



September 29, 2021

**VIA EMAIL** ([shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov))

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

**Re: Withdrawal of No-Action Request Dated September 20, 2021 Relating to  
Shareholder Proposal Submitted by James McRitchie**

Ladies and Gentlemen:

In a letter dated September 20, 2021, Costco Wholesale Corporation (“Costco”) requested that the Staff of the Division of Corporation Finance of the Securities and Exchange Commission concur that a shareholder proposal and statements in support thereof submitted to the Company by James McRitchie (the “Proponent”) may be omitted from Costco’s proxy materials for its 2022 annual meeting of shareholders.

Proponent by correspondence dated September 21, 2021 notified Costco that he was withdrawing the proposal. Costco accordingly is hereby withdrawing the request for a no-action letter.

If you have any questions concerning any aspect of this matter or require any additional information, please feel free to contact me at (425) 427-7577. Please email a response to this letter to [jsullivan@costco.com](mailto:jsullivan@costco.com).

Sincerely,

A handwritten signature in black ink that reads "John S. Sullivan".

John Sullivan  
Senior Vice President, General Counsel and  
Secretary

cc: James McRitchie



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September 20, 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 James McRitchie**

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 statement submitted by James McRitchie (the "Proponent"), by letter dated August 5, 2021.

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 of Costco Wholesale Corporation (“Costco” or “Company”) request Costco adopt a policy requiring that any trade association, social welfare organization, or other organization that engages in political activities seeking financial support from Company agree to report to Costco, at least annually, the organization’s expenditures for political activities, including the amount spent and the recipient, and that each such report be posted on Costco’s website. For purposes of this proposal, “political activities” are:

- (i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or
- (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i).

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

## BASES 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 in reliance on the following:

- Rule 14a-8(i)(5), because the proposal relates to operations that are not economically significant and that are not otherwise significantly related to Costco’s business; and
- Rule 14a-8(i)(10), because Costco has substantially implemented the proposal.

## ANALYSIS

### **I. The Proposal May Be Excluded Under Rule 14a-8(i)(5) Because It Relates to Operations that Are Not Economically Significant and that Are Not Otherwise Significantly Related to Costco’s Business.**

#### *A. Rule 14a-8(i)(5) Background.*

Rule 14a-8(i)(5) provides that a company may exclude a stockholder proposal “[i]f the proposal relates to operations which account for less than 5 percent of the company’s total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company’s business.” In Staff Legal Bulletin No. 14I (Nov. 1, 2017) (“SLB 14I”), the Staff examined its historic approach to interpreting Rule 14a-8(i)(5) and determined that the Staff’s prior “application of Rule 14a-8(i)(5) ha[d] unduly limited the exclusion’s availability because it ha[d] not fully considered the

second prong of the rule as amended in 1982 – the question of whether the proposal ‘deals with a matter that is not significantly related to the issuer’s business’ and is therefore excludable.” Accordingly, the Staff noted that, going forward, it “will focus, as the rule directs, on a proposal’s significance to the company’s business when it otherwise relates to operations that account for less than 5% of total assets, net earnings and gross sales.” *Id.*

*B. The Proposal Relates to Operations that Account for Less Than Five Percent of Each of the Company’s Total Assets, Net Earnings and Gross Sales.*

The proposal asks Costco to require any trade association, social welfare organization or other organization to which Costco contributes to report to Costco any expenditures for political activities as defined in the proposal. Costco has for over a decade prohibited the use of its funds for political activity. This policy is described in Costco’s Policy Regarding Spending on Elections and Policy Advocacy (the “Political Spending Policy”), which is attached hereto as Exhibit B and is available on Costco’s website.<sup>1</sup> Accordingly, the proposal relates to activities in which Costco does not engage and which hence account for substantially less than five percent of each of Costco’s total assets, net sales and net income.<sup>2</sup>

*C. The Proposal Is Not Otherwise Significantly Related to the Company’s Business.*

