



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

October 2, 2019

John Sullivan
Costco Wholesale Corporation
jsullivan@costco.com

Re: Costco Wholesale Corporation

Dear Mr. Sullivan:

This letter is in regard to your correspondence dated September 27, 2019 concerning the shareholder proposal (the "Proposal") submitted to Costco Wholesale Corporation (the "Company") by the Gun Denhart Living Trust et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponents have withdrawn the Proposal and that the Company therefore withdraws its September 20, 2019 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Kasey L. Robinson
Special Counsel

cc: Danielle Fugere
As You Sow
dfugere@asyousow.org



September 27, 2019

VIA EMAIL

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

Email Address: shareholderproposals@sec.gov

**Re: Withdrawal of No-Action Request Dated September 20, 2019 Relating to
Shareholder Proposal Submitted by As You Sow, on Behalf of The Gun Denhart
Living Trust -- Rule 14a-8**

Ladies and Gentlemen:

In a letter dated September 20, 2019 (the "*No-Action Request*"), Costco Wholesale Corporation ("*Costco*") requested that the staff of the Division of Corporation Finance (the "*Staff*") of the Securities and Exchange Commission concur that a shareholder proposal (the "*Proposal*") and statements in support thereof submitted to the Company by As You Sow, on behalf of the Gun Denhart Living Trust and other co-filers (collectively, the "*Proponents*") may be omitted from the Company's proxy materials for its 2020 annual meeting of shareholders.

Costco and the Proponents have reached agreement on the Proponents' withdrawal of the Proposal, and Costco 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.

Sincerely,

A handwritten signature in black ink that reads "John Sullivan". The signature is stylized and cursive.

John Sullivan
Senior Vice President, General Counsel and
Secretary

cc: As You Sow



September 20, 2019

VIA EMAIL

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

Email Address: *shareholderproposals@sec.gov*

Re: Shareholder Proposal Submitted by As You Sow, on Behalf of The Gun Denhart Living Trust, Pursuant to Rule 14a-8 Under the Securities Exchange Act of 1934, as Amended

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), Costco Wholesale Corporation, a Washington corporation ("*Costco*"), is writing to notify the Securities and Exchange Commission (the "*Commission*") of Costco's intention to exclude from its proxy materials (the "*Proxy Materials*") for its 2020 annual meeting of shareholders (the "*Annual Meeting*") a shareholder proposal (the "*Proposal*") and statements in support thereof submitted to Costco by As You Sow, on behalf of the Gun Denhart Living Trust and other co-filers (collectively, the "*Proponents*") by letter dated August 14, 2019.

Pursuant to Rule 14a-8(j), Costco has:

- submitted this letter to the Commission no later than eighty (80) calendar days before Costco intends to file its definitive 2020 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponents.

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 (the "*Staff*"). Accordingly, Costco is taking this opportunity to inform the Proponents that if the Proponents elect 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.

Costco currently intends to file its definitive 2020 Proxy Materials with the Commission on or about December 10, 2019.

THE PROPOSAL

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

RESOLVED: Shareholders request that Costco issue a report annually, at reasonable cost and excluding proprietary information, providing quantitative metrics demonstrating any progress toward phasing out the routine use of medically important antibiotics in the company's private label meat and poultry supply chains.

A copy of the Proposal, as well as relevant correspondence with the Proponents, 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 the 2020 Proxy Materials in reliance on the following:

- Rule 14a-8(i)(7), because the Proposal deals with matters relating to Costco's ordinary business operations and seeks to micromanage Costco; and
- Rule 14a-8(i)(10), because Costco has substantially implemented the Proposal.

ANALYSIS

A. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals with Matters Relating to Costco's Ordinary Business Operations and Seeks to Micromanage Costco.

1. Rule 14a-8(i)(7) Background

Pursuant to Rule 14a-8(i)(7), a shareholder proposal may be excluded if it "deals with a matter relating to the company's ordinary business operations." According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" refers to matters that are not necessarily "ordinary" in the common meaning of the word, but instead the term "is rooted in the corporate law concept [of] providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "**1998 Release**").

In the 1998 Release, the Commission explained that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy.

The first is that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

In the 1998 Release, the Commission distinguished proposals pertaining to ordinary business matters from those “focusing on sufficiently significant social policy issues,” the latter of which “generally would not be considered to be excludable” under Rule 14a-8(i)(7). *Id.* However, even when a proposal involves a significant policy issue, the Staff has repeatedly and consistently concurred that a proposal may nevertheless be excluded under Rule 14a-8(i)(7) if the proposal seeks to micromanage the company by requesting an assessment of the feasibility of achieving certain goals or by otherwise specifying the manner in which the company should address the policy issue. *See, e.g., Paypal Holdings, Inc.* (Mar. 6, 2018) (concurring in the exclusion of a proposal requesting a report that “evaluates the feasibility” of achieving certain emissions levels); *Amazon.com, Inc.* (Mar. 6, 2018) (same); *Verizon Communications Inc.* (Mar. 6, 2018) (same); *Deere & Company* (Dec. 27, 2017) (same); *Deere & Company* (Dec. 5, 2016) (concurring in the exclusion of a proposal requesting the board of directors generate a plan to achieve certain emissions levels); *Apple Inc.* (Dec. 5, 2016) (same); *Ford Motor Co.* (Mar. 2, 2004) (concurring in the exclusion of a proposal requesting a report containing certain information regarding global warming); and *Duke Energy Corp.* (Feb. 16, 2001) (concurring in the exclusion of a proposal requesting specific reductions in emissions).

In addition, in Staff Legal Bulletin No. 14J (“*SLB 14J*”), the Staff reminded companies that, regardless of the subject matter of the proposal, the method in which a proposal seeks to address an issue can be a potential basis for exclusion. The Staff confirmed that it considers requests for exclusion based on micromanagement on a case-by-case basis and evaluates not only the nature of the proposal, but also “the circumstances of the company to which [the proposal] is directed.” In applying this framework to proposals that call for a study or report, the Staff also takes into account “the underlying substance of the matters addressed by the study or report” in determining whether the proposal “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.”

The Staff has recently granted no-action relief on micromanagement grounds for a number of proposals that request adoption of quantitative targets regarding a significant policy issue and progress reports towards those goals. For example, in *EOG Resources, Inc.* (Feb. 26, 2018, *recon. denied* Mar. 12, 2018), the proposal requested the company “adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions and issue a report . . . discussing its plans and progress towards achieving these targets.” EOG, an international business with a diverse range of assets, explained that emissions were one of many other factors that the company had to manage and balance on a day-to-day basis. Other factors include product sourcing and supply logistics, compliance efforts, changing commodity pricing, the company’s personnel and operating capabilities, infrastructure availability and development, safety, and geological and well

productivity considerations. EOG argued that the company needed to be able to quickly change operational strategies in response to internal and external developments, and emissions management could not be an isolated focus separate and apart from such strategies. The Staff concluded that the proposal sought “to micromanage the [c]ompany by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *See also Exxon Mobil Corp.* (Apr. 2, 2019); *Devon Energy Corp.* (Mar. 4, 2019, *recon. denied* Apr. 1, 2019).

