



October 15, 2021

VIA EMAIL (*shareholderproposals@sec.gov*)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

**Re: Shareholder Proposal Submitted by American Baptist Home Mission Societies,
Trinity Health and Franciscan Sisters of Perpetual Adoration**

Ladies and Gentlemen:

Costco Wholesale Corporation, a Washington corporation, is writing to respond to the letter dated October 5, 2021 from David L. Moore, on behalf of the American Baptist Home Mission Society as lead filer, together with Trinity Health and Franciscan Sisters of Perpetual Adoration (collectively referred to as the “Proponent”). The letter from the Proponent was in response to the request from Costco dated September 21, 2021 (the “No-Action Letter”) that the Staff concur in Costco’s view that it may exclude a shareholder proposal submitted by the Proponent from Costco’s proxy materials for its 2022 annual meeting of shareholders under Rule 14a-8(i)(10) because Costco has substantially implemented the proposal.

The proposal requests “a report . . . describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.” A copy of the proposal is included with this letter as Exhibit A.

As discussed in the No-Action Letter, a proposal may be considered substantially implemented under Rule 14a-8(i)(10) where the company has satisfied the proposal’s underlying concerns and essential objectives, even if the action taken by the company is not identical to the guidelines set forth in the proposal. It appears that the Proponent is unhappy with the substance of Costco’s Food Security Report in that it feels that Costco is not doing enough to address what the Proponent believes are issues in society more broadly (nowhere does the Proponent identify specific elements in Costco’s business model or operations that contribute to food insecurity, despite repeated requests from Costco). But that apparent substantive dissatisfaction with Costco and its business model does not mean that Costco has failed to deliver the report requested.

The Food Security Report (described in the No-Action Letter and included again with this letter as Exhibit B) demonstrates Costco's holistic approach to food security in all the communities in which it operates, including through its affordable, nutritious food offerings and its philanthropic efforts.

The Proponent's letter fails to show a lack of substantial implementation:

- Proponent dismisses Costco's philanthropic efforts as irrelevant to the proposal, arguing that these efforts do not relate to Costco's core food business. To the contrary, Costco's philanthropic efforts are an integral part of its core food business of increasing access to nutritious food in all the communities where it operates. By definition, these charitable programs serve those disproportionately at risk for food insecurity.
- Proponent argues that the Food Security Report does not address the proposal's "core concern . . . of the link between structural racism and access to nutritious food," even implying (without support) that Costco may not make the same nutritious foods available in all its locations, "particularly stores in areas with large nonwhite populations." The Food Security Report states that Costco's holistic approach is to provide affordable, nutritious food offerings in all the communities where it operates, which is inclusive of communities where structural racism may have contributed to nutrition insecurity and related health disparities. Costco's business model is implemented in the same fashion across the country—while there are slight variations in offerings to address regional tastes and preference (like selling surfboards in San Diego), it does not and would not offer certain areas less favorable access to healthy foods. That Costco's broad scale efforts to provide nutritious food at great values benefit all of its members does not gainsay that less fortunate members also benefit.
- The Proponent fails to distinguish *Exelon Corp.* (Feb. 26, 2010) and *The Boeing Co.* (Feb. 17, 2011), where the Staff concurred in exclusion on substantial implementation grounds. The Proponent argues that in those instances the company took action to revise its policies and procedures that implemented the requests of the proposal. Costco, on the other hand, does not need to revise its policies and procedures but as described in the Food Security Report already has in place policies and procedures that substantially implement the proposal. Again the Proponent has confused a desire for substantive action (which the proposal does not request) and the delivery of a report that states the facts.

Based upon the foregoing analysis, in addition to the arguments set forth in the No-Action Request, we respectfully request that the Staff confirm that it will not recommend to the Commission that enforcement action be taken against Costco if it excludes the proposal from its proxy materials for its 2022 annual meeting.

Office of Chief Counsel

October 15, 2021

Page 3

We would be pleased to provide any additional information and answer any questions that the Staff may have regarding this submission. If the Staff does not concur with Costco's position, we would appreciate an opportunity to confer with the Staff concerning this matter prior to the determination of the Staff's final position. Please contact me at (425) 427-7577 to discuss any questions you may have regarding this matter. Please email a response to this letter to jsullivan@costco.com.

Sincerely,

A handwritten signature in black ink that reads "John S. Sullivan". The signature is written in a cursive, slightly slanted style.

John Sullivan
Senior Vice President, General Counsel and
Secretary

Enclosures

cc: David L. Moore, American Baptist Home Mission Society
Gina Falada, American Baptist Home Mission Society
Catherine Rowan, Trinity Health
Christopher Cox, Franciscan Sisters of Perpetual Adoration

Exhibit A

The Proposal

Racial Justice and Food Equity 2022 - Costco Wholesale Corporation

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

Whereas: The COVID-19 pandemic amplified the impacts of structural racism and inequality in the food system, leading to higher rates of food insecurity and health disparities among communities of color.¹ As the fifth largest food retailer in the United States, Costco has an opportunity to use its leverage to advance racial justice and nutrition equity objectives through its core business.²

While Costco's Sustainability Commitment includes an ambition to "make a positive contribution to the health of the communities where we do business" and Costco's corporate philanthropy objectives include "economic development in communities of color," it is not evident whether these same principles are applied to Costco's food business model.³

Costco publishes sustainability goals for its food products that address social and environmental impacts in the supply chain, however, these goals do not include any explicit targets for increasing access to healthy food in the communities where it operates, which is a salient issue for Costco and an important consideration for product development.⁴ Costco is lagging peers in this area. For example, Walmart publishes an explicit commitment on increasing access to healthier and more affordable food.⁵

Costco's approach to marketing is unique in that it does not invest in traditional advertising in order to keep product costs low; however, the company still communicates to its members through targeted direct mail with sales promotions, email marketing, and in-store sampling. Investors lack information about the extent to which Costco is prioritizing healthy food products or addressing racial disparities in access to nutrition when it makes decisions about how to promote different grocery products and food court offerings in its warehouses. With the exception of a healthy shopping tips webpage, Costco's messaging consistently focuses on product cost and quality without addressing nutrition.⁶

¹ https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA_Spotlight-Black-Community_LR-1.pdf

² <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2021-list>

³ <https://www.costco.com/sustainability-communities.html>

⁴ <https://www.costco.com/sustainability-kirkland-signature.html>

⁵ <https://corporate.walmart.com/esgreport/esg-issues/safer-healthier-food-other-products#metrics>

⁶ https://customerservice.costco.com/app/answers/detail/a_id/829/~/what-is-costcos-mission-statement-and-code-of-ethics%3F ; <https://www.costco.com/my-life-healthy-food.html>

Costco's diversity, equity, and inclusion (DEI) policy and CEO statements on the death of George Floyd do not include a commitment to addressing racial equity impacts of its core business.⁷ The company faced controversy for punishing employees for wearing Black Lives Matter apparel⁸ and was sued by a couple for \$4 million for being racially profiled while shopping at Costco,⁹ incidents that show misalignment with Costco's DEI commitment. Costco received only 25 out of 100 possible points in As You Sow's Racial Justice S&P 500 Scorecard, resulting in an overall rank of 114th out of 500 companies total and 12th out of 32 companies in the consumer staples sector.

⁷ <https://www.costco.com/inclusion.html> ; <https://www.costco.com/ceo-message.html>

⁸ <https://www.buzzfeednews.com/article/briannasacks/costco-black-lives-matter-masks-dress-code>

⁹ <https://prattwilliams.com/couple-sues-costco-4m-racial-profiling-case/>

Exhibit B

Costco Report on Food Security

REPORT ON FOOD SECURITY

September 2021

Costco Wholesale makes efforts in multiple ways that enhance food security for millions of Americans, through our offerings of affordable, nutritious food and our philanthropic work.