As previously mentioned, in SLB 14I the Staff determined that its prior “application of Rule 14a-8(i)(5) ha[d] unduly limited the exclusion’s availability because it ha[d] not fully considered . . . the question of whether [a] proposal ‘deals with a matter that is not significantly related to the issuer’s business’ and is therefore excludable.” The Staff went on to explain that this analysis is “dependent upon the particular circumstances of the company to which the proposal is submitted,” and that “[w]here a proposal’s significance to a company’s business is not apparent on its face, [it] may be excludable unless the proponent demonstrates that it is ‘otherwise significantly related to the company’s business.’” *Id.* The statement further says that a “proponent could continue to raise social or ethical issues in its arguments, but it would need to tie those to a significant effect on the company’s business.” *Id.* The Staff also noted that determining whether a proposal is “otherwise significantly related to the company’s business” may involve “difficult judgement calls” and that a company’s “board of directors is generally in a better position to determine.” *Id.* Additionally, in Staff Legal Bulletin No. 14J (Oct. 23, 2018) the Staff indicated that “a well-developed discussion of the board’s analysis of whether the particular policy issue raised by the proposal is otherwise significantly related to the company’s business . . . can assist the staff in evaluating a company’s no-action request.” The Staff added that a board analysis is particularly helpful in “the case where the significance of a particular issue to a particular company and its shareholders may

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<sup>1</sup> Available at <https://investor.costco.com/static-files/d807deed-067f-462e-982a-41467fc4f7b3>.

<sup>2</sup> The proposal identifies no organization that has failed to comply with Costco’s requirements, and we have no indication that any such breach has occurred. Even if there were undetected breaches of Costco’s prohibition, they could not possibly exceed the 5% threshold measured most conservatively (\$200 million). Costco’s total assets, gross profit and net income for the fiscal year ended August 30, 2020, (Costco’s most recently ended full fiscal year for which data is publicly available) were approximately \$55.556 billion (total assets), \$163.220 billion (net sales) and \$4.002 billion (net income).

depend on factors that are not self-evident and that the board may be well-positioned to consider and evaluate.” The Staff has previously concurred with the exclusion of stockholder proposals where a committee of the company’s board of directors provided the analysis in place of the entire board of directors. *See, e.g., Marriott Int’l, Inc.* (Mar. 13, 2020) (stating that the “Board of Directors’ Nominating and Corporate Governance Committee’s analysis was dispositive to the staff’s ability to grant relief under Rule 14a-8(i)(5)”); *ResMed Inc.* (Aug. 27, 2020).

### **Board Analysis**

Costco’s Nominating and Governance Committee of its board of directors (the “Committee”) is regularly updated on Costco’s operations and also oversees matters related to Costco’s corporate governance, including compliance with Costco’s Political Spending Policy. The Committee is primarily responsible for reviewing stockholder proposals and determining Costco’s response. At a meeting of the Committee after receipt of the proposal, the Committee considered and analyzed the proposal with input from Costco’s management. After hearing the presentation and considering the information presented, the Committee concluded that the proposal was not significantly related to Costco’s business.

In reaching this conclusion, the Committee considered the fact that Costco does not engage in the activities that are encompassed by the proposal, as further discussed below:

**History and Policy Regarding Direct Contributions:** As described in its Political Spending Policy, Costco has a long-standing policy against making direct or indirect contributions to political parties or candidates. Costco’s policy also prohibits contributions for “independent expenditures”: communications that expressly advocate for the election or defeat of a clearly identified candidate that are not made in cooperation, consultation or concert with or at the request of the candidate, the candidate’s authorized committee or a political party.

**History and Policy Regarding Indirect Contributions:** The Political Spending Policy’s prohibition against direct contributions to political parties or candidates also applies when Costco gives to trade and industry associations, which are requested not to use any portion of the dues Costco pays to them for political contributions. After receiving the proposal, Costco revised its Political Spending Policy to make clear that this request was a requirement, to clarify that the prohibition applies also when Costco gives to section 501(c)(4) social welfare organizations, and to emphasize that neither 501(c)(4) organizations nor trade and industry associations may use Costco’s donations to make independent expenditures. Costco has made clear that these prohibitions extend to (i) influencing or attempting to influence the selection, nomination, election or appointment of any individual to a public office or (ii) supporting a party, committee, association, fund or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i). Costco enforces the Political Spending Policy by requiring that each association or organization to which Costco pays dues or donates be provided with a memo outlining Costco’s policy and stating that no amounts paid by Costco shall be utilized for

political expenditures of any kind. Costco does not have a political action committee (“PAC”), does not intend to create a PAC and does not use Costco funds or assets to contribute to any PAC, except rarely to support ballot measure committees promoting initiatives aligned with Costco’s business interests. This lack of any indirect use of Costco membership dues or contributions to other organizations for political activities indicates that such activities are not significant to Costco’s business.