Further, the Staff has allowed exclusion of proposals concerning the sale of particular products and services or choice of operational technologies, even if the proposal relates to a significant policy issue, because product mix and offerings is particularly within the management function of a company and requires complex analysis beyond the ability of shareholders as a group. *See TJX Companies, Inc.* (Apr. 16, 2018) (concurring in the exclusion of a proposal requesting the company adopt a comprehensive animal welfare policy as relating to the company’s “products and services offered for sale”); *The Home Depot, Inc.* (Mar. 21, 2018) (concurring in the exclusion of a proposal requesting the company to end its sale of glue traps); *SeaWorld Entertainment, Inc.* (Mar. 30, 2017, *recon. denied* Apr. 17, 2017) (concurring in the exclusion of a proposal addressing the humane treatment of animals by requesting the replacement of live orca exhibits with virtual reality experiences); *Amazon.com, Inc.* (Jan. 18, 2018) (concurring in the exclusion of a proposal seeking to address water efficiency and performance by requiring the company to list the products it sells in a specific order on its website and to include a specific additional disclosure about certain products); *FirstEnergy Corp.* (Mar. 8, 2013) (concurring in the exclusion of a proposal regarding the company’s diversification of energy resources as concerning the company’s “choice of technologies for use in its operations”); *Dominion Resources, Inc.* (Feb. 22, 2011) (concurring in the exclusion of a proposal that would require the company to offer 100% renewable energy as relating “to the products and services that the company offers”); *Marriott International, Inc.* (Mar. 17, 2010, *recon. denied* Apr. 19, 2010) (concurring in the exclusion of a proposal requiring the installation of low-flow showerheads at certain of the company’s hotels because “although the proposal raises concerns with global warming, the proposal seeks to micromanage the company to such a degree that exclusion of the proposal is appropriate”).

2. *The Proposal Seeks to Micromanage Costco and Does Not Transcend Costco’s Day-to-Day Business Despite Touching on an Important Social Issue*

The Proposal requests that Costco issue an annual report, “providing quantitative metrics demonstrating any progress toward phasing out the routine use of medically important antibiotics in the company’s private label meat and poultry supply chains.” Much like the proposal in *EOG*, the Proposal does not merely require that Costco adopt a policy to minimize or reduce antibiotic use in food animals. Instead, it mandates that Costco first create “quantitative metrics” demonstrating “progress toward phasing out” medically important antibiotics, and then report annually against those quantitative metrics. The Proposal would broadly cover Costco’s worldwide operations, all types of meat offered by Costco (including, but not limited to, beef, pork and poultry) and both Costco’s own production facilities and its supply chains. Much like in *EOG*, *Exxon* and *Devon*, the Proposal seeks to micromanage Costco because implementation would

artificially focus management on arbitrary targets to the exclusion of a number of other complex factors that management balances on a day-to-day basis.

Costco operates membership warehouses and offers members low prices on a limited selection of nationally-branded and private-label products in a wide range of merchandise categories. The merchandising of each of Costco's products requires complex operational decision-making by supply chain, financial, legal and other management experts based on detailed research, analyses, projections and assumptions regarding, among other things, Costco's operations, logistics, relationships with customers, employees and suppliers, long-term strategy, the financial cost and benefit to Costco, consumer preferences (including regarding quality and affordability), consumer health, and the ability of suppliers to meet Costco's supply requirements across its geographic footprint in a manner that satisfies Costco's requirements as to quality, safety, reliability, cost and other factors. Management regularly considers these factors in the context of Costco's business, weighing the advantages and disadvantages of Costco's strategic approach, operational capabilities and other priorities.

The subject matter of the Proposal, meat sourcing and animal husbandry, relates to Costco's complex operational and business decisions as a global retailer. Costco's operating philosophy is to keep costs down and to pass cost savings on to its members by leveraging its tremendous buying power for carefully and precisely selecting quality products. Costco offers an extremely diverse range of products, which broadly include, among other things, household supplies, appliances, electronics, auto services and fresh foods. The fresh foods category not only includes meat products, but also produce, deli and bakery items. In addition, Costco offers these products worldwide, operating in 44 U.S. states, Washington D.C. and Puerto Rico, and also internationally in Canada, Mexico, the United Kingdom, Japan, Korea, Taiwan, Australia, Spain, Iceland, France and China. Thus, in order to fulfill its commitment to offer unmatched savings through efficient buying and operating practices, Costco must conduct a complex analysis of identifying a limited number of quality products across a wide range of merchandise categories, while also considering product mix, consumer preferences, and the importance of consistent supply and delivery and other supply chain and logistics matters. Costco must then leverage its buying power to source vast quantities of these select products at an affordable price, consider geography and applicable foreign regulations and finally must ensure that such products are delivered safely and dependably to its warehouses across the world. The Proposal's subject matter of meat sourcing and animal husbandry touches on broad ranging merchandising implications that shareholders are not in a position to make an informed decision.

Further, the Proposal micromanages Costco's relationships with its suppliers and its own production facilities. As a global enterprise with a commitment to quality and ethical business practices, Costco recognizes the importance of working with its suppliers to implement and improve the health and welfare of animals in its supply chain. In December 2018, Costco updated its Animal Welfare Policy (the "**Policy**"), which is attached to this letter as Exhibit B and publicly available at <https://www.costco.com/sustainability-animal-welfare.html>. The Policy includes a specific section addressing the use of antibiotics, which was further supplemented in September 2019 regarding Costco's progress towards the goals stated therein. Costco has already committed

to work with its suppliers and producers to develop and apply protocols for assessing compliance with the Policy, and has pledged that it will, by December 2020, assess the feasibility of eliminating the routine use of medically important antibiotics for prevention of disease among supplier farms.

As part of this assessment process, Costco has found that it cannot expect to have quantitative metrics regarding the phase-out of routine use of medically important antibiotics to any applicable degree. Supply chains for meat products, particularly for beef and pork, are for the most part only minimally integrated. Costco's suppliers are often several steps removed from those raising the animals. The growers generally lack developed systems for aggregating metrics concerning antibiotic usage, which makes it very difficult for Costco's suppliers to gather, aggregate, and report to Costco on such information, and to further be able to track changes in metrics over time. To the extent any such information is or could potentially be available in the future with further development in tracking technologies, Costco has found that it would generally not be possible to identify particular animals in the supply chain that are associated with the supplier's sales to Costco as opposed to other customers. Thus, in accordance with Costco's existing Policy as it relates to medically important antibiotics, Costco expects to conduct compliance assessments centered around audits and product testing, rather than instituting quantitative measures of administration of medically important antibiotics.

The Proponents also fail to recognize the unique issues arising from Costco's innovative business model with regards to animal products. Costco is developing its own chicken facility in Fremont, Nebraska that will supply a portion of Costco's poultry needs (and specifically, primarily its rotisserie chicken product) and none of its other animal product needs for its private label brand. Costco recognizes that preventative application of medically important antibiotics can be a significant issue for companies like Tyson, whose primary business is the growing and production of animal meat products, and who therefore retain the ability to control the application of medically important antibiotics. *See Tyson Foods, Inc.* (Oct. 15, 2009, *recon. granted* Dec. 15, 2009). However, Costco's situation is that it has only vertically integrated a portion of the supply for one of its animal products. Unlike Tyson, Costco is not entering into the business of wholesaling chicken products (i.e., Costco is developing the Fremont facility only for its own chicken supply needs), and Costco is not able to leverage its one chicken facility to exert any market force on its relationship with its other suppliers. To the contrary, Costco has found that its other animal product suppliers may be more sensitive to sharing information with Costco and are therefore less likely to share with Costco the data of the type sought by Proponents. Not only does the Proposal broadly cover all of "the company's private label meat and poultry supply chains," many of which Costco has little to no influence or control over, it fails to recognize the complex business relationships and operational considerations stemming from Costco's unique business model.

