



Monday August 13, 2012

To our Valued Supplier:

We deal with many federal, state, and local regulations for chemical based products. In response to the regulatory environment and to better protect our members and communities; Costco is launching a compliance initiative for environmentally sensitive products that we carry in our warehouses. Your cooperation and participation in this compliance program is required.

Product Assessment & Classification

Costco has selected the WERCSmart solution offered by The WerCS to help us manage regulatory compliance requirements for all chemicals, over-the-counter health products, pesticides, aerosols, batteries, and other hazardous-material products that you may sell to us.

Your role in this process is to register your product with The WerCS. The WerCS will then perform a review of each product to support Costco's regulatory compliance goals.

Action Require by Suppliers

Starting **August 27, 2012**, you will register all items within the identified categories being purchased by Costco. Please visit www.supplierwerCS.com log into your account, and follow the detailed instructions. Review the FAQ section and the Video Tutorial for helpful information.

If you already have a WERCSmart account with registered products you sell to Costco, please log into your account and click the button to "Submit Existing Products to Additional Retailers". Select Costco as the retailer to receive the data.

If products you sell to Costco are not yet registered, log on and click the button to "Start a New Assessment". Select Costco as the retailer to receive the data.

Going forward, you will need to complete this process for any other products that Costco may purchase, as well as existing items whose formulations, ingredients or UPC's have changed in any way. If you do not have a WERCSmart account, please visit www.supplierwerCS.com to set up an account and enter the required information into the WERCSmart portal.

Examples of products that you must register with The WerCS include:

Chemicals:

Any product that is advertised or labeled to kill, repel, or prevent the growth of any living organism. This includes, for example, anti-microbial products. It also includes all pesticides and other products regulated under the Federal Insecticide, Fungicide, and Rodenticide Act.

Any product that contains a powder, gel, paste, liquid, or gas, and which is not intended for human consumption.

Products intended for human inhalation, consumption, or absorption: lozenges, pills or capsules (e.g. pain reliever, vitamins, water pills)



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Medicated swabs, wipes and bandages

Patches (heated and/or medicated)

Energy bars, diet supplements and vitamin drinks

Liquids (e.g. soap, shampoo, cough medicine, eye drops, ear drops, nasal spray and inhalers)

Medicated shampoos, gums, ointments and creams, including suntan lotion

Lip balm, lip creams and petroleum jelly

Contraceptive foams, films, and spermicides

Equipment sold with chemicals (e.g. vaporizer sold with medication, air fresheners, and gel shoe inserts)

Any other over-the-counter medication or supplement of any kind

Aerosols:

Any product that contains a compressed gas or propellant.

Batteries:

All batteries

Any product that contains a battery of any kind

Electronics:

Any product that contains a circuit board (e.g., blinking lights or making sounds)

Fluorescent Lamps:

Fluorescent lamps and compact fluorescent lamps

Halogen lamps that are not certified lead-free

High-Intensity Discharge (HID) lamps (e.g., grow lamps)



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All proprietary information that you provide to The WerCS is kept confidential. The WerCS is committed to the highest levels of security and will not share any proprietary information with Costco. The WerCS will assess a registration fee to you based on the following schedule of services:

Service	Fee
Transmission of data to COSTCO with additional review required by The WerCS. (<i>i.e.</i> , product already registered with The WerCS but not previously associated with COSTCO)	\$40
Associating additional UPC(s) to a previously-assessed product	\$25/product
Product review and transmittal with Supplier-provided MSDSs (<i>i.e.</i> , product is new to The WerCS, and Supplier uploads compliant MSDS)	\$180
Product review and transmittal with The WerCS-authored MSDS (<i>i.e.</i> , product is new to The WerCS, and The WerCS authors compliant MSDSs)	\$380

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We greatly appreciate your cooperation and partnership in this project. It will help us both to manage our regulatory compliance responsibilities and alleviate noncompliance. It will help minimize waste, and aid in our efforts toward environmental sustainability, which will benefit the communities in which we live and serve.



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If you have questions, need more information about this initiative, or need additional information regarding the measures your company now needs to follow, please contact:

Barry Dootson - Director, Merchandise Service Operations (including Hazmat) - bdootson@costco.com - 425-313-6110

Gavin Pendelton - Manager - gpendelton@costco.com - 425-427-7862

Victor Mayer - Supervisor - vmayerwatts@costco.com - 425-427-7392

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Mark Cowan - Specialist - mcowan@costco.com - 425-427-7964

David Ingle - Clerk - dingle@costco.com - 425-313-8093

Bob VanderWeken - Clerk - bvanderweken@costco.com - 425-427-7355

Bev Lauerman - Merchandise Services - bev.lauerman@costco.com - 425-313-2916

To reach all of the above - hazmat@costco.com - 425-427-7762 or 425-416-4357 #1

Thank You.

Sincerely,

R. Craig Wilson

Vice President

Costco Wholesale

Merchandise Services