Improving Access to Affordable, Healthy Food

Few retailers match the scale of healthy foods that we sell. For example, Costco's fresh foods sales in FY2021 were nearly \$18 billion, of which approximately \$6.8 billion was fresh produce. A substantial portion of the food we sell is organic, including \$6.3 billion in sales of organic foods and an additional \$2.3 billion in organic produce.

We offer healthy foods not just at a massive scale; we do so at the best values in retail. We regularly shop our supermarket competitors, and these shops consistently validate that our pricing is a 15-25% value to conventional supermarkets. And our values are equal to or better than our wholesale club competitors. Our value proposition is particularly strong with respect to organic items. For example, as compared to conventional supermarket organic prices, Costco offers an approximately 30-40% value on avocados, a 33% value on organic bananas and asparagus, a 33-35% value on chicken, and a 25% value on ground beef.

Using federal benefits, needy families are among those with access to our offerings through the Supplemental Nutritional

Assistance Program benefits Electronic Benefits Transfer System, provided by the U.S. Department of Agriculture. According to USDA, “SNAP provides nutrition benefits to supplement the food budget of needy families so they can purchase healthy food and move towards self-sufficiency.” More information can be found on the [USDA SNAP](#) website. In fiscal 2020, we sold nearly \$1.7 billion worth of food under this program; in fiscal 2021 it was over \$3 billion. That figure alone would place us in the top fifty of U.S. grocers by total sales. We expect the figure to increase in our fiscal 2022, as the federal government expands SNAP funding.¹

We have multiple locations convenient to major urban centers, including New York City, Washington, D.C., Chicago, Kansas City, Seattle, San Francisco, and Los Angeles. For a complete list of our locations, please visit our [Find a Warehouse](#) page.

Our expanded offerings through two-day grocery delivery also make us accessible at affordable prices even for those who do not live close to a Costco warehouse.

<https://www.costco.com/costco-grocery-faq.html>

¹ The Biden administration has revised the nutrition standards of the food stamp program and prompted the largest permanent increase to benefits in the program’s history, a move that will give poor people more power to fill their grocery carts but add billions of dollars to the cost of a program that feeds one in eight Americans.

<https://www.nytimes.com/2021/08/15/us/politics/biden-food-stamps.html>

Addressing Food Insecurity Through Philanthropic Efforts

We help the neediest through donations of food and money to organizations that serve them. In recent years we have, through a partnership with [Feeding America](#)² and other organizations, significantly increased our food donations, helping the needy and reducing waste.³ In fiscal 2021 in the U.S. alone we will have donated over 70 million pounds of food. Nearly 75% was produce/fruit/vegetables, grains/bread, and dairy/protein. Feeding America estimates the retail value of those donations to be in excess of \$125 million. We have supplemented these donations with cash grants to food security groups, over \$3.5 MM in fiscal 2021 alone.

We recognize that many populations in the U.S. are at risk for food insecurity and that the risk impacts certain groups disproportionately. We believe that our merchandise offerings and philanthropic efforts are substantial forces for reduction of food insecurity.

² We are a Visionary Partner with Feeding America, the nation's largest domestic hunger-relief organization.
<https://www.feedingamerica.org/about-us/partners/food-and-food-partners/visionary-partners/costco-wholesale-corp>. Feeding America Visionary Partners are recognized for their generous contributions or commitments of \$4 million or more, donations of 40 million pounds or more of food and grocery products, or combined gifts of \$2 million or more and 20 million pounds or more of food and grocery products.

³ <https://www.costco.com/sustainability-waste-minimization.html#reducing-food-waste>



1075 First Avenue
King of Prussia, PA 19406

www.abhms.org
www.judsonpress.com
888-79-ABHMS

October 5, 2021

Via e-mail at shareholderproposals@sec.gov
Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by Costco Wholesale Corp. to omit proposal submitted by the American Baptist Home Mission Society, Trinity Health, and Franciscan Sisters of Perpetual Adoration

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, the American Baptist Home Mission Society, as lead filer, together with Trinity Health, and Franciscan Sisters of Perpetual Adoration (collectively, the “Proponents”) submitted a shareholder proposal (the “Proposal”) to Costco Wholesale Corporation (“Costco” or the “Company”). The Proposal asks Costco to report on if and how it applies its Sustainability Commitment to its core food business to address the links among structural racism, nutrition insecurity, and health disparities.

In a letter to the Division dated September 21, 2021 (the “No-Action Request”), Costco stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2022 annual meeting of shareholders. Costco argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(10), on the ground that the Company has substantially implemented the Proposal. As discussed more fully below, Costco’s current disclosures fall far short of implementing the Proposal because they do not address structural racism or health disparities, and their minimal discussion of food security is divorced from the Proposal’s context. Accordingly, the Proponents respectfully ask that Costco’s request for relief be denied.

The Proposal

The Proposal states:

Resolved: Shareholders request that the Board of Directors issue a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

Substantial Implementation

Rule 14a-8(i)(10) permits exclusion of a proposal that has been “substantially implemented,” which can be achieved where the company has already satisfied the proposal’s “essential objective.” Costco claims that the Proposal’s essential objective—which it defines by repeating verbatim language from the resolved clause--has been satisfied by its three-page Report on Food Security. But Costco’s



1075 First Avenue
King of Prussia, PA 19406

www.abhms.org
www.judsonpress.com
888-79-ABHMS

failure to address several key elements of the Proposal in that report precludes a finding of substantial implementation.

The Proposal aims to elicit information about how Costco, in its core food business, applies its Sustainability Commitment to “make a positive contribution to the health of the communities where we do business” to address “the links between structural racism, nutrition insecurity, and health disparities.” The Proponents submitted the Proposal out of concern over racial disparities in access to healthy foods and health outcomes in communities of color, which have been exacerbated during the COVID-19 pandemic.

As an initial matter, Costco’s discussion in the No-Action Request and Food Security Report relating to philanthropy is irrelevant to the Proposal. For example, Costco touts donations of food, including healthy food, and money to Feeding America and other organizations that help the needy. Although the Proposal’s supporting statement did reference the Company’s philanthropy objective of promoting “economic development in communities of color,” the Proposal specifically does not seek information about Costco’s philanthropic activities; instead, it focuses on the Company’s core food business, including product development, marketing and distribution. Disclosure regarding Costco’s philanthropic activities, however laudable, are unresponsive to the Proposal.

The Food Security Report does not mention race even once, a major failing given the centrality of racism and racial inequities to the Proposal. The Food Security Report coyly refers to food insecurity “impact[ing] certain groups disproportionately” and to “locations convenient to major urban centers,” but never discusses racial disparities in nutrition security or health outcomes, much less connect those problems to efforts undertaken by Costco’s core food business. Costco makes much of the amount that shoppers can save on nutritious foods like avocados and bananas, which is not responsive to the Proposal as these savings are available to shoppers of all races. The absence of any discussion of race, standing alone, should demonstrate that Costco has not substantially implemented the Proposal.

The Food Security Report largely focuses on food security, whereas the Proposal requests disclosure on how Costco is using its core food business to address nutrition insecurity in the context of structural racism and health disparities. Food security has traditionally emphasized eliminating hunger by providing access to sufficient quantities of food, though most definitions will specify that the food should be nutritious. Nutrition security, on the other hand, “incorporates all the aims of food security but with additional emphasis on the need for wholesome, healthful foods and drinks for all.” The Food Security Report does not contain evidence about the availability of nutritious foods in stores in all locations, particularly stores in areas with large nonwhite populations.

Any discussion of health disparities, another key element of the Proposal, is also missing from the Food Security Report. By definition, then, the Food Security Report does not “address the links between structural racism, nutrition insecurity, and health disparities,” as the Proposal requests.

