Protein & Plant-Based Alternatives



Sustainable Beef Production Costco recognizes that beef production has an impact on the environment and, depending upon the practices employed, the impact may be negative, positive or somewhere in between. Costco encourages suppliers to support good land stewardship practices. In response to concerns that beef production contributes to tropical deforestation in countries such as Argentina, Brazil, Colombia and Paraguay, our intent is not to source beef from high-risk deforestation regions until comprehensive traceability and monitoring systems are in place. We have notified suppliers that Kirkland Signature[™] items containing beef, including beef sold in our fresh meat cases, should not come from these regions. We engaged with our buyers and suppliers to confirm compliance, and did not find beef from those countries of concern in fiscal year (FY) 2023.

According to supplier reports for FY23, over 95% of the beef in Kirkland Signature items came from the U.S., Canada, Australia and New Zealand.

Costco is a member of the <u>U.S.</u> and <u>Canadian</u> Roundtables for Sustainable Beef, with a mission to advance, support and communicate continuous improvement in the sustainability of U.S. and Canadian beef production by educating and engaging the beef value chain through a collaborative multi-stakeholder effort. These organizations facilitate the system-level change that is needed to address many of our environmental concerns.

Costco, in partnership with others in the U.S., is exploring how we can support ranchers to evaluate their management practices with key indicators linked to economic, social, livestock and environmental outcomes.



Beef and Preserving Native Grasslands



Costco recognizes that one of the greatest threats to native grasslands or prairies is conversion to cropland. We also recognize that responsible beef production can be linked to the preservation of native grasslands in places like the Northern Great Plains (NGP) of the U.S., where the intact grasslands ecosystem is compatible with responsible cattle grazing.

Costco encourages suppliers to support responsible grazing, which helps maintain the health of grasslands, improves soil quality with manure, and preserves open space and wildlife habitat. Additionally, carbon is sequestered in the grasses and soils of grazing lands that are properly managed. Beef production also provides social benefits by sustaining livelihoods and community vibrancy in rural areas where grasslands dominate. Keeping the NGP as grasslands not only helps conserve biodiversity, but it also means cleaner streams, less fertilizer runoff, more pollinators for plants and more carbon stored in the soil.



Plant-Based Alternatives Costco is aware of the need for protein diversification as an additional way to address deforestation and climate change. We will continue to offer a selection of plant-based proteins as alternative protein offerings to our members. Some examples include plant-based burger patties from companies such as Beyond Meat and Impossible Foods.