**Lack of Stockholder Interest:** Since adopting its Political Spending Policy in 2012, Costco has not received a stockholder proposal regarding political contributions or similar topics. Costco’s investor relations team meets with stockholders throughout the year and, on a regular basis, receives their feedback about Costco and their priorities regarding Costco. Costco’s investor relations team does not recall any stockholder (other than the Proponent through the proposal, which was submitted without any prior communication) ever mentioning direct or indirect political contributions or similar topics as important to their evaluation of Costco. Additionally, the broker letter submitted on behalf of the Proponent confirms that the Proponent owns only 30 shares of Costco common stock, out of approximately 443 million shares outstanding as of May 26, 2021. The lack of expressed stockholder interest indicates that stockholders generally do not view political contributions as significant to Costco’s business.

**Existing Disclosures Provide Equivalent Information:** Costco already publicly discloses its policies regarding indirect political contributions, the topic identified in the proposal, in its Political Spending Policy, which makes it clear that Costco’s prohibition on indirect political spending addresses each element of political activities described in the proposal. As noted above, the proposal identifies no organization that has failed to comply with Costco’s requirements, and we have no indication that any such breach has occurred. Given the small dollars involved, the low risk of violation, and the administrative effort involved in following up with associations (e.g., many small donations to chambers of commerce) Costco believes no further action on its part is necessary to address the concerns raised by the proposal.

The Staff has previously permitted exclusion of proposals under Rule 14a-8(i)(5) where the company did not engage in the type of direct or indirect political spending that was the subject of the proposal. *See, e.g., Reliance Steel & Aluminum Co.* (Apr. 2, 2019) (in concurring with exclusion the Staff noted in part that “the only expenditure that could be considered an indirect political contribution or expenditure is the Company’s paid dues to a single trade association that is not permitted to make contributions to political candidates or political action committees.”). *See also ResMed Inc.* (Aug. 27, 2020) (exclusion permitted where the company’s history and policies demonstrated the lack of any other than de minimis direct or indirect political contributions).

While the Proponent speculates that Costco’s donations could cause reputational harm to the Company, he provides no instance in which that has occurred, nor any analysis that shows any meaningful prospect of that happening given the restrictions under which the Company already operates.

In light of the foregoing considerations, Costco believes the proposal's significance to Costco "is not apparent on its face." Additionally, and for the foregoing reasons, the Committee found that the proposal is not "otherwise significant to the Company's business." The Proponent has not tied the proposal "to a significant effect on the company's business." Accordingly, Costco requests that the Staff concur that the proposal is excludable pursuant to Rule 14a-8(i)(5) because it relates to operations that are not economically significant or otherwise significantly related to Costco's business.

## **II. The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal.**

### *D. 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 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. 34-12598* (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. 34-20091* (Aug. 16, 1983) and *Exchange Act Release No. 34-40018*, at n.30 (May 21, 1998) (emphasis added).

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). Even if a company's actions do not go as far as those requested by the shareholder proposal, they nonetheless may be deemed to "compare favorably" with the requested actions. *See, e.g., Exxon Mobil Corp.* (Mar. 23, 2009) (permitting exclusion of a proposal requesting a report regarding political contributions where the company's pre-existing political contribution policies and procedures compared favorably to the proposal at issue, despite the disclosures not being as fulsome as the proponent had contemplated and the analysis not rising to the level of detail that the proponent desired). *See also, Pfizer Inc.* (Jan. 11, 2013, *recon. denied* Mar. 1, 2013) (permitting exclusion where "public disclosures compare favorably with the guidelines of the proposal"). 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 pre-existing political contribution policies and procedures addressed the stated requirements of the proposal and 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).

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

Costco's Political Spending Policy disclosed on its website is responsive in full to the proposal and satisfies the proposal's underlying concern and essential objective: to "support transparency and accountability in corporate electoral spending."

Costco provides this transparency and accountability through its Political Spending Policy, which describes Costco's longstanding policy of not engaging, directly or indirectly, in the type of "political activities" described in the proposal. The proposal asks Costco to adopt a policy of requiring that any trade association, social welfare organization or other organization that engages in political activities seeking financial support from Costco agree to report to Costco the organization's expenditures for political activities, which the proposal defines as "(i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i)." Costco's Political Spending Policy prohibits any trade association, section 501(c)(4) organization or other entity to which it contributes from using its funds for exactly these specified political activities, of which there have been none to date. Through these substantive prohibitions, Costco avoids the same misalignment of spending, reputational risk and legal jeopardy that the proposal seeks to address.