Costco urges that the Staff has allowed exclusion on substantial implementation grounds of proposals that have been implemented to the same extent as the Proposal. Costco’s reliance on Exelon Corp. is misplaced, however. In Exelon, the proposal asked the company to disclose its policies and procedures for political contributions as well as monetary and non-monetary contributions to candidates, parties, party committees and other political entities. Exelon explained in its no-action request that it had done exactly what the proposal asked; indeed, it had revised its policies and begun reporting on contributions in response to a previously submitted proposal that was similar to, but even more



1075 First Avenue
King of Prussia, PA 19406

www.abhms.org
www.judsonpress.com
888-79-ABHMS

comprehensive than, the current one. The proponent did not respond to Exelon's request. The Exelon proposal thus had been completely, not substantially, implemented by the company, making exclusion appropriate.

The proposal in The Boeing Co., also cited by Costco, asked the company to "review policies related to human rights to assess areas where the company needs to adopt and implement additional policies" and report on its findings. Boeing argued that it had substantially implemented the proposal because it had undertaken such a review within the past three years, leading to the adoption of its Code of Basic Working Conditions and Human Rights (the "Code"); committed to periodic review of the Code consistent with an internal policy review process; and disclosed the Code and corporate citizenship reports on its website. The proponents' response to Boeing's request focused on the shortcomings of the Code itself, despite the fact that the proposal did not require Boeing to commit to any particular human rights principles. The proposal's specific ask, then, was more easily satisfied by Boeing than the proponents would have preferred, but the Staff agreed with Boeing that it had substantially implemented the request for a review. Here, by contrast, Costco's purported implementation, the Food Security Report, is silent regarding key elements of the Proposal. The Proposal thus cannot be considered substantially implemented.

In sum, Costco has not substantially implemented the Proposal. The bare-bones Food Security Report does not even mention race even though the core concern of the Proposal is the link between structural racism and access to nutritious food. The philanthropy discussed in the Food Security Report is irrelevant to the Proposal, which specifically focuses on Costco's business model. Accordingly, Costco should not be permitted to omit the Proposal in reliance on Rule 14a-8(i)(10).

* * *

For the reasons set forth above, Costco has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8 (i)(10). The Proponents thus respectfully request that Costco's request for relief be denied.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact Gina Falada of Investor Advocates for Social Justice, located at 40 S Fullerton Ave, Montclair, NJ, 07042. Ms. Falada serves as a Consultant to the American Baptist Home Mission Society. She can be reached at gfalada@iasj.org and (973) 509-8800. Please cc dave.moore@abhms.org on email communications.

Sincerely,

David L. Moore Jr, CFA

Director of Investments
American Baptist Home Mission Society

cc: John Sullivan
Senior Vice President, General Counsel and Secretary
jsullivan@costco.com



September 21, 2021

VIA EMAIL (*shareholderproposals@sec.gov*)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

**Re: Shareholder Proposal Submitted by American Baptist Home Mission Societies,
Trinity Health and Franciscan Sisters of Perpetual Adoration**

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, Costco Wholesale Corporation, a Washington corporation, is writing to notify the Securities and Exchange Commission of Costco's intention to exclude from its proxy materials for its 2022 annual meeting of shareholders a proposal and supporting statements submitted by American Baptist Home Mission Society, by letter dated August 10, 2021, along with Trinity Health, by letter dated August 11, 2021, and Franciscan Sisters of Perpetual Adoration, by letter dated August 11, 2021, as co-filers of the Proposal (collectively referred to as the "Proponent").

Costco has submitted this letter to the Commission no later than eighty (80) calendar days before the Company currently intends to file its definitive proxy materials for its 2022 annual meeting with the Commission (on or about December 10, 2021) and concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and SEC Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the Staff of the Division of Corporation Finance. Accordingly, Costco is taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the proposal, a copy of that correspondence should be furnished concurrently to Costco pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The proposal sets forth the following resolution to be voted on by shareholders at the Annual Meeting:

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

A copy of the proposal, as well as related correspondence with the Proponent, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

Costco hereby respectfully requests that the Staff concur in Costco's view that it may exclude the proposal from its proxy materials for its 2022 annual meeting pursuant to Rule 14a-8(i)(10) because Costco has substantially implemented the proposal.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because It Has Been Substantially Implemented.

1. Rule 14a-8(i)(10) Background

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has already "substantially implemented" the proposal. The Staff has stated that the purpose of the predecessor provision to Rule 14a-8(i)(10) was "to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." *Exchange Act Release No. 12598* (July 7, 1976). The Commission later stated that a formalistic application of the rule requiring full implementation "defeated [the rule's] purpose," and then adopted a revised interpretation of the rule to permit the omission of proposals that had been "substantially implemented." *Exchange Act Release No. 20091* (Aug. 16, 1983) and *Exchange Act Release No. 40018*, at n.30 (May 21, 1998) (emphasis added).

In determining whether the shareholder proposal has been "substantially implemented," the Staff has noted that "a determination that the company has substantially implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991). Further, even when implementation is not identical to the guidelines set forth in the proposal, where a company has satisfied the proposal's underlying concerns and essential objectives, the proposal has been "substantially implemented." *Exelon Corp.* (Feb. 26, 2010) (permitting exclusion of a proposal

requesting a report regarding political contributions where the company's existing policies and procedures satisfied its essential objective). *See also General Electric Co.* (Mar. 3, 2015) (permitting exclusion where the company took action that addresses the proposal's essential objective).

2. *Costco Has Already Addressed the Proponent's Underlying Concerns and Essential Objective*

In this instance, Costco has substantially implemented the proposal, the underlying concern and essential objective of which is to obtain a report on how Costco applies its Sustainability Commitment to its core food business to address food insecurity and disparities in access to nutrition in communities where it operates. In particular, Costco has published on its website a Report on Food Security,¹ which substantially implements the proposal by describing the actions Costco takes that enhance food security for millions of Americans by improving access to affordable and nutritious food and by its philanthropic efforts.

As part of Costco's Sustainability Commitment, Costco recognizes its responsibility to "support the communities where our employees and members live and work." The Report on Food Security highlights this commitment in the context of its core food business by addressing Costco's efforts to enhance food security, primarily through providing affordable, healthy food offerings and through its philanthropic work supporting the neediest facing food insecurity. The Report on Food Security provides data on Costco's core food business as it relates to providing fresh produce and organic foods, including statistics on how the value of these foods compare to conventional supermarkets. Costco's offerings of fresh produce and organic foods demonstrates its commitment to offering healthy and nutritious foods to the communities in which it operates.

In addressing the proposal's concern with increasing access to healthy foods in the communities where it operates, the Report on Food Security highlights Costco's participation in the Supplemental Nutrition Assistance Program, a federal benefits programs, which according to the U.S. Department of Agriculture provides nutrition benefits and "enables needy families to purchase healthy food and move toward self-sufficiency." The Report on Food Security also notes Costco's multiple locations convenient to major urban centers and its expanded offerings through grocery delivery that make it accessible at affordable prices even for those who do not live close to a Costco warehouse.

In addition, the Report on Food Security focuses on how Costco addresses food insecurity through its donations of food and money to organizations helping the neediest. Costco has partnered with Feeding America and other organizations, and of the food donated to these organizations, a vast majority was produce/fruit/vegetables, grains/bread, and dairy/protein. The Report on Food

¹ Attached to this letter as **Exhibit B** and available at <https://www.costco.com/sustainability-communities.html> by clicking on the link Report on Food Security.

Security also provides statistics on the annual donations of food and funds specifically as it relates to food security.

Costco recognizes in the Report on Food Security that many populations in the United States are “at risk for food insecurity,” which can “impact certain groups disproportionately.” Rather than focus in the Report on Food Security on each of these potential groups that may be at risk, either based on race or otherwise, Costco highlights how its healthy food offerings and philanthropic efforts overall help to reduce food insecurity for these populations. By providing information on Costco’s wholistic approach to addressing food security in the communities in which it operates, Costco believes that the Report on Food Security addresses the underlying concern and essential objective of the proposal.

