

Seafood is an essential food for people around the world. With growing global demand, and limited resources available, we want to ensure we're sourcing seafood in a responsible and sustainable manner.



### Overview

At Costco, we have three primary objectives when it comes to seafood sourcing:

- Continuously improve the sustainability of our farmed (aquaculture) and wild seafood in ways that enable us to meet current demands without compromising the availability of future resources.
- Ensure the human rights, safety and dignity of the people who produce, process and harvest the products we sell.
- Protect our