Costco's Political Spending Policy therefore satisfies the proposal's underlying concern and essential objective through a clear policy of prohibiting any use of its corporate contributions to trade associations, 501(c)(4) groups and other organizations for political activities as defined in the proposal. Thus, even though here, as in *Exelon* and *General Electric*, the proposal has not been implemented exactly as proposed by the Proponent, who asks Costco to obtain reports about spending on political activities by third parties to whom Costco gives. Because Costco **prohibits** the use of its funds for those political activities it has actually exceeded the scope of the proposal – undertaking substantive action rather than just reporting remedies. Accordingly, Costco believes 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.



Office of Chief Counsel  
September 20, 2021  
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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](mailto:jsullivan@costco.com).

Sincerely,

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

John Sullivan  
Senior Vice President, General Counsel and  
Secretary

Enclosures

cc: James McRitchie

**Exhibit A**

**Proposal and Related Correspondence**

# Corporate Governance

CorpGov.net: improving accountability through democratic corporate governance since 1995

James McRitchie  
9295 Yorkship Court  
Elk Grove, CA 95758

Mr. John Sullivan, Corporate Secretary  
Costco Wholesale Corporation (COST)  
999 Lake Drive  
Issaquah, WA 98027  
PH: 425-313-8100 FX: 425-313-810  
jsullivan@costco.com

Dear Mr. Sullivan,

I am submitting the attached shareholder proposal, which I support, requesting enhanced **political disclosure**.

I will meet Rule 14a-8 requirements, including the continuous ownership of the required stock value until after the date of the respective shareholder meeting. I have owned the stock continuously since before January 4, 2020. My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

I am available to meet with the Company via teleconference on August 23, 24 or 26 at 10:30AM Pacific time.

Your consideration and that of the Board of Directors is appreciated in support of the long-term performance of our company. You can avoid the time and expense of filing a deficiency letter to verify ownership by simply acknowledging receipt of my proposal promptly by email to [jm@corpgov.net](mailto:jm@corpgov.net). That will prompt me to request the required letter from my broker and to submit it to the Company.

Sincerely,



James McRitchie

August 5, 2021

Date



[COST – Rule 14a-8 Proposal, August 5, 2021]  
[This line and any line above it – Not for publication.]  
Proposal [4\*] - Political Disclosure



Resolved: Shareholders of Costco Wholesale Corporation (“Costco” or “Company”) request Costco adopt a policy requiring that any trade association, social welfare organization, or other organization that engages in political activities seeking financial support from Company agree to report to Costco, at least annually, the organization’s expenditures for political activities, including the amount spent and the recipient, and that each such report be posted on Costco’s website. For purposes of this proposal, “political activities” are:

- (i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or
- (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i).

Supporting Statement: As long-term Costco shareholders, we support transparency and accountability in corporate electoral spending. Unless a company knows which candidates and political causes its funds ultimately support, it cannot assure shareholders, employees, or other stakeholders that its spending aligns with core values, business objectives, and policy positions. Misaligned or non-transparent funding creates reputational risk that can harm shareholder value. It can also place a company in legal jeopardy. Without the information requested by this resolution, none of the board, senior management, or shareowners can assess the risks associated with political spending.

Costco’s reputation, value, and bottom line can be adversely impacted by spending that is conducted blindly. The risk is especially serious when giving to trade associations, Super PACs, 527 committees, and “social welfare” organizations – groups that routinely pass money to or spend on behalf of candidates and political causes that a company might not otherwise wish to support. The Conference Board’s 2021 Under a Microscope<sup>1</sup> report details these risks, discusses how to effectively manage them, and recommends the process suggested in this proposal.

Media coverage has amplified the risk a company’s blind spending can pose. Company spending has been tied to attacks on voting rights and efforts to deny climate change – associations many companies wish to avoid. Contributions to third-party groups can also embroil companies in scandal. For instance, FirstEnergy Corp was tainted when it contributed to a political advocacy organization that later pled guilty to Ohio’s largest bribery scheme. FirstEnergy’s stock price dropped and the scandal led to the resignation of several top officers.