Although the Report on Food Security does not address every potential point that the proposal and supporting statement request the report to address, the Staff has historically found that proposals requesting reports from a company may be substantially implemented even when implementation is not identical to the guidelines set forth in the proposal. The proposal in *Exelon Corp.* called for a report on different aspects of the company’s political contributions. The Staff concurred with exclusion of the proposal under Rule 14a-8(i)(10) because the company had already adopted its own set of political contribution guidelines and issued a report that provided a current summary of the company’s policies and procedures with respect to political contributions. Similarly, the Staff concurred with exclusion under Rule 14a-8(i)(10) in *The Boeing Co.* (Feb. 17, 2011) where the proposal requested that the company “review its policies related to human rights” and report its findings, and the company had already adopted human rights policies and provided an annual report on corporate citizenship.

Similar to the examples identified above, the Report on Food Security addresses the underlying concern and essential objective of the proposal for Costco to disclose the actions it is taking to address food insecurity as part of its Sustainability Commitment. Accordingly, Costco’s existing disclosures already implement the proposal and the proposal is excludable under Rule 14a-8(i)(10).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff confirm that it will not recommend to the Commission that enforcement action be taken against Costco if it excludes the proposal from its proxy materials for its 2022 annual meeting.

We would be pleased to provide any additional information and answer any questions that the Staff may have regarding this submission. If the Staff does not concur with Costco's position, we would appreciate an opportunity to confer with the Staff concerning this matter prior to the determination of the Staff's final position. Please contact me at (425) 427-7577 to discuss any questions you may have regarding this matter. Please email a response to this letter to jsullivan@costco.com.

Sincerely,

A handwritten signature in black ink that reads "John Sullivan". The signature is written in a cursive, slightly slanted style.

John Sullivan
Senior Vice President, General Counsel and
Secretary

Enclosures

cc: David L. Moore, American Baptist Home Mission Society
Gina Falada, American Baptist Home Mission Society
Catherine Rowan, Trinity Health
Christopher Cox, Franciscan Sisters of Perpetual Adoration

Exhibit A

Proposal and Related Correspondence



1075 First Avenue
King of Prussia, PA 19406

www.abhms.org
www.judsonpress.com
888-79-ABHMS

Via mail and email to JSullivan@Costco.com

Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: John Sullivan, Corporate Secretary

Re: Shareholder proposal for 2022 Annual Shareholder Meeting

Dear John Sullivan,

As socially responsible investors, the American Baptist Home Mission Society looks for social and financial accountability when investing in corporations. We are long-term shareholders in Costco Wholesale Corporation. In December 2020, we sent an investor letter to Costco requesting engagement on racial justice and food equity concerns. However, we did not receive a written response to the letter from Costco. We therefore offer the enclosed proposal requesting a report describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities.

The American Baptist Home Mission Society is submitting the attached proposal (the "Proposal") pursuant to the Securities and Exchange Commission's Rule 14a-8 to be included in the proxy statement of Costco Wholesale Corporation (the "Company") for its 2022 annual meeting of shareholders. The American Baptist Home Mission Society is the lead filer for the Proposal and may be joined by other shareholders as co-filers.

The American Baptist Home Mission Society has continuously beneficially owned, for at least of three years as of the date hereof, at least \$2,000 worth of the Company's common stock. Verification of this ownership is attached. The American Baptist Home Mission Society intends to continue to hold such shares through the date of the Company's 2022 annual meeting of shareholders.

The American Baptist Home Mission Society is available to meet with the Company via teleconference on either August 31 or September 1 at 2pm. Any co-filers will authorize us to engage with the Company on their behalf, within the meaning of Rule 14a-8(b)(iii)(B).

Please address all future correspondence and communications regarding this proposal to Gina Falada of Investor Advocates for Social Justice, located at 40 S Fullerton Ave, Montclair, NJ, 07042. Ms. Falada serves as a Consultant to the American Baptist Home Mission Society. She can be reached at gfalada@iasj.org and (973) 509-8800. Please cc dave.moore@abhms.org on email communications.

Sincerely,

David L. Moore Jr. CFA
Director of Investments

Racial Justice and Food Equity 2022 - Costco Wholesale Corporation

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

Whereas: The COVID-19 pandemic amplified the impacts of structural racism and inequality in the food system, leading to higher rates of food insecurity and health disparities among communities of color.¹ As the fifth largest food retailer in the United States, Costco has an opportunity to use its leverage to advance racial justice and nutrition equity objectives through its core business.²

While Costco's Sustainability Commitment includes an ambition to "make a positive contribution to the health of the communities where we do business" and Costco's corporate philanthropy objectives include "economic development in communities of color," it is not evident whether these same principles are applied to Costco's food business model.³

Costco publishes sustainability goals for its food products that address social and environmental impacts in the supply chain, however, these goals do not include any explicit targets for increasing access to healthy food in the communities where it operates, which is a salient issue for Costco and an important consideration for product development.⁴ Costco is lagging peers in this area. For example, Walmart publishes an explicit commitment on increasing access to healthier and more affordable food.⁵

Costco's approach to marketing is unique in that it does not invest in traditional advertising in order to keep product costs low; however, the company still communicates to its members through targeted direct mail with sales promotions, email marketing, and in-store sampling. Investors lack information about the extent to which Costco is prioritizing healthy food products or addressing racial disparities in access to nutrition when it makes decisions about how to promote different grocery products and food court offerings in its warehouses. With the exception of a healthy shopping tips webpage, Costco's messaging consistently focuses on product cost and quality without addressing nutrition.⁶

¹ https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA_Spotlight-Black-Community_LR-1.pdf

² <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2021-list>

³ <https://www.costco.com/sustainability-communities.html>

⁴ <https://www.costco.com/sustainability-kirkland-signature.html>

⁵ <https://corporate.walmart.com/esgreport/esg-issues/safer-healthier-food-other-products#metrics>

⁶ https://customerservice.costco.com/app/answers/detail/a_id/829/~/what-is-costcos-mission-statement-and-code-of-ethics%3F ; <https://www.costco.com/my-life-healthy-food.html>

Costco's diversity, equity, and inclusion (DEI) policy and CEO statements on the death of George Floyd do not include a commitment to addressing racial equity impacts of its core business.⁷ The company faced controversy for punishing employees for wearing Black Lives Matter apparel⁸ and was sued by a couple for \$4 million for being racially profiled while shopping at Costco,⁹ incidents that show misalignment with Costco's DEI commitment. Costco received only 25 out of 100 possible points in As You Sow's Racial Justice S&P 500 Scorecard, resulting in an overall rank of 114th out of 500 companies total and 12th out of 32 companies in the consumer staples sector.

⁷ <https://www.costco.com/inclusion.html> ; <https://www.costco.com/ceo-message.html>

⁸ <https://www.buzzfeednews.com/article/briannasacks/costco-black-lives-matter-masks-dress-code>

⁹ <https://prattwilliams.com/couple-sues-costco-4m-racial-profiling-case/>



August 10th, 2021

Mr. David Moore
American Baptist Home Mission Societies
1075 First Avenue
King of Prussia, PA 19406

Re: American Baptist Home Mission
Societies - PII

Dear Mr. David Moore,
As of and including August 10th, 2021, the American Baptists Home Mission Society held, and has held continuously for at least one year, 45 shares of Costco Wholesale Corp. This security has been held since 2005. We have been directed by the shareowners to place a hold on this stock at least until the next annual meeting.

This security is currently held by Mellon Trust, Master Custodian, for the American Baptist Home Mission Societies in our nominee name at Depository Trust Company.
Please contact me directly at 412-236-6223 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Abbenante".

Michael Abbenante
Relationship Manager
BNY Mellon

From: **Moore, Dave** <Dave.Moore@abhms.org>

Date: Tue, Aug 10, 2021 at 10:00 AM

Subject: American Baptist Home Mission Society Shareholder proposal for inclusion in 2022 proxy statement

To: JSullivan@Costco.com <JSullivan@costco.com>

Cc: Gina Falada <gfalada@iasj.org>

Dear John Sullivan,

I am writing to notify you that the American Baptist Home Mission Society is submitting the attached shareholder proposal for inclusion in Costco's 2022 proxy statement. The filing materials were sent via FedEx overnight mail today, August 10th, and should be received at Costco's office of the secretary tomorrow, August 11th. Please let me know when you have received the proposal and copy Gina Falada, gfalada@iasj.org, on all future correspondence. We anticipate additional co-filers.