The Proposal relates to complex business and operational decisions that, if implemented, would fundamentally interfere with management's ability to operate the day-to-day business of Costco. Just as in *EOG*, *Exxon*, and *Devon*, the Proposal would require Costco management to first construct rigid company-wide quantitative targets, and then to further replace its own judgments and real-time operational decisions and negotiations with a course of action directed solely at

meeting those arbitrary targets. Management would be forced to focus on arbitrary phase-out targets to the exclusion of multiple other factors that would otherwise influence its decisions, such as product mix, volume and supply capabilities, price negotiations, consumer preferences, geographic locations, foreign regulations and other operational considerations. Further, implementation of the Proposal would place artificial pressure on gathering data from animal product suppliers, who are sensitive to Costco's chicken facility, and likely damage those relationships and threaten Costco's consistent product supply. As discussed above, the reliable supply of vast quantities of limited product is integral to Costco's business model. The mere specifics of the Proposal (in requesting quantitative metrics and annual reports against those metrics that Company management, after much research and inquiry, has determined to be infeasible to obtain) demonstrate that the subject matter of the Proposal is a matter too complex for oversight by shareholders. The Proposal seeks to impermissibly micromanage Costco regarding complex decisions that are appropriately left to Costco's management and upon which shareholders as a group are not in a position to make an informed decision.

B. 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.*" (emphasis added) *Exchange Act Release No. 20091* (Aug. 16, 1983) and *Exchange Act Release No. 40018*, at n.30 (May 21, 1998).

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). When a company has satisfied the proposal's underlying concerns and essential objectives, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded under Rule 14a-8(i)(10). *NETGEAR, Inc.* (Mar. 31, 2015); *Pfizer Inc.* (Jan. 11, 2013, *recon. denied* Mar. 1, 2013); *Exelon Corporation* (Feb. 26, 2010); *Hewlett-Packard Company* (Dec. 11, 2007).

In *Exxon Mobil Corp.* (Apr. 3, 2019), the Staff concurred that Exxon could exclude, based on substantial implementation, a proposal requesting that the company issue a report on how it could reduce its carbon footprint. Exxon argued that even though there were "fundamental flaws" with the proposal (specifically in that it would micromanage the company by imposing specific reporting requirements), Exxon "support[ed] the Paris Agreement" and the proposal was

substantially implemented because the company had taken “action within its control and core competency to help address the risk of climate change.” Similarly, here, Costco publicly supports the goal of controlling the use of medically important antibiotics and has a published policy to limit application of these antibiotics.

2. Costco Has Already Addressed the Proponents’ Underlying Concerns and Essential Objective

Based upon the Proponents’ supporting statement and the language of the Proposal, Costco interprets the Proponents’ “underlying concern” to be “the preventative use of antibiotics” in “the company’s private label meat and poultry supply chains.” The Proposal’s “essential objective” is to encourage progress towards phasing-out the routine use of medically important antibiotics. While, as discussed earlier in this letter, there are “fundamental flaws” in the Proposal’s requested methodology because it seeks to micromanage Costco, Costco has a publicly stated goal to control the use of medically important antibiotics in its meat and poultry supply chains and to limit application of these antibiotics. Costco has addressed the Proposal’s underlying concerns and essential objective by providing Costco’s Policy, which substantially implements the Proposal by obligating Costco to work with suppliers and producers to develop and apply protocols to assess compliance with the Policy, to set a target date by which compliance with the Policy will be mandatory and monitored, and to assess the feasibility of eliminating the routine use of medically important antibiotics among supplier farms.

The Policy, publicly available on Costco’s website, demonstrates Costco’s efforts and commitment to animal welfare, including the complex issue of antibiotic use. Pursuant to the Policy and the goals stated therein, Costco has inquired of current suppliers regarding progress in reducing the application of medically important antibiotics. Based on these discussions and as discussed above in this letter, Costco believes that it would not be feasible, based on the complexity of Costco’s business, to implement rigid, company-wide quantitative metrics regarding the phase-out of medically important antibiotics. Animal product supply chains are generally not vertically integrated, meaning Costco’s suppliers are often far-removed from the growers, who lack developed systems for aggregating metrics concerning antibiotic usage. Costco believes that an attempt to implement a quantitative assessment system would be ineffective and misleading, due to the significant information gaps identified.

However, Costco has addressed the Proposal’s underlying concerns regarding the preventative use of antibiotics through its Policy, which was recently updated in December 2018 and supplemented with additional disclosure in September 2019. The Policy commits Costco to the following:

We will work with our suppliers and producers over the next two years to develop and apply protocols for assessing compliance with this policy, which may include (by way of example):

- requiring the provision of certificates or affidavits by producers;
- review of audits commissioned by producers and suppliers;
- audits commissioned by Costco Wholesale; and

- product testing.

On or before December 2020, we will:

- Set a target date by which compliance with the policy will be mandatory and monitored.
- Assess the feasibility of eliminating the routine use of medically important antibiotics for prevention of disease among supplier farms.

Application of this policy will be guided by our interpretation of Food and Drug Administration Guidance 209 and 213 Veterinary Feed Directive, which discontinues the use of medically important antibiotics for growth promotion and requires veterinary oversight of all medically important antibiotics.

Specifically, in adopting this Policy, Costco has implemented goals and policies regarding controlled and limited application of medically important antibiotics to ensure such usage is consistent with protecting the health and welfare of Costco members and of the animals in Costco's supply chains. As stated in the Policy, application is guided by Costco's interpretation of Food and Drug Administration Guidance 209 and 213 Veterinary Feed Directive. In adopting the Policy, Costco has committed to working with suppliers and producers to ensure compliance with Costco's goals and policies. Costco has further designated December 2020 as progress date by which it will set a target date for compliance with the Policy and assess the feasibility of eliminating the routine use of medically important antibiotics. Finally, in September 2019, Costco supplemented the Policy to update and confirm to Costco's stakeholders that implementation of the Policy is in progress on the expected timeline, and that Costco continues to envision compliance assessments centered around audits and product testing because, after conversations with suppliers and producers, Costco has determined that it will not be able to collect quantitative metrics of administration of shared-use antibiotics. With its extensive consideration and knowledge of the complex considerations on the subject of the Proposal, Costco believes that the Policy and commitments made therein to be the most effective approach to addressing concern surrounding the routine use of medically important antibiotics. Much like in *Exxon*, the details of the Proposal are problematic, but Costco has taken "action within its control and core competency" to address the underlying concern and essential objective of the Proposal.

The Staff has allowed exclusion of proposals where a specified aspect of the proposal is not implemented, but the overall objective has already been achieved. Costco's Policy in the area of medically important antibiotics substantially implements the Proposal's underlying concern and essential objective. Accordingly, Costco's existing Policy already implements the Proposal and the Proposal therefore may be excluded from the Proxy Materials pursuant to 14a-8(i)(10).

CONCLUSION

Based on the foregoing facts and analysis, Costco respectfully requests 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.

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.