Costco has not disclosed a policy on payments to 501(c)(4) “social welfare organizations.” It is unknown whether Costco has contributed to such organizations, and if so, whether its board received sufficient

<sup>1</sup> <https://www.conference-board.org/publications/Under-a-Microscope-ES>



information from these groups to assess (a) the potential risks for the Company and stockholders, and (b) whether the groups' expenditures aligned with Costco's core values, business objectives, and policy positions.

Mandating reports from third-party groups receiving Company political money would demonstrate Costco's commitment to robust risk management and responsible civic engagement.

We urge a vote FOR the commonsense risk management measures contained in Proposal [4\*].

[This line and any below are not for publication]  
Number 4\* to be assigned by Company

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss simultaneous elimination of both shareholder graphic and management graphic in the proxy in regard to specific proposals. However, such discussions should take place well in advance of filing form DEF 14A. Reference: SEC Staff Legal Bulletin No. 14I (CF)

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including:

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005)

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email to [jm@corpgov.net](mailto:jm@corpgov.net).

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From: James McRitchie <[jm@corpgov.net](mailto:jm@corpgov.net)>  
Date: Mon, Aug 9, 2021, 1:35 PM  
Subject: Re: (COST) Shareholder Proposal on Political Disclosure  
To: John Sullivan <[jsullivan@costco.com](mailto:jsullivan@costco.com)>

Dear Mr. Sullivan

As promised, please find the attached broker letter to satisfy the requirements of Rule 14a-18. Please let me know if there are any outstanding deficiencies with regard to the proposal or if you would like to discuss it.

Best,

James McRitchie  
Shareholder Advocate  
Corporate Governance  
<http://www.corpgov.net>  
9295 Yorkship Court  
Elk Grove, CA 95758

916.869.2402

On Aug 5, 2021, at 4:33 PM, John Sullivan <[jsullivan@costco.com](mailto:jsullivan@costco.com)> wrote:

Email received.

On Thu, Aug 5, 2021 at 3:19 PM James McRitchie <[jm@corpgov.net](mailto:jm@corpgov.net)> wrote:

Dear Mr. Sullivan,

Please find and acknowledge receipt of the attached shareholder proposal to be presented at the next annual meeting. Of course, I would be happy to discuss the proposal with you or other representatives of Costco.

Best Wishes,

James McRitchie  
Shareholder Advocate  
Corporate Governance

[https://urldefense.proofpoint.com/v2/url?u=http-3A\\_www.corpgov.net&d=DwICAg&c=pApUd0AUA6FmKR001iR\\_VA&r=N9h6b1cKTyTDyPwCLh9LYJrr-EdvOOgnhroF6pg4CWk&m=y6m0aHcx0e0foyltd3LyopUJQLRXiqG9qbNCX\\_hN2es&s=1yVUj9lSo1p2OIF08JQyPFIPFRyDIMARQAe1bLs5Rp8&e=](https://urldefense.proofpoint.com/v2/url?u=http-3A_www.corpgov.net&d=DwICAg&c=pApUd0AUA6FmKR001iR_VA&r=N9h6b1cKTyTDyPwCLh9LYJrr-EdvOOgnhroF6pg4CWk&m=y6m0aHcx0e0foyltd3LyopUJQLRXiqG9qbNCX_hN2es&s=1yVUj9lSo1p2OIF08JQyPFIPFRyDIMARQAe1bLs5Rp8&e=)

9295 Yorkship Court  
Elk Grove, CA 95758

916.869.2402

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From: James McRitchie <[jm@corpgov.net](mailto:jm@corpgov.net)>  
Date: Thu, Aug 5, 2021, 5:33 PM  
Subject: Re: (COST) Shareholder Proposal on Political Disclosure  
To: John Sullivan <[jsullivan@costco.com](mailto:jsullivan@costco.com)>

Thanks for your prompt response. I submitted a request for a broker letter, which usually takes about 3 days. You will get it soon after I am notified. Hopefully, that will save Costco the cost of sending a deficiency letter.