I look forward to discussing this proposal with you and your colleagues.

Best regards,

David L. Moore Jr. CFA

Director of Investments

[American Baptist Home Mission Societies](#)

[Judson Press](#)

p [610.768.2385](tel:610.768.2385) f [610.768.2470](tel:610.768.2470)

ABHMS' new online **Center for Continuous Learning** delivers practical mission education through [leadership courses](#), [on-demand webinars](#) and [practical training in specific skills](#). [Learn more!](#)

From: **Gina Falada** <gfalada@iasj.org>
Date: Tue, Aug 17, 2021 at 6:57 AM
Subject: Re: FW: American Baptist Home Mission Society Investor Letter to Costco on Racial Justice & Food Equity
To: John Sullivan <jsullivan@costco.com>
Cc: Moore, Dave <Dave.Moore@abhms.org>

Dear John,

The American Baptist Home Mission Society and the two co-filers will be moving forward with the proposal submitted by Dave Moore on August 10th.

Sincerely,
Gina

On Mon, Aug 16, 2021 at 5:58 PM John Sullivan <jsullivan@costco.com> wrote:

Ms. Falada: Contrary to Mr. Moore's letter of August 10, we did respond to his communication in December, but did not receive a response. We would appreciate one being provided now.

----- Forwarded message -----

From: **John Sullivan** <jsullivan@costco.com>
Date: Tue, Aug 10, 2021 at 10:45 AM
Subject: Fwd: FW: American Baptist Home Mission Society Investor Letter to Costco on Racial Justice & Food Equity
To: Moore, Dave <Dave.Moore@abhms.org>

Thanks

----- Forwarded message -----

From: **John Sullivan** <jsullivan@costco.com>
Date: Thu, Dec 31, 2020 at 5:00 PM
Subject: Re: FW: American Baptist Home Mission Society Investor Letter to Costco on Racial Justice & Food Equity
To: Moore, Dave <Dave.Moore@abhms.org>

Mr. Moore: Costco Wholesale every year sells to its members, including those who pay with EBT, tens of billions of dollars worth of nutritious foods, with a growing organic food component. We believe that no other retailer offers a better combination of value and quality for these and the other items that we

sell. Our promotional practices are very strictly limited by our low margins and are in no way manipulative or unfair, to Black, indigenous or Latinx populations or otherwise. Our privacy policy is prominently disclosed. <https://www.costco.com/privacy-policy.html>. Our public policy engagement is extremely limited and does not seek outcomes that would harm at risk populations.

As investors in our Company, presumably you are well aware of Costco's values, objectives and operations. Should you identify any of our particular practices that, contrary to our intentions, exacerbate adverse impacts for disadvantaged populations, we would greatly appreciate your bringing them to our attention.

On Tue, Dec 15, 2020 at 9:39 AM Moore, Dave <Dave.Moore@abhms.org> wrote:

John Sullivan, Costco Corporate Secretary

I am also forwarding the below W. Craig Jelinek investor letter to you . We look forward to your response. Please see the attached and below. Thanks for your assistance on this matter.

Best Regards,

David L. Moore Jr, CFA

Director of Investments - American Baptist Home Mission Society

American Baptist Home Mission Societies

Judson Press

[610.768.2385](tel:610.768.2385)

[610.768.2470](tel:610.768.2470), fax

From: Moore, Dave

Sent: Thursday, December 3, 2020 10:56 AM

To: investor@costco.com

Cc: Mary Beth Gallagher (mbgallagher@iasj.org) <mbgallagher@iasj.org>; Gina Falada <gfalada@iasj.org>

Subject: American Baptist Home Mission Society Investor Letter to Costco on Racial Justice & Food Equity

Importance: High

Please see the below and attached.

December 3, 2020

President and CEO

Costco Wholesale Corporation

999 Lake Drive

Issaquah, WA 98027

Sent via mail and email to: investor@costco.com

Dear Mr. Jelinek:

The undersigned asset managers and owners, representing more than \$2 trillion dollars in assets under management, led by members of the Interfaith Center on Corporate Responsibility, recognize that we all are continuing to adapt to a pandemic that has accentuated weaknesses in our systems, structures, and policies. Additionally, the public health crisis has demonstrated how racial inequities created and perpetuated by these systems, structures and policies have exacerbated the adverse economic and health impacts on Black, Latinx and Indigenous communities in the U.S. In short, it has highlighted the role that structural racism has played in fueling these disparities.

As shareholders in Costco Wholesale Corporation, we seek to engage with company executives to learn more about the systems Costco has in place to address racial justice and food equity concerns. We recognize the company has implemented a diversity and inclusion mandate and sustainability commitments, and we have reviewed the CEO message to employees on racism and injustice. We offer this letter to raise specific concerns and questions to inform future engagement to address these critical topics.

Data from the CDC indicates that Black and Latinx residents in the U.S. are three times as likely to become infected and twice as likely to die from COVID-19 as their white neighbors.^{[1][2]} Preliminary research has also indicated that obesity and other chronic health conditions, which disproportionately impact communities of color, can contribute to severe COVID-19 symptoms.^[3] In the U.S., 43% of Black and Latinx workers are employed in service or production jobs that can't be done remotely. Latinx people are twice as likely to live in crowded residences compared to whites, and the percent of workers with paid sick leave decreases based on their earnings.^{[4][5]} As investors, we feel that companies in the retail sector can help address these inequities through the development and marketing of healthy products, ensuring affordability and accessibility of nutritious foods, and advocating for public policies that promote public health. By taking concrete steps to address issues of food equity and the associated racial disparities, food and beverage companies can help to build the health and resiliency of communities, as well as their own workforce. As

companies work to ‘build back better’ from this pandemic, we are calling on Costco to examine how its business model, operations and value chain may directly or indirectly contribute to these inequities, and how you are working to create a more equitable and resilient system that benefits workers, the company, shareholders, and communities at large.

As investors, we see the role of public companies in addressing ESG and systemic inequality as increasingly more important. Yet, this role must extend beyond public statements of solidarity. A recent report by KKS Advisors, analyzing a sample of companies from the S&P 500 suggests that “commitments to purpose are less informative about a company’s future performance on social and human capital issues” than other indicators such as being an early responder to issues during a crisis and having an established record of proactively managing issues that may become material.^[6] Action needs to be coupled with commitments to ensure that Costco is proactively mitigating risks to the company, workers, communities and shareholders. To that end, we ask you to respond to the following:

- **Product development:** Fostering healthy eating among all racial and ethnic groups
 - How far upstream does the company integrate cultural and racial equity (i.e., social and economic factors; income, food prices, individual preferences and beliefs, cultural traditions, and geographical and environmental considerations^[7]) into product development? For example, how do you assess the impact of community consumption of this product? What metrics do you use to measure progress?
 - Is the right to health considered from the onset of product formulation? Who within the company is responsible for overseeing this?
- **Marketing and Distribution:** Curtailing manipulative and unfair marketing and promotion practices^{[8] [9]}
 - What is the proportion of advertising spent on unhealthy vs. healthy products by racial group per platform (e.g. traditional vs. digital channels) and age groups, defining ‘healthy’ through the use of an independent nutrition profiling model? What safeguards are in place to ensure you are not promoting your “unhealthy products” disproportionately to different communities?
 - Does Costco have goals or metrics for marketing healthy products?

- Does Costco conduct an impact assessment of digital data practices with regard to the marketing of unhealthy products and assess the disparate health and economic outcomes on Black, Latinx and Indigenous communities as well as on children under the age of 14?
- In the digital era, how does Costco ensure fair and transparent data use and consumer privacy? Are privacy policies publicly available and written in clear, easy to understand language?
- **Influence/engagement on public policy:** Eliminating undue influence that promulgates racial inequities that lead to adverse health outcomes and run counter to public health priorities
 - How does Costco assess whether your public policy engagement practices exacerbate adverse health impacts on Blacks, Latinx and Indigenous communities in the U.S. and in low- and middle-income markets outside the U.S.? Who within the company oversees this?
 - As we shift from a compliance to a shared societal expectation, how is the company re-examining its tax strategy and disclosure to align with responsible tax practices using guidance such as [GRI 207: 2019 Tax Guidance](#) and the [B Team Responsible Tax Principles](#) especially in the U.S.?

As investors, we encourage Costco to take this opportunity to re-envision a responsible business model that supports the development of resilient and inclusive economies and is accountable to all stakeholders. “Structural racism exists because discriminatory practices in one sector reinforce parallel practices in other sectors, creating interconnected systems that embed inequities in laws and policies^[10].” The task in front of you is to identify how Costco contributes to the perpetuation of these practices, and then enact measures to make sustained changes to your practices.

We appreciate your ongoing discussion with us on these important issues and look forward to your written response by **January 4, 2021**. Please direct any questions and correspondence to Gina Falada of Investor Advocates for Social Justice at gfalada@iasj.org. Please also copy Dave Moore of the American Baptist Home Mission Societies at dave.moore@abhms.org.

Sincerely,

A handwritten signature in black ink that reads "D L. Moore". The signature is written in a cursive style with a large initial "D" and "M".

David L. Moore Jr. CFA
Director of Investments
American Baptist Home Mission Societies

BMO Global Asset Management

Bon Secours Mercy Health

Boston Common Asset Management

Domini Impact Investments LLC

Dominican Sisters ~ Grand Rapids

Dominican Sisters of Peace

Harrington Investments

JLens Investor Network

Maryknoll Sisters

Mercy Investment Services

Miller/Howard Investments, Inc.

Natural Investments

Region VI Coalition for Responsible Investment

Reynders, McVeigh Capital Management, LLC

Seventh Generation Interfaith, Inc.

Sisters of St. Francis-Dubuque

Socially Responsible Investment Coalition

Sustainable Wealth Advisors

Transformative Wealth Management, LLC

Trillium Asset Management

Trinity Health

Ursuline Convent, Toledo, OH

Unitarian Universalist Association

Zevin Asset Management

American Baptist Home Mission Societies' One Great Hour of Sharing appeal—**COVID Recovery: Renewing Hope and Service**—will bring healing to millions so desperately in need today. **Please GIVE NOW!**

David L. Moore Jr. CFA

Director of Investments

American Baptist Home Mission Societies

Judson Press

p [610.768.2385](tel:610.768.2385) f [610.768.2470](tel:610.768.2470)

[1] <https://covidtracking.com/race>

[2] <https://www.nytimes.com/interactive/2020/07/05/us/coronavirus-latinos-african-americans-cdc-data.html>

[3] <https://www.nytimes.com/2020/04/16/health/coronavirus-obesity-higher-risk.html?action=click&module=Top%20Stories&pgtype=Homepage>

[4] <https://www.nytimes.com/interactive/2020/07/05/us/coronavirus-latinos-african-americans-cdc-data.html>

[5] <https://www.pewresearch.org/fact-tank/2020/03/12/as-coronavirus-spreads-which-u-s-workers-have-paid-sick-leave-and-which-dont/>

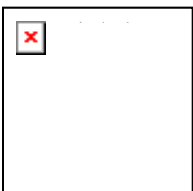
[6] https://337827c9-ebc5-4704-b7bd-0ba2e859ee47.filesusr.com/ugd/f64551_cad4d1c1808343258f2b57fb8fff90d9.pdf

[7] <https://www.who.int/publications/m/item/healthy-diet-factsheet394>

[8] <https://ncdalliance.org/resources/signalling-virtue-promoting-harm>

[9] <http://www.bmsg.org/resources/publications/the-4-ps-of-marketing-selling-junk-food-to-communities-of-color/>

[10] <https://www.nejm.org/doi/full/10.1056/NEJMp2023616>



Gina Falada Senior Program Associate
Investor Advocates for Social Justice (Formerly Tri-CRI)
p: [\(973\) 509-8800](tel:(973)509-8800)
w: www.iasj.org
e: gfalada@iasj.org
a: 40 S Fullerton Ave, Montclair, NJ 07042



Catherine M. Rowan
Director, Socially Responsible Investments
766 Brady Avenue, Apt. 635
Bronx, NY 10462
Phone: (718) 822-0820
Fax: (718) 504-4787

E-Mail Address: rowan@bestweb.net

August 11, 2021

John Sullivan
Corporate Secretary
Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027

Dear Mr. Sullivan:

Trinity Health is submitting the attached proposal (the "Proposal") pursuant to the Securities and Exchange Commission's Rule 14a-8 to be included in the proxy statement of Costco Wholesale Corporation (the "Company") for its 2022 annual meeting of shareholders. Trinity Health is co-filing the Proposal with lead filer the American Baptist Home Mission Society. We authorize the American Baptist Home Mission Society to engage with the company on our behalf.

In its submission letter, the American Baptist Home Mission Society will provide dates and times on which we, along with the American Baptist Home Mission Society and any other co-filers that are participating, can meet during the post-filing period as required by Rule 14a-8(b)(iii).

Trinity Health has continuously beneficially owned, for at least three years as of the date hereof, at least \$2,000 worth of the Company's common stock. Verification of this ownership is attached. Trinity Health intends to continue to hold such shares through the date of the Company's 2022 annual meeting of shareholders.

If you have any questions or need additional information, I can be contacted at (718) 822-0820 or by email at rowan@bestweb.net.

Sincerely,

Catherine Rowan

enc.

Racial Justice and Food Equity 2022 - Costco Wholesale Corporation

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

Whereas: The COVID-19 pandemic amplified the impacts of structural racism and inequality in the food system, leading to higher rates of food insecurity and health disparities among communities of color.¹ As the fifth largest food retailer in the United States, Costco has an opportunity to use its leverage to advance racial justice and nutrition equity objectives through its core business.²

While Costco's Sustainability Commitment includes an ambition to "make a positive contribution to the health of the communities where we do business" and Costco's corporate philanthropy objectives include "economic development in communities of color," it is not evident whether these same principles are applied to Costco's food business model.³

Costco publishes sustainability goals for its food products that address social and environmental impacts in the supply chain, however, these goals do not include any explicit targets for increasing access to healthy food in the communities where it operates, which is a salient issue for Costco and an important consideration for product development.⁴ Costco is lagging peers in this area. For example, Walmart publishes an explicit commitment on increasing access to healthier and more affordable food.⁵

Costco's approach to marketing is unique in that it does not invest in traditional advertising in order to keep product costs low; however, the company still communicates to its members through targeted direct mail with sales promotions, email marketing, and in-store sampling. Investors lack information about the extent to which Costco is prioritizing healthy food products or addressing racial disparities in access to nutrition when it makes decisions about how to promote different grocery products and food court offerings in its warehouses. With the exception of a healthy shopping tips webpage, Costco's messaging consistently focuses on product cost and quality without addressing nutrition.⁶

¹ https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA_Spotlight-Black-Community_LR-1.pdf

² <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2021-list>

³ <https://www.costco.com/sustainability-communities.html>

⁴ <https://www.costco.com/sustainability-kirkland-signature.html>

⁵ <https://corporate.walmart.com/esgreport/esg-issues/safer-healthier-food-other-products#metrics>

⁶ https://customerservice.costco.com/app/answers/detail/a_id/829/~/what-is-costcos-mission-statement-and-code-of-ethics%3F ; <https://www.costco.com/my-life-healthy-food.html>

Costco's diversity, equity, and inclusion (DEI) policy and CEO statements on the death of George Floyd do not include a commitment to addressing racial equity impacts of its core business.⁷ The company faced controversy for punishing employees for wearing Black Lives Matter apparel⁸ and was sued by a couple for \$4 million for being racially profiled while shopping at Costco,⁹ incidents that show misalignment with Costco's DEI commitment. Costco received only 25 out of 100 possible points in As You Sow's Racial Justice S&P 500 Scorecard, resulting in an overall rank of 114th out of 500 companies total and 12th out of 32 companies in the consumer staples sector.

