

CORPORATE GOVERNANCE

Costco – Sustainability Reporting

WHEREAS

Investors increasingly seek disclosure of companies' social and environmental practices in the belief that they impact shareholder value. Many investors believe companies that are good employers, environmental stewards, and corporate citizens are more likely to generate stronger financial returns, better respond to emerging issues, and enjoy long-term business success.

Globally over 2,700 companies issued reports on sustainability issues in 2007 (www.corporateregister.com). A recent survey found that 80% of the Global Fortune 250 companies now release corporate responsibility data, which is up from 64% in 2005 (KPMG International Survey of Corporate Responsibility Reporting 2008).

Mainstream financial companies are also increasingly recognizing the links between sustainability performance and shareholder value. Information from corporations on their greenhouse gas emissions, environmental stewardship policies, and overall sustainability strategies is essential to investors as they assess the strengths of corporate securities in the context of climate change and increased public awareness of corporate social and environmental responsibility.

As such, it is no surprise that Wal-Mart, Tesco, and other major retailers have taken leadership roles in this area through the publication of comprehensive sustainability reports that address company impacts with regards to greenhouse gas emissions, environmental stewardship, product safety, and other related considerations.

Costco, however, lags behind its global industry peers on sustainability

reporting, especially regarding key issues such as environmental stewardship and climate change. In a recent report authored by RiskMetrics, the company received the second lowest score of big-box retailers in terms of climate change governance practices.

It is vital that our company address and report on the impacts of its operations on the environment and on society.

RESOLVED

Shareholders request that the Board of Directors prepare a sustainability report including strategies to reduce greenhouse gas emissions and addressing other environmental and social impacts of Costco's operations such as water use and seafood sustainability. The report, prepared at reasonable cost and omitting proprietary information, should be published and publicly-available by June 2010.

SUPPORTING STATEMENT

SEARCH

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LINKS



The report should include the Costco's definition of sustainability and a company-wide review of company policies, strategies, practices, and metrics related to long-term social and environmental sustainability, on issues including climate change, water and sustainable seafood.

We recommend that Costco uses the Global Reporting Initiative's Sustainability Reporting Guidelines to prepare the report. The Global Reporting Initiative (www.globalreporting.org) is an international organization developed with representatives from the business, environmental, human rights and labor communities. Their guidelines provide a flexible reporting system that allows the omission of content that is not relevant to company operations.



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