James McRitchie  
Shareholder Advocate  
Corporate Governance  
<http://www.corpgov.net>  
9295 Yorkship Court  
Elk Grove, CA 95758

916.869.2402

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Dear Mr. Sullivan,

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Best Wishes,

James McRitchie  
Shareholder Advocate  
Corporate Governance  
<https://urldefense.proofpoint.com/v2/url?u=http->



[3A www.corpgov.net&d=DwICAg&c=pApUd0AUA6FmKR01iR\\_VA&r=N9h6b1cKTyTDyPwCLh9LYJrr-EdvOOgnhroF6pg4CWk&m=y6m0aHcx0e0foyltd3LyopUJQLRXiqG9qbNCX\\_hN2es&s=1yVUj9ISo1p2OIF08JQyPFIPFRyDIMARQAe1bLs5Rp8&e=](http://www.corpgov.net&d=DwICAg&c=pApUd0AUA6FmKR01iR_VA&r=N9h6b1cKTyTDyPwCLh9LYJrr-EdvOOgnhroF6pg4CWk&m=y6m0aHcx0e0foyltd3LyopUJQLRXiqG9qbNCX_hN2es&s=1yVUj9ISo1p2OIF08JQyPFIPFRyDIMARQAe1bLs5Rp8&e=)

9295 Yorkship Court  
Elk Grove, CA 95758

916.869.2402



08/09/2021

James McRitchie  
Roth IRA  
9295 Yorkship Ct  
Elk Grove, CA 95758

Re: Your TD Ameritrade Account Ending in **PII**

Dear James McRitchie,

Pursuant to your request, this letter is to confirm that as of the date of this letter, James McRitchie held and had held continuously since before January 4, 2020, 30 common shares of Costco Wholesale Corporation (COST) in an account ending in **PII** at TD Ameritrade. The DTC clearinghouse number for TD Ameritrade is 0188.

If we can be of any further assistance, please let us know. Just log in to your account and go to Client Services > Message Center to write us. You can also call Private Client Services at 800-400-4078. We're available 24 hours a day, seven days a week.

Sincerely,

A handwritten signature in black ink that reads 'William Pieper'.

William Pieper  
Resource Specialist  
TD Ameritrade

TD Ameritrade understands the importance of protecting your privacy. From time to time we need to send you notifications like this one to give you important information about your account. If you've opted out of receiving promotional marketing communications from us, containing news about new and valuable TD Ameritrade services, we will continue to honor your request.

Market volatility, volume, and system availability may delay account access and trade execution.

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**Exhibit B**

**Costco Policy Regarding Spending on Elections and Policy Advocacy**

COSTCO WHOLESALE CORPORATION  
POLICY REGARDING SPENDING ON ELECTIONS AND POLICY  
ADVOCACY

1. Costco Wholesale has a long-standing policy against making contributions to any political party or candidate, federal, state or local, in all countries in which we do business. This prohibition covers not only direct contributions but also support through organizations created under section 527 of the Internal Revenue Code, buying tickets to political fundraising events, or furnishing goods, services or equipment for political fundraising purposes.
2. The Company also prohibits contributions for “independent expenditures”: communications that expressly advocate the election or defeat of a clearly identified candidate that are not made in cooperation, consultation or concert with or at the request or suggestion of a candidate, candidate’s authorized committee or a political party.
3. We belong to various trade and industry associations, to which the Company pays dues. We require that these associations not use any portion of the dues paid by Costco Wholesale for political contributions or independent expenditures. This prohibition extends to: (i) influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office; or (ii) supporting a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures to engage in the activities described in (i). We impose this same requirement when we give to section 501(c)(4) social welfare organizations. Some of these associations and organizations have political action committees; we do not make contributions to these committees.
4. From time to time, Company employees or other representatives advocate at various levels of government with the aim of ensuring that the impact that legislative and regulatory issues have on our business, our industry, our members and our employees is fairly presented. We are also indirectly represented in advocacy of this type through trade and industry associations. Prominent examples include the Retail Industry Leaders Association, the National Association of Chain Drug Stores, the Retail Council of Canada, and the California Grocers Association. We also utilize these associations to help us stay informed about evolving legal and regulatory obligations so that we may conduct our business accordingly. Policy advocacy is solely to promote the interests of the Company and is made without regard for the private political preferences of Company officers.
5. In the United States, our warehouses are often members of the local chambers of commerce or similar groups. While some of these groups may engage in political activities, our membership in them is designed to promote good corporate citizenship and our warehouse businesses rather than to influence political processes.

6. Spending on advocacy is generally overseen by the general counsel. The Nominating and Governance Committee of the Board of Directors, which is comprised exclusively of independent directors, reviews the Company's spending on politics and advocacy and compliance with the policies described above.

Approved by the Costco Wholesale Board of Directors on May 2012. Revised August 2018 and September 2021.