⁷ <https://www.costco.com/inclusion.html> ; <https://www.costco.com/ceo-message.html>

⁸ <https://www.buzzfeednews.com/article/briannasacks/costco-black-lives-matter-masks-dress-code>

⁹ <https://prattwilliams.com/couple-sues-costco-4m-racial-profiling-case/>



The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60603

August 11, 2021

TO WHOM IT MAY CONCERN,

Please accept this letter as verification that as of August 11, 2021 Northern Trust as custodian held for the beneficial interest of Trinity Health 21,187 shares of Costco Wholesale Corp.

As of August 11, 2021 Trinity Health has held at least \$2,000 worth of Costco Wholesale Corp continuously for over three years. Trinity Health has informed us it intends to continue to hold these shares through the date of the company's next annual meeting.

This letter is to confirm that the aforementioned shares of stock are registered with Northern Trust, Participant Number 2669, at the Depository Trust Company.

Sincerely,

Karson Burchett
2nd Vice President
The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60603

----- Forwarded message -----

From: **Catherine Rowan** <rowancm@trinity-health.org>

Date: Wed, Aug 11, 2021 at 12:58 PM

Subject: Shareholder proposal co-filing from Trinity Health

To: JSullivan@Costco.com <JSullivan@costco.com>

Cc: Catherine Rowan <rowan@bestweb.net>

Dear Mr. Sullivan,

This morning I sent via USPS Express Mail the hard copy of the attached shareholder proposal that Trinity Health is co-filing, with the American Baptist Home Mission Society as lead filer.

Sincerely,

Cathy Rowan

Cathy Rowan
Director, Socially Responsible Investments
Trinity Health
766 Brady Ave., Apt. 635
Bronx, NY 10462
rowancm@trinity-health.org
rowan@bestweb.net

Confidentiality Notice:

This e-mail, including any attachments is the property of Trinity Health and is intended for the sole use of the intended recipient(s). It may contain information that is privileged and confidential. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please delete this message, and reply to the sender regarding the error in a separate email.



912 Market Street La Crosse, WI 54601-8800
PHONE 608-782-5610 FAX 608-782-6301
EMAIL fspa@fspa.org WEBSITE www.fspa.org

August 11, 2021

Via UPS and email to JSullivan@Costco.com

Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: John Sullivan, Corporate Secretary

Re: Shareholder proposal for 2022 Annual Shareholder Meeting

Dear John Sullivan,

The Franciscan Sisters of Perpetual Adoration are submitting the attached proposal (the "Proposal") pursuant to the Securities and Exchange Commission's Rule 14a-8 to be included in the proxy statement of Costco Wholesale Corporation (the "Company") for its 2022 annual meeting of shareholders. The Franciscan Sisters of Perpetual Adoration are co-filing the Proposal with lead filer American Baptist Home Mission Society. In its submission letter, American Baptist Home Mission Society provided dates and times on which we, along with American Baptist Home Mission Society and any other co-filers that are participating, can meet during the post-filing period as required by Rule 14a-8(b)(iii).

Franciscan Sisters of Perpetual Adoration has continuously beneficially owned, for at least seven years as of the date hereof, at least \$ 100,000 worth of the Company's (Costco's) common stock. Verification of this ownership will be sent under separate cover. Franciscan Sisters of Perpetual Adoration intends to continue to hold such shares through the date of the Company's 2022 annual meeting of shareholders.

Please send future correspondence and communications regarding this proposal to my representative, Christopher Cox, who can be contacted at 708.315.0571 and cox.christopher1970@gmail.com.

Sincerely,

Susan M. Ernster, FSPA

Susan Ernster, FSPA
Vice President/Treasurer

Enclosure

Racial Justice and Food Equity 2022 - Costco Wholesale Corporation

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, describing if, and how, Costco applies its Sustainability Commitment to its core food business to address the links between structural racism, nutrition insecurity, and health disparities. The report may include systems Costco has in place to address racial justice and food equity concerns through product development, marketing, and distribution.

Whereas: The COVID-19 pandemic amplified the impacts of structural racism and inequality in the food system, leading to higher rates of food insecurity and health disparities among communities of color.¹ As the fifth largest food retailer in the United States, Costco has an opportunity to use its leverage to advance racial justice and nutrition equity objectives through its core business.²

While Costco's Sustainability Commitment includes an ambition to "make a positive contribution to the health of the communities where we do business" and Costco's corporate philanthropy objectives include "economic development in communities of color," it is not evident whether these same principles are applied to Costco's food business model.³

Costco publishes sustainability goals for its food products that address social and environmental impacts in the supply chain, however, these goals do not include any explicit targets for increasing access to healthy food in the communities where it operates, which is a salient issue for Costco and an important consideration for product development.⁴ Costco is lagging peers in this area. For example, Walmart publishes an explicit commitment on increasing access to healthier and more affordable food.⁵

Costco's approach to marketing is unique in that it does not invest in traditional advertising in order to keep product costs low; however, the company still communicates to its members through targeted direct mail with sales promotions, email marketing, and in-store sampling. Investors lack information about the extent to which Costco is prioritizing healthy food products or addressing racial disparities in access to nutrition when it makes decisions about how to promote different grocery products and food court offerings in its warehouses. With the exception of a healthy shopping tips webpage, Costco's messaging consistently focuses on product cost and quality without addressing nutrition.⁶

¹ https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA_Spotlight-Black-Community_LR-1.pdf

² <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2021-list>

³ <https://www.costco.com/sustainability-communities.html>

⁴ <https://www.costco.com/sustainability-kirkland-signature.html>

⁵ <https://corporate.walmart.com/esgreport/esg-issues/safer-healthier-food-other-products#metrics>

⁶ https://customerservice.costco.com/app/answers/detail/a_id/829/~/_what-is-costcos-mission-statement-and-code-of-ethics%3F ; <https://www.costco.com/my-life-healthy-food.html>

Costco's diversity, equity, and inclusion (DEI) policy and CEO statements on the death of George Floyd do not include a commitment to addressing racial equity impacts of its core business.⁷ The company faced controversy for punishing employees for wearing Black Lives Matter apparel⁸ and was sued by a couple for \$4 million for being racially profiled while shopping at Costco,⁹ incidents that show misalignment with Costco's DEI commitment. Costco received only 25 out of 100 possible points in As You Sow's Racial Justice S&P 500 Scorecard, resulting in an overall rank of 114th out of 500 companies total and 12th out of 32 companies in the consumer staples sector.

⁷ <https://www.costco.com/inclusion.html> ; <https://www.costco.com/ceo-message.html>

⁸ <https://www.buzzfeednews.com/article/briannasacks/costco-black-lives-matter-masks-dress-code>

⁹ <https://prattwilliams.com/couple-sues-costco-4m-racial-profiling-case/>

ORIGIN ID: CHIA (312) 454-3800
WILLIAM TIENKEN
STIFEL NICOLAUS CO INC
70 WEST MADISON STREET
SUITE 2500
CHICAGO, IL 60602
UNITED STATES US

SHIP DATE: 11AUG21
ACTWGT: 0.25 LB
CAD: 100633425/INET4400

BILL SENDER

TO JOHN SULLIVAN, CORPORATE SECRETARY
COSTCO WHOLESALE CORP.
999 LAKE DRIVE

56DJ1/BAF3/FE4A

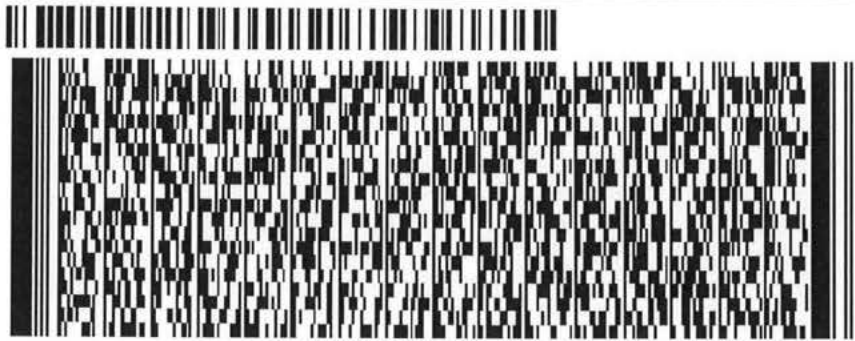
ISSAQUAH WA 98027

(800) 774-2678

REF: CG76

INV:
PO:

DEPT:



FedEx
Express



J212021070901uv

THU - 12 AUG 4:30P
STANDARD OVERNIGHT

TRK# 7745 0745 1972
0201

XH BVUA

98027
WA-US SEA



----- Forwarded message -----

From: **Sr Sue Ernster FSPA** <sernster@fspa.org>

Date: Wed, Aug 11, 2021, 9:10 AM

Subject: filing

To: John Sullivan <jsullivan@costco.com>, Christopher Cox <cox.christopher1970@gmail.com>

Hi John:

I am attaching our co-filing letter. This will be sent overnight as well.

Sue Ernster, FSPA

FSPA Vice President, Treasurer, CFO Director of Finance Dept.

912 Market St.

La Crosse, WI 54601

608-791-5284

STIFEL NICOLAUS

WILLIAM E. TIENKEN
FIRST VICE PRESIDENT/INVESTMENTS

August 11, 2021

Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: John Sullivan, Corporate Secretary

Re: Shareholder proposal submitted by the Franciscan Sisters of Perpetual Adoration

Dear John Sullivan,

I write concerning a shareholder proposal (the "Proposal") submitted to Costco Wholesale Corporation (the "Company") by the Franciscan Sisters of Perpetual Adoration. As of August 11, 2021, Franciscan Sisters of Perpetual Adoration beneficially owned, and had beneficially owned continuously for at least seven years, shares of the Company's common stock worth at least \$100,000 (the "Shares"). Stifel, Nicolaus & Company, Inc. has acted as record holder of the Shares and is a DTC participant.

If you require any additional information, please do not hesitate to contact me at 312-454-3838 and tienkenw@stifel.com

Very truly yours,



Will Tienken
Senior Vice President/Investments

STIFEL, NICOLAUS & COMPANY, INCORPORATED

70 WEST MADISON STREET, SUITE 2400 | CHICAGO, ILLINOIS 60602
(312) 454-3838 | (800) 745-7110 TOLL-FREE | (312) 454-3856 FAX | TIENKENW@STIFEL.COM

MEMBER SIPC AND NYSE

----- Forwarded message -----

From: **Tienken, William** <tienkenw@stifel.com>
Date: Thu, Aug 12, 2021 at 10:34 AM
Subject: Proof of Costco Shareholder ownership
To: jsullivan@costco.com <jsullivan@costco.com>
Cc: Wehner, Brad (Chicago) <bwehner@stifel.com>

Mr. Sullivan,

This email dated 8/12/2021, is a copy of the Verification of Costco ownership by the Franciscan Sisters of Perpetual Adoration ,which was delivered by FedEx to your office.

Further the Franciscan Sisters of Perpetual Adoration intend to continue to hold these shares through and beyond the date of the company's 2022 annual meeting of shareholders.

Thank you,

Will Tienken

Senior Vice President/Investments

(312) 454-3838 direct | (800) 745-7110 toll-free
tienkenw@stifel.com

STIFEL | Three First National Plaza
70 West Madison, Suite 2500
Chicago, Illinois 60602
Investment Services Since 1890

This message, and any of its attachments, is for the intended recipient(s) only, and it may contain information that is privileged, confidential, and/or proprietary and subject to important terms and conditions available at

Exhibit B

Costco Report on Food Security

REPORT ON FOOD SECURITY

September 2021

Costco Wholesale makes efforts in multiple ways that enhance food security for millions of Americans, through our offerings of affordable, nutritious food and our philanthropic work.

Improving Access to Affordable, Healthy Food

Few retailers match the scale of healthy foods that we sell. For example, Costco's fresh foods sales in FY2021 were nearly \$18 billion, of which approximately \$6.8 billion was fresh produce. A substantial portion of the food we sell is organic, including \$6.3 billion in sales of organic foods and an additional \$2.3 billion in organic produce.

We offer healthy foods not just at a massive scale; we do so at the best values in retail. We regularly shop our supermarket competitors, and these shops consistently validate that our pricing is a 15-25% value to conventional supermarkets. And our values are equal to or better than our wholesale club competitors. Our value proposition is particularly strong with respect to organic items. For example, as compared to conventional supermarket organic prices, Costco offers an approximately 30-40% value on avocados, a 33% value on organic bananas and asparagus, a 33-35% value on chicken, and a 25% value on ground beef.

Using federal benefits, needy families are among those with access to our offerings through the Supplemental Nutritional

Assistance Program benefits Electronic Benefits Transfer System, provided by the U.S. Department of Agriculture. According to USDA, “SNAP provides nutrition benefits to supplement the food budget of needy families so they can purchase healthy food and move towards self-sufficiency.” More information can be found on the [USDA SNAP](#) website. In fiscal 2020, we sold nearly \$1.7 billion worth of food under this program; in fiscal 2021 it was over \$3 billion. That figure alone would place us in the top fifty of U.S. grocers by total sales. We expect the figure to increase in our fiscal 2022, as the federal government expands SNAP funding.¹

We have multiple locations convenient to major urban centers, including New York City, Washington, D.C., Chicago, Kansas City, Seattle, San Francisco, and Los Angeles. For a complete list of our locations, please visit our [Find a Warehouse](#) page.

Our expanded offerings through two-day grocery delivery also make us accessible at affordable prices even for those who do not live close to a Costco warehouse.

<https://www.costco.com/costco-grocery-faq.html>

¹ The Biden administration has revised the nutrition standards of the food stamp program and prompted the largest permanent increase to benefits in the program’s history, a move that will give poor people more power to fill their grocery carts but add billions of dollars to the cost of a program that feeds one in eight Americans.

<https://www.nytimes.com/2021/08/15/us/politics/biden-food-stamps.html>

Addressing Food Insecurity Through Philanthropic Efforts

We help the neediest through donations of food and money to organizations that serve them. In recent years we have, through a partnership with [Feeding America](#)² and other organizations, significantly increased our food donations, helping the needy and reducing waste.³ In fiscal 2021 in the U.S. alone we will have donated over 70 million pounds of food. Nearly 75% was produce/fruit/vegetables, grains/bread, and dairy/protein. Feeding America estimates the retail value of those donations to be in excess of \$125 million. We have supplemented these donations with cash grants to food security groups, over \$3.5 MM in fiscal 2021 alone.

We recognize that many populations in the U.S. are at risk for food insecurity and that the risk impacts certain groups disproportionately. We believe that our merchandise offerings and philanthropic efforts are substantial forces for reduction of food insecurity.

² We are a Visionary Partner with Feeding America, the nation's largest domestic hunger-relief organization.
<https://www.feedingamerica.org/about-us/partners/food-and-fund-partners/visionary-partners/costco-wholesale-corp>. Feeding America Visionary Partners are recognized for their generous contributions or commitments of \$4 million or more, donations of 40 million pounds or more of food and grocery products, or combined gifts of \$2 million or more and 20 million pounds or more of food and grocery products.

³ <https://www.costco.com/sustainability-waste-minimization.html#reducing-food-waste>