Sincerely,

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

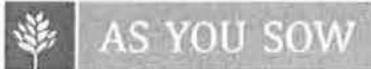
John Sullivan
Senior Vice President, General Counsel and
Secretary

Enclosures

cc: As You Sow

Exhibit A

Proposal and Correspondence



2150 Kittredge St. Suite 450
Berkeley, CA 94704

www.asyousow.org
BUYING & SELLING THE FAIRLY STORED SPACE 1997

VIA FEDEX AND EMAIL

August 13, 2019

John Sullivan
Senior Vice President, General Counsel and Secretary
Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027

Dear John Sullivan,

The Gun Denhart Living Trust is a shareholder of Costco Wholesale Corporation. *As You Sow* submits the enclosed shareholder proposal on behalf of The Gun Denhart Living Trust (Proponent) for inclusion in Costco's 2020 proxy statement, and for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such discussion could result in resolution of the Proponent's concerns. To schedule a dialogue, please contact Christy Spees, Environmental Health Program Manager at cspees@asyousow.org. Please send all correspondence to Ms. Spees **with a copy** to shareholderengagement@asyousow.org. Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Danielle Fugere
President

Enclosures

- Shareholder Proposal
- Shareholder Authorization

WHEREAS:

The World Health Organization (WHO) deems antibiotic resistance one of the top 10 global health threats of 2019.¹ Antibiotic resistance renders life-saving drugs useless; by 2050, the phenomenon could cause an estimated 300 million premature deaths and up to \$100 trillion in global economic damage.²

The use of antibiotics in animal agriculture is a major contributor to antibiotic resistance.³ Over 70 percent of antibiotics sold for use in the U.S. are used in food animals.⁴ When antibiotics are administered to healthy animals, bacteria can adapt and spread to humans.

Despite the urgent threat of antibiotic resistance, Costco has made plans to build its own chicken supply chain without establishing a clear antibiotics use policy prohibiting the routine use of medically important antibiotics. The company's new vertical farming system will produce two million chickens per week for Costco stores once it is fully operational, making Costco the first retailer in the country to establish its own supply chain for chicken.

Last year, Costco published a statement on antibiotics in its animal welfare policy. This policy prohibits use of antibiotics for animal growth, but allows producers to preventively apply medically important antibiotics across entire flocks or herds, rather than restricting use of these drugs to treat actual disease.

By comparison, the four major producers of chicken in the country have adopted policies that prohibit preventive use of medically important antibiotics. Similarly, 18 of the top 25 fast food chains in the country have policies to avoid purchasing chickens raised with medically important antibiotics. Whole Foods Market has a strict policy to only carry meat products raised without any antibiotics.⁵

Costco has a unique opportunity to control antibiotics use in its new chicken supply chain, but the company has not publicly disclosed its policy for the use of antibiotics in this system. Costco has built its brand on corporate social and environmental responsibility. Customers are particularly loyal and enthusiastic about Kirkland rotisserie chickens. The company's failure to address the risks of antibiotic resistance in its chicken operations and meat products represents a substantial reputational threat.

Regulatory pressure on chicken producers may also increase. Consumer advocates are calling for stricter regulations, mirroring recommendations from the WHO to completely disallow medically important antibiotics for the prevention of disease without diagnosis. Costco faces the threat that it will have to revise its operations significantly if regulations or market forces further restrict the use of medically important antibiotics for routine prevention.

¹ <https://www.who.int/emergencies/ten-threats-to-global-health-in-2019>

² <https://amr-review.org/>

³ <https://www.who.int/news-room/detail/07-11-2017-stop-using-antibiotics-in-healthy-animals-to-prevent-the-spread-of-antibiotic-resistance>

⁴ <https://www.fda.gov/animal-veterinary/cvm-updates/fda-releases-annual-summary-report-antimicrobials-sold-or-distributed-2016-use-food-producing>

⁵ <https://media.wholefoodsmarket.com/news/whole-foods-market-no-antibiotics-in-meat-departments>

Shareholders urge the company to establish forward-looking policies to avoid preventive use of antibiotics and keep up with peer chicken producers and retail customer demands across the industry.

BE IT RESOLVED:

Shareholders request that Costco issue a report annually, at reasonable cost and excluding proprietary information, providing quantitative metrics demonstrating any progress toward phasing out the routine use of medically important antibiotics in the company's private label meat and poultry supply chains.

August 13, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned (the "Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: The Gun Denhart Living Trust

Company: Costco

Subject: Ending use of medically important antibiotics

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address on the Stockholder's behalf any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by:

040162F3A0D451

Gun Denhart

Trustee

The Gun Denhart Living Trust



VIA FEDEX AND EMAIL

August 13, 2019

John Sullivan
Senior Vice President, General Counsel and Secretary
Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027

Dear John Sullivan,

The following Costco Wholesale Corporation shareholders are co filing a shareholder proposal for action at the next annual meeting of Costco.

- Brent & Leslie Pomeroy
- Handlery Hotels Inc
- K.F.P. A California Limited Partnership
- Lutra Living Trust
- Merck Family Fund
- Samajak LP

The lead filer, The Gun Denhart Living Trust, has submitted the enclosed shareholder proposal for inclusion in the 2020 proxy statement, for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Please note that *As You Sow* also represents the lead filer of this proposal.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required. For any questions, please contact Christy Spees, Environmental Health Program Manager at cspees@asyousow.org. Please send all correspondence to Ms. Spees with a copy to shareholderengagement@asyousow.org. Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Danielle Fugere
President

Enclosures

- Shareholder Proposal
- Shareholder Authorizations

WHEREAS:

The World Health Organization (WHO) deems antibiotic resistance one of the top 10 global health threats of 2019.¹ Antibiotic resistance renders life-saving drugs useless; by 2050, the phenomenon could cause an estimated 300 million premature deaths and up to \$100 trillion in global economic damage.²

The use of antibiotics in animal agriculture is a major contributor to antibiotic resistance.³ Over 70 percent of antibiotics sold for use in the U.S. are used in food animals.⁴ When antibiotics are administered to healthy animals, bacteria can adapt and spread to humans.

Despite the urgent threat of antibiotic resistance, Costco has made plans to build its own chicken supply chain without establishing a clear antibiotics use policy prohibiting the routine use of medically important antibiotics. The company's new vertical farming system will produce two million chickens per week for Costco stores once it is fully operational, making Costco the first retailer in the country to establish its own supply chain for chicken.

Last year, Costco published a statement on antibiotics in its animal welfare policy. This policy prohibits use of antibiotics for animal growth, but allows producers to preventively apply medically important antibiotics across entire flocks or herds, rather than restricting use of these drugs to treat actual disease.

By comparison, the four major producers of chicken in the country have adopted policies that prohibit preventive use of medically important antibiotics. Similarly, 18 of the top 25 fast food chains in the country have policies to avoid purchasing chickens raised with medically important antibiotics. Whole Foods Market has a strict policy to only carry meat products raised without any antibiotics.⁵

Costco has a unique opportunity to control antibiotics use in its new chicken supply chain, but the company has not publicly disclosed its policy for the use of antibiotics in this system. Costco has built its brand on corporate social and environmental responsibility. Customers are particularly loyal and enthusiastic about Kirkland rotisserie chickens. The company's failure to address the risks of antibiotic resistance in its chicken operations and meat products represents a substantial reputational threat.

Regulatory pressure on chicken producers may also increase. Consumer advocates are calling for stricter regulations, mirroring recommendations from the WHO to completely disallow medically important antibiotics for the prevention of disease without diagnosis. Costco faces the threat that it will have to revise its operations significantly if regulations or market forces further restrict the use of medically important antibiotics for routine prevention.

