communities are balanced with conservation.

As described here, recycled fibers play a critical role in many of our products, such as our Kirkland Signature[™] paper-based packaging. Where virgin fibers are preferred, such as our Kirkland Signature Bath Tissue, we seek to use fibers that are responsibly sourced.

¹ Costco's FSC license code FSC-N003307





Fiber-Based Packaging



Our packaging goals are to reduce the amount of packaging used, while still protecting the product's integrity. Fiber for paper-based packaging should come from known sources, should be procured legally and should not contribute to deforestation. Because there is a limited supply of certified fiber, we highly encourage the use of recycled content whenever possible.

More information can be found on the "Packaging" page of our Merchandising section.

Kirkland
Signature
Paper-Based
Products

Our goal is to have all 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 don't contribute to deforestation or degradation.





Product Focus: Kirkland Signature Bath Tissue

Kirkland Signature Bath Tissue is one of the most popular products sold at Costco. Its quality, price and convenient large packs make it an economical choice for families and businesses alike.

Given the enormous quantity of bath tissue we sell worldwide, we follow a very deliberate method to produce this product with forest conservation as the key goal. Here's a look.

Recycled fibers play important roles in making everyday products like paper and cardboard that don't require much softness or absorbency. We use these fibers to make up the majority of our Kirkland Signature paper-based packaging.

Virgin fibers offer strength, softness and absorbency — qualities that our members seek in premium bath tissue and similar products. 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.

In doing so, it's critical to note that we would not use virgin fibers in our products if we were not confident that they are responsibly sourced. This means that rigorous standards and processes have been followed in sourcing these materials, giving us confidence that the needs of the forest ecosystems and their communities are balanced with conservation.

For members who prefer paper products that don't use virgin fibers, we offer a selection of paper products on Costco.com that utilize either post-consumer recycled fiber or fiber alternatives.







Kirkland Signature 100% Product Certified FY23

Kirkland Signature Product Type







Bath Tissue	99.4%	0.6%	
Paper Towel	6.1%	52%	41.8%
Napkin	1.8%	98.2%	
Facial Tissue	87.4%	12.6%	
Parchment Paper	100%		
Gift Wrapping Paper	100%		
* Photo Paper	100%		
Total by Certification	70%	17.9%	12.1%

^{*} Photo paper transitioned to FSC certification part way through the year **Note**: In total, 99.9% of Kirkland Signature paper products were certified under one of these schemes in FY23

Other examples include:

- All of the register tape used in our U.S. and Canadian warehouses is FSC-certified and is also phenol-free (no BPA or BPS). We are working to expand that to warehouses and gas stations worldwide. Japanese warehouse and gas station receipts now use fiber from FSC-certified sources. More information can be found on the "Chemical Management" page of our <u>Merchandising section</u>.
- Many of Costco's printed materials, such as our Costco
 Connection magazine and various promotional fliers, use
 certified fiber. The certification varies by product and region.
- Our U.S. warehouse pharmacy transitioned to member bags with FSC-certified recycled content.



Kirkland Signature Baby Wipes



Costco is committed to providing members with wipes that are sourced in an environmentally responsible manner.

For example, Kirkland Signature[™] Baby Wipes are made with biodegradable, renewable fibers derived from 100% plant-based materials that are FSC certified. In addition, the fibers for Kirkland Signature Daily Facial Towelettes, and Kirkland Signature[™] Flushable Wipes are also FSC certified. For more information, see this Costco Connection article.

FSC & Wood Products

After a 10-year moratorium on teak, in 2015 we began selling a limited amount of outdoor teak furniture that was 100% FSC certified. We continue to require that teak sold at Costco 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 continue to expand our scope of FSC certification as we are committed to responsible wood sourcing.

To learn more about our product testing of furniture products, please visit the "Chemical Management" page of our <u>Merchandising section</u>.

