

## **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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup> Costco is lagging peers in this area. For example, Walmart publishes an explicit commitment on increasing access to healthier and more affordable food.<sup>5</sup>

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.<sup>6</sup>

---

<sup>1</sup> [https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA\\_Spotlight-Black-Community\\_LR-1.pdf](https://hungerandhealth.feedingamerica.org/wp-content/uploads/2021/02/FA_Spotlight-Black-Community_LR-1.pdf)

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

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

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

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

<sup>6</sup> [https://customerservice.costco.com/app/answers/detail/a\\_id/829/~/what-is-costcos-mission-statement-and-code-of-ethics%3F](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.<sup>7</sup> The company faced controversy for punishing employees for wearing Black Lives Matter apparel<sup>8</sup> and was sued by a couple for \$4 million for being racially profiled while shopping at Costco,<sup>9</sup> 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.

---

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

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

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