¹ <https://www.who.int/emergencies/ten-threats-to-global-health-in-2019>

² <https://amr-review.org/>

³ <https://www.who.int/news-room/detail/07-11-2017-stop-using-antibiotics-in-healthy-animals-to-prevent-the-spread-of-antibiotic-resistance>

⁴ <https://www.fda.gov/animal-veterinary/cvm-updates/fda-releases-annual-summary-report-antimicrobials-sold-or-distributed-2016-use-food-producing>

⁵ <https://media.wholefoodsmarket.com/news/whole-foods-market-no-antibiotics-in-meat-departments>

Shareholders urge the company to establish forward-looking policies to avoid preventive use of antibiotics and keep up with peer chicken producers and retail customer demands across the industry.

BE IT RESOLVED:

Shareholders request that Costco issue a report annually, at reasonable cost and excluding proprietary information, providing quantitative metrics demonstrating any progress toward phasing out the routine use of medically important antibiotics in the company's private label meat and poultry supply chains.

August 12, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned (the "Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Brent & Leslie Pomeroy

Company: Costco

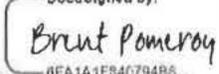
Subject: Ending use of medically important antibiotics

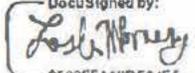
The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address on the Stockholder's behalf any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by:

0FA1A1F84C794B5
Brent Pomeroy
Account Holder
Brent & Leslie Pomeroy

DocuSigned by:

82e0FFA82DE64E5
Leslie Pomeroy
Account Holder
Brent & Leslie Pomeroy

8/9/2019

Andrew Behar

CEO

As You Sow

2150 Kittredge St., Suite 450 Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) to file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Handlery Hotels Inc

Company: Costco Wholesale

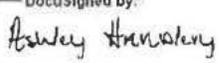
Annual Meeting/Proxy Statement Year: 2020

Resolution Name: Ending use of medically important antibiotics

Resolution Description:

The Stockholder has continuously owned over \$2,000 worth of company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

DocuSigned by:

163B90A22BA14D9...

Name Ashley Handlery

Title

8/6/2019

Andrew Behar
CEO
As You Sow Foundation
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: KFP CA Limited Partnership
Company: Costco Wholesale
Annual Meeting/Proxy Statement Year: 2020
Resolution: Ending use of medically important antibiotics
Background information re: AYS Campaign:

The Stockholder has continuously owned over \$2,000 worth of company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020 .

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

DocuSigned by:

A1E88381457E4E8
Karen Leech, Special Power of Attorney

8/8/2019

Andrew Behar

CEO

As You Sow

2150 Kittredge St., Suite 450

Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) to file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Lutra Living Trust

Company: Costco Wholesale

Annual Meeting/Proxy Statement Year: 2020

Resolution Name: Ending use of medically important antibiotics

Resolution Description:

The Stockholder has continuously owned over \$2,000 worth of company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

DocuSigned by:

Jeff Colin, Power of Attorney

E66B10C9EF3A483..

Name Jeff Colin, Power of Attorney

Title Mr

August 8, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned (the "Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Merck Family Fund

Company: Costco

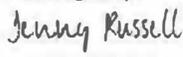
Subject: Ending use of medically important antibiotics

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2020.

The Stockholder gives *As You Sow* the authority to address on the Stockholder's behalf any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,

DocuSigned by:

89AEC31D375040A
Jenny Russell

Executive Director

Merck Family Fund

8/6/2019

Andrew Behar

CEO

As You Sow Foundation

1611 Telegraph Ave., Ste. 1450

Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Samajak LP (S)

Company: Costco Wholesale

Annual Meeting/Proxy Statement Year: 2020

Resolution: Ending use of medically important antibiotics

Background information re: AYS Campaign:

The Stockholder has continuously owned over \$2,000 worth of company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2020 .

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

DocuSigned by:

Karen Leech, Special Power of Attorney

A4E88381457E4E8

Karen Leech, Special Power of Attorney

From: **Kwan Hong Teoh** <Kwan@asyousow.org>

Date: Wed, Aug 14, 2019 at 4:26 PM

Subject: Costco Shareholder Resolution Filing

To: John Sullivan <jsullivan@costco.com>

Cc: investor@costco.com <investor@costco.com>, Christy Spees <cspees@asyousow.org>, Shareholder Engagement <shareholderengagement@asyousow.org>

Dear John Sullivan,

Please find enclosed an electronic copy of a filing and co-filing letter, submitting a resolution for inclusion in the company's 2020 proxy statement. A paper copy was sent via FedEx and should have arrived earlier today.

Thank you

Best Regards,

Kwan

Kwan Hong Teoh

Environmental Health Program

Research Manager

As You Sow

2150 Kittredge St., Suite 450
Berkeley, CA 94704

(510) 735-8147 (direct line) | (605) 651-5517 (cell)

kwan@asyousow.org | www.asyousow.org

~Building a Safe, Just and Sustainable World since 1992~

August 26, 2019

**VIA OVERNIGHT COURIER
AND EMAIL**

Ms. Christy Spees
Environmental Health Program Manager
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Dear Ms. Spees,

On August 14, 2019, Costco Wholesale Corporation (the "Company") received via electronic mail and via FedEx a letter from As You Sow on behalf of The Gun Denhart Living Trust, Brent & Leslie Pomeroy, Handlery Hotels Inc, K.F.P. A California Limited Partnership, Lutra Living Trust, Merck Family Fund, and Samajak LP (collectively, the "Proponents") with a stated shipping date of August 13, 2019 regarding a purported shareholder proposal requesting that the Company issue an annual report regarding the use of antibiotics. Perkins Coie LLP serves as outside legal counsel to the Company in connection with this matter. The Company has instructed us to communicate with you regarding the subject matter of this letter.

This letter notifies you that the Proposal contains a procedural deficiency, which the Company is required to bring to the Proponents' attention within a specified period of time pursuant to U.S. Securities and Exchange Commission ("SEC") regulations.

The Company has not received proof that the Proponents have complied with the ownership requirements of Rule 14a-8(b). Shareholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value or 1% of a company's shares entitled to vote on the proposal for at least one year as of the date the shareholder proposal was submitted. As clarified in SEC Staff Legal Bulletin No. 14G (Oct. 16, 2012), the date of submission is the date the proposal is postmarked or transmitted electronically, which for the Proposal was August 13, 2019 (the date the Proposal was postmarked).

To remedy this defect, each Proponent must submit sufficient proof of the Proponent's beneficial ownership of the requisite number of the Company's shares covering the one-year period preceding and including the date the Proposal was submitted.

As explained in Rule 14a-8(b), sufficient proof of beneficial ownership by a Proponent who is not a registered holder may be in the form of:

- A written statement from the "record" holder of the Proponent's shares (usually a broker or a bank) verifying that the Proponent continuously held the requisite number of the Company's shares for at least one year as of the date the Proponent submits the Proposal; or
- If the Proponent has filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting the Proponent's ownership of the requisite number of the Company's shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that the Proponent continuously held the requisite number of the Company's shares for the one-year period.

SEC Staff Legal Bulletin No. 14F (Oct. 18, 2011) provides the following sample language to include in a proof of ownership letter that would satisfy the requirements of Rule 14a-8(b):

As of [the date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities].

If a Proponent uses a written statement from the "record" holder of the Proponent's shares as proof of ownership, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a security depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as "record" holders of securities that are deposited at DTC. Therefore, each Proponent will need to obtain proof of ownership from the DTC participant through which the securities are held. The Proponent can confirm whether the Proponent's broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>.

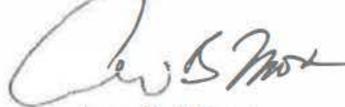
If the broker or bank that holds the Proponent's shares is not on DTC's participant list, the Proponent should be able to find out the identity of the DTC participant through which the Proponent's shares are held by asking the Proponent's broker or bank. If the DTC participant is not able to confirm the Proponent's individual holdings but knows the holdings of the applicable broker or bank, the Proponent may satisfy the proof of ownership requirement by obtaining and submitting two proof of ownership statements verifying that, at the time the Proposal was submitted, the required amount of securities were continuously held for at least one year—one from the Proponent's broker or bank confirming the Proponent's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

Your response must be postmarked or transmitted electronically, including any appropriate documentation of ownership, within 14 days of receipt of this letter, the response timeline imposed by Rule 14a-8(f). For your reference, copies of Rule 14a-8, SEC Staff Legal Bulletin No. 14F and SEC Staff Legal Bulletin No. 14G are attached as exhibits to this letter.

Ms. Christy Spees
August 26, 2019
Page 3

Please address any response to me at 1201 Third Avenue, Suite 4900, Seattle, WA 98101.
Alternatively, you may transmit any response by email to AMoore@perkinscoie.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew B. Moore". The signature is fluid and cursive, with a large initial "A" and "M".

Andrew B. Moore
Partner
Perkins Coie LLP

Enclosure(s)

August 26, 2019

RE: GUN DENHART

To whom it may concern:

Fidelity Investments, a DTC participant, acts as the custodian for the Gun Denhart Living Trust. As of and including August 13, 2019, Fidelity Investments has continuously held 45 shares of Costco Wholesale Corporation, common stock (Cusip #22160K105) for over one year on behalf of the Gun Denhart Living Trust.

We confirm that Gun Denhart Living Trust has beneficial ownership of at least \$2,000 in market value of the voting securities of Costco Wholesale Corporation, and that such beneficial ownership has existed for one or more years in accordance with rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

Sincerely,



Samantha Schumacher
Client Service Manager
Fidelity Family Office Services



Fidelity Clearing & Custody Solutions®

100 Crosby Parkway KCIJ
Covington, KY 41015

August 20, 2019

Urs Hoelzle
Geeske Joel
Lutra Living Trust
U/A 12/08/03
PO Box 60520
Palo Alto, CA 94306

Dear Urs Hoelzle and Geeske Joel:

Please accept this letter as confirmation.

Fidelity Investments, a DTC participant, acts as the custodian for the Lutra Living Trust account ending in ***. As of the date of this letter, this account has continuously held for at least 13 months 1,349 shares of Costco Wholesale (Ticker: COST, CUSIP 22160K105).

If you have any follow up questions regarding this manner, please contact your registered investment advisor, Baker Street Advisors, at 415-344-6180

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Logan".

Chris Logan
Client Services Manager

Our file: W169137-20AUG19

200 Seaport Boulevard, Boston, MA 02210

Fidelity Clearing & Custody Solutions® provides clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC, Members NYSE, SIPC.

526665.6.0



September 06, 2019

MERCK FAMILY FUND
95 ELIOT ST STE 2
MILTON MA 02186-3095

RE: NA9021018

To Whom It May Concern,

Pershing Advisor Solutions LLC, clearing through Pershing LLC, a DTC participant, acts as the custodian for the Merck Family Fund. As of the date of this letter, the Merck Family Fund held, and has held continuously for at least 395 days, 425 shares of Costco Wholesale Corporation (COST).

Thank you,

A handwritten signature in black ink, appearing to read "Jennifer Walsh".

Jennifer Walsh
Vice President
Lead Client Service Officer



BNY MELLON

One Pershing Plaza, Jersey City, NJ 07399
www.pershingadvisorsolutions.com

Pershing Advisor Solutions LLC, a BNY Mellon company
Member FINRA, SIPC



August 21, 2019

SAMAJAK, LP
A PARTNERSHIP
PO BOX 1247
SONOMA, CA 95476

Reference #: AM-4735707

Account number ending in:

****.***

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important Information regarding shares in your account.

Dear SAMAJAK, LP A PARTNERSHIP ,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 82 shares of Costco Wholesale Co COST common stock. These shares have been held in the account continuously for at least one year prior to and including August 20, 2019.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Seth Deibel
Associate, Institutional
MID-MARKET PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85016-1215

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



August 21, 2019

HANDLERY HOTELS, INC
180 GEARY STREET, SUITE 700
SAN FRANCISCO, CA 94108

Reference #: AM-4735707

Account number ending in:

****.**

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important information regarding shares in your account.

HANDLERY HOTELS, INC,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 1,111 shares of Costco Wholesale Co COST common stock. These shares have been held in the account continuously for at least one year prior to and including August 20, 2019.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Seth Deibel
Associate, Institutional
MID-MARKET PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85016-1215

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



August 21, 2019

K.F.P. A CALIFORNIA
LIMITED PARTNERSHIP
PO BOX 1247
SONOMA, CA 95476

Reference #: AM-4735707

Account number ending in:
****-1 ***

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important information regarding shares in your account.

K.F.P. A CALIFORNIA LIMITED PARTNERSHIP,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 17 shares of Costco Wholesale Co COST common stock. These shares have been held in the account continuously for at least one year prior to and including August 20, 2019.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Seth Deibel
Associate, Institutional
MID-MARKET PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85016-1215

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").

Madsen, Dierdre L. (SEA)

From: Kwan Hong Teoh <Kwan@asyousow.org>
Sent: Monday, September 09, 2019 1:38 AM
To: Madsen, Dierdre L. (SEA); Christy Spees
Cc: Moore, Andrew B. (SEA); Morgan, Sue (SEA)
Subject: Re: COST Procedural Defect Letter (As You Sow)
Attachments: 20.COST.1 Proof of Ownership Letters.pdf

Dear Dierdre,

We are in receipt of your letter issued August 26, 2019 alleging notice of a deficiency in our August 13, 2019 letter transmitting a proposal for inclusion on the Company's 2020 proxy. In response to the cited deficiency, we enclose proof of ownership letters establishing the proponents' ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements.

SEC Rule 14a-8(f) requires a company to provide notice of specific deficiencies in a shareholder's proof of eligibility to submit a proposal. We therefore request that you notify us if you identify any deficiencies in the enclosed documentation.

Please confirm receipt of this correspondence. Thank you

Best,
Kwan

Kwan Hong Teoh
Environmental Health Program
Research Manager
As You Sow
(510) 735-8147 (direct line) | (605) 651 5517 (cell)
kwan@asyousow.org | www.asyousow.org

~Building a Safe, Just and Sustainable World since 1992~

From: "Madsen, Dierdre L. (Perkins Coie)" <DMadsen@perkinscoie.com>
Date: Monday, August 26, 2019 at 3:27 PM
To: Christy Spees <cspees@asyousow.org>
Cc: Shareholder Engagement <shareholderengagement@asyousow.org>, "Moore, Andrew B. (Perkins Coie)" <AMoore@perkinscoie.com>, "Morgan, Sue (Perkins Coie)" <SMorgan@perkinscoie.com>
Subject: COST - Procedural Defect Letter (As You Sow)

Ms. Spees,

Please see attached for a procedural defect letter with regards to the As You Sow shareholder proposal submitted to Costco on August 13, 2019. A hard copy will follow via overnight mail.

Best,
Dierdre

Dierdre Madsen | Perkins Coie LLP

ASSOCIATE

D. +1 206 359 3297

F. +1 206 359 4297

E. DMadsen@perkinscoie.com

NOTICE: This communication may contain privileged or other confidential information. If you have received it in error, please advise the sender by reply email and immediately delete the message and any attachments without copying or disclosing the contents. Thank you.

Exhibit B

Animal Welfare Policy

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ANIMAL WELFARE

Feedback

Animal welfare is part of Costco's culture and responsibility, calling us to serve as stewards of the animals, land, and environment entrusted to the company. Costco is committed to a global approach to Animal Welfare and is working toward a uniform program in all countries/regions where it operates, while respecting that each country may have its own regulatory and social requirements in place. More information can be found in the examples of Recognized Global Standards.

Mission Statement

Costco Wholesale is committed to the welfare, and proper handling, of all animals that are used in the production of products sold at Costco.

This is a long-standing commitment. Costco pledges its diligence in working with industry and academia in the pursuit of new and improved technologies and methods to further enhance animal well-being.

This is not only the right thing to do; but it also is an important moral and ethical obligation we owe to our members, suppliers, and most of all to the animals we depend on for products sold at Costco.

Costco supports the Five Freedoms of Animal Well Being as guiding principles for its Animal Welfare policies. Originally articulated by a committee of the British government in the 1960s (the Brambell Committee), it has been more recently espoused by Dr. Temple Grandin, a recognized expert on animal welfare. The five freedoms are:

- Freedom from fear;
- Freedom from discomfort (right environment, shelter and a place to rest);

- **Freedom from thirst and hunger;**
- **Freedom to exhibit natural behavior; and**
- **Freedom from pain and suffering.**

COLLABORATION WITH EXPERTS & SUPPLIERS

In order to stay abreast of new technologies and methods and to try to harmonize various standards from around the world:

- Costco meets with experts from industry and academia to review, consult, and help implement our programs.
- Costco participates in activities with organizations such as PAACO, American Humane Association, the National Pork Board, the American Dairy Science Association, the National Chicken Council and the Center for Food Integrity.

ANIMAL WELFARE TASK FORCE

Costco's Animal Welfare Task Force is made up of members from fresh meat buying, corporate and regional buying, animal welfare auditing, and global food safety. This past year the Animal Welfare Task Force worked on the following areas:

- Identifying key global target goals that will be outlined in Costco's Supplier Expectations for Animal Welfare, scheduled to be introduced in 2019.
- Continuing to benchmark with other industry groups to review best practices.
- Participating on the Coalition for Responsible Antibiotic Use being led by the Center for Food Integrity.
- Reviewing each animal welfare incident involving any Costco supplier. Audits of these facilities are immediately conducted and all supplier corrective actions are reviewed by the Task Force and actions are taken accordingly.

ANTIBIOTICS

Costco Wholesale's goal is to control the use of antibiotics medically important to humans in its meat and poultry supply chains, consistent with protecting the health and welfare of our members and of poultry, hogs and cattle in our supply chains. Our policy is to limit application of these antibiotics to therapeutic use for the prevention, control, and treatment of disease and not, for example, for purposes of growth promotion or feed efficiency, and only under the supervision of a licensed veterinarian in a valid Veterinary Client Patient Relationship.

We will work with our suppliers and producers over the next two years to develop and apply protocols for assessing compliance with this policy, which may include (by way of example):

- requiring the provision of certificates or affidavits by producers;
- review of audits commissioned by producers and suppliers;
- audits commissioned by Costco Wholesale; and
- product testing.



CAGE-FREE EGGS

Costco is committed to procuring cage free eggs and continues to increase the percentage of cage free eggs its sells worldwide. In the U.S., Costco has increased its percentage of cage free shell eggs to 89% as of September 2018. In addition, Kirkland Signature™ Liquid Eggs are 100% cage free. The transition to cage free eggs will continue to increase with added availability and capacity of cage free production.

Feedback

POULTRY

- Costco requires animal welfare audits at slaughter in accordance with the National Chicken Council (NCC) Recommended Animal Handling Guidelines.
- Costco also audits hatchery and grow out facilities.
- Costco implements animal welfare audits for laying hens.
 - Audits can include American Humane, Certified Humane and UEP Audits.
 - Audits now extend in varying degrees to conventional cage, cage-free and organic housing systems.
- Costco has introduced the Costco Hen House Audit in the U.S. This audit tool promotes a sense of responsibility and accountability to the supplier, and provides a means for annual barn evaluations.
 - Suppliers are required to audit each house twice a year using the Costco Hen House app platform. The results are automatically transmitted to Costco upon completion.
 - The app based system gives pictorial examples for how to score each question when needed.
 - The app also requires the supplier to submit photo documentation for each question along with the answer when applicable.

On or before December 2020, we will:

- Set a target date by which compliance with the policy will be mandatory and monitored.
- Assess the feasibility of eliminating the routine use of medically important antibiotics for prevention of disease among supplier farms.

Application of this policy will be guided by our interpretation of Food and Drug Administration Guidance 209 and 213 Veterinary Feed Directive, which discontinues the use of medically important antibiotics for growth promotion and requires veterinary oversight of all medically important antibiotics.

ANIMAL WELFARE AUDIT PROGRAM

Costco utilizes recognized audit standards and programs conducted by trained auditors and look at animal welfare both on the farm and at slaughter. The purpose of an audit is to gather current and accurate information concerning the overall welfare of animals.

This information is shared with members of the Costco food safety and technology group and buying staff. The audit results are used to determine what areas, if any, need improvement to meet the animal welfare criteria, for both existing and potential suppliers. The buying staff also uses this information to help make sound purchases for its members.

Audits apply to these two scenarios:

- On-farm audits. These inspect the welfare of live animals on the farm in their living environment. Currently these are conducted for the following species: chicken (egg-laying hens); dairy cows; pork; poultry (chicken and turkey); and veal.
- Slaughter audits. These take place at the plant where animals are slaughtered and processed for these species: beef, pork, poultry (chicken and turkey), and veal.

Audits can be conducted by Costco auditors, suppliers, and/or third parties. Audit type, frequency and intensity can vary across suppliers and species. Costco requires all animal welfare auditors to be certified. This requirement applies to all species and all audits.

Organic certification in certain respects also includes animal welfare components. Costco sells large quantities of organic items derived from animal products, and these items are required to be certified organic in accordance with the law.



BEEF



DOWN & FEATHERS

Costco has committed to responsible down sourcing. Costco now requires a certification to be present with all Costco production of down and feather products. Costco accepts certifications from IDFL (International Down and Feather Lab), Downpass or RDS (Responsible Down Standard).

Compliance to these standards ensures ethical sourcing of down and feathers through the verification of supplier traceability systems, general animal welfare, risk assessment and other important best practices.



PORK

- Costco implements the Pork Quality Assurance Plus program. This is a producer-driven program that farmers can use to ensure that pork products are of the highest quality, are safe, and animals are cared for in a way that ensures their well-being
- Costco has a Gestation Crate Policy that asks suppliers to phase out gestation crates for pregnant sows in favor of group housing. The goal is a complete transition by 2022. Approximately 80% of Costco suppliers have completed this process, and many more will finish ahead of this target date.

Risk Factors

*Costco also recognizes that the subject of animal welfare is significant for a number of its members and investors. See below for full text

- Costco requires animal welfare audits at slaughter in accordance with the American Meat Institute Recommended Animal Handling Guidelines.

DAIRY

- Costco requires animal welfare audits at the farm level. Costco works primarily with third party audit providers; but continues to work with the Dairy Quality Center to implement second party dairy audits. The mission of the Center is to establish a third party veterinarian, outcome based program that recognizes sustainable practices in place and guides change on the dairy through training, sound protocols and a valid veterinarian/client relationship.
- Costco works with larger cooperative suppliers that utilize the FARM Program to increase the frequency of third party verification. The National Dairy FARM Program (Farmers Assuring Responsible Management) seeks to provide consistency and uniformity to best practices in animal care and quality assurance in the dairy industry.
- Costco does not support tail docking and has actively sought to use suppliers who do not allow this practice. Current suppliers do not practice tail docking.
- Costco requires its suppliers to implement standards regarding age and pain management as it relates to dehorning practices.
- Costco strongly supports advances in dairy farming practices to include the use of genetic breeding programs to promote polled cattle (naturally hornless). Costco believes this will benefit the welfare of the cows and of the farmers who care for them by eliminating the need for dehorning. Costco recognizes that through the years its suppliers have embraced new ways to improve the welfare of the animals in their care. Costco expects suppliers to continue to seek improvements that promote good animal health and well-being.

VEAL

- Costco has a specific veal policy to promote calf welfare.
- All Costco veal is completely traceable to the farm level and all farms are 100% inspected for compliance to the requirements.

Feedback

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*In addition to focusing on animal welfare because it is the right thing to do, Costco believes failure to do so would create risks for the business and its shareholders. Costco and businesses like Costco face risks relating to animal welfare in the supply chain. To address these risks, Costco has adopted measures to mitigate animal abuse problems and believe these are being dealt with appropriately. Nevertheless, issues will arise and Costco is committed to correcting problems it learns of. A significant percentage of Costco sales is from food, including food and sundries, fresh foods, service delis, and food courts. Key components of these categories are animal proteins, notably beef, chicken and eggs, pork, and lamb. The failure to provide adequately for the welfare of animals throughout Costco's supply chain could have significant adverse effects on the business and operations of the company and its investors. These effects could occur whether the abuse was to occur under the auspices of Costco's supplier of record or other points upstream in the supply chain. These abuses could take a variety of forms, including (without limitation) cruelty or mistreatment by employees, inhumane conditions of confinement, inappropriate use of animal controls or medications or antibiotics, and inadequate feed or water. Prevention of abuse can require extensive, complicated, and expensive controls and procedures. For example, in the context of poultry, standards can require, among other things, extensive animal rights training, regular

extensive animal rights audits; alarm systems and generators in the hatcheries; sanitation procedures in the hatchery; temperature monitoring, housing, and ventilation standards; chick injury reporting, feed, and drinking programs; veterinary care; minimum cage space; and proper handling procedures in the plant. Different species have varying requirements to assure animal welfare. Controls and procedures designed to assure or improve animal welfare can lead to increased costs and lower supply or untimely supply of merchandise. It is possible that animal abuse could result in suppliers selling Costco items derived from those animals that are unsafe or otherwise unsuitable for consumption by members or their pets. Although Costco employs food safety testing systems designed to prevent the sale of such items, it cannot guarantee that those systems will always be effective. Selling unsafe products could result in illness or injury to members and their pets, harm Costco's reputation, and subject the company to litigation. If food and prepared food products for human and animal consumption do not meet or are perceived not to meet applicable safety standards or members' expectations regarding safety, Costco could experience lost sales, increased costs, and be exposed to legal and reputational risks. Costco suppliers are generally contractually required to comply with applicable product safety laws, and Costco is dependent on them to ensure that the products Costco buys complies with all safety standards. While Costco is subject to governmental inspection and regulations and works to comply with applicable laws and regulations, it cannot be sure that consumption or use of products will not cause a health related illness or injury or that Costco will not be subject to claims, lawsuits, or government investigations relating to such matters resulting in costly product recalls and other liabilities that could adversely affect the business and results of operations. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Costco products caused illness or injury could adversely affect its reputation with existing and potential members and the corporate and brand image, and these effects could be long term. Costco suppliers (and those they depend upon for materials and services) are subject to risks should they not assure animal welfare that could limit their ability to timely provide Costco with acceptable merchandise. For these or other reasons, one or more Costco suppliers might not adhere to its quality control, legal or regulatory standards. These deficiencies may delay or preclude delivery of merchandise to Costco and might not be identified before Costco sells such merchandise to members. This failure could lead to litigation and recalls, which could damage Costco's reputation and brands, increase costs, and otherwise adversely impact business. Costco and some of its suppliers and sub suppliers face pressure from animal rights groups to require conformity with standards developed or advocated by these groups. Failure to make the changes sought by these groups, whether or not Costco believes the changes to be desirable for animals or business, creates risk that Costco will be subject to pressures from these groups, including public campaigns that seek to damage the company in the eyes of members, investors, and the general public. These campaigns could cause Costco to incur higher costs to provide appropriate responses and also could divert management resources, to the detriment of the business. These groups may be able to coordinate their actions with other groups, threaten boycotts or enlist the support of well-known persons or organizations in order to seek to increase pressure to achieve their stated aims. Changing procedures and infrastructure to, in certain cases, conform to these guidelines or seeking to cause or suppliers and/or sub suppliers to change procedures and infrastructures can result in additional costs for Costco suppliers and the costs of items that Costco purchases. Campaigns and publicity concerning animal abuse, whether in the company's supply chain or elsewhere, also could lead to legal and regulatory changes that impose more stringent requirements concerning animal welfare, which could have the effect of reducing available supply and raising prices, increasing costs for Costco. While Costco may pass some of the increased costs on to members, there is no assurance that Costco can do so and profitability could suffer accordingly. Individuals or organizations can use social media platforms to publicize inappropriate or inaccurate stories or perceptions about the food production industry or Costco. Such practices could cause damage to the reputations of Costco or the food production industry in general. Animal welfare abuses in our supply chain could lead to individuals choosing not to become Costco members and to current members canceling their membership or purchasing less merchandise, adversely affecting revenue. All of the factors above arising out of the failure to assure animal welfare in the supply chain, singly or potentially in combination, could adversely affect Costco's business, financial condition and results of operation.

Feedback

Last Updated: December 2018

STATEMENT CONCERNING SHARED USE ANTIBIOTICS

Costco Wholesale's goal is to control the use of antibiotics medically important to humans in its meat and poultry supply chains, consistent with protecting the health and welfare of our members and of poultry, hogs and cattle in our supply chains. Our policy is to limit application of these antibiotics to therapeutic use for the prevention, control, and treatment of disease and not, for example, for purposes of growth promotion or feed efficiency, and only under the supervision of a licensed veterinarian in a valid Veterinary Client Patient Relationship.

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September 2019 Update

As of mid-September 2019, we are still in the early stages of implementing our policy but believe we are on track to determine by December 2020 a target date for mandatory compliance. We do not at this time have quantitative metrics regarding the phase-out of routine use of shared use antibiotics and do not have expect to have such metrics for our private label meat and poultry supply chains to any appreciable degree. Supply chains are for the most part only minimally vertically integrated (particularly for beef and pork), with our suppliers being one to many steps removed from those who are raising animals. Many of these growers lack developed systems for aggregating metrics concerning antibiotic usage; this makes it very difficult for our suppliers to gather and aggregate such information to report to us and to track changes in metrics over time. To the extent such information could be tracked, pending substantial further development in tracing technologies, it is generally not possible or practical for us to identify particular animals in the supply chain that are associated with the supplier's sales to Costco as opposed to other customers. Accordingly, when we announced our program last year we envisioned compliance assessments as centered around audits and product testing, rather than quantitative measures of administration of shared-use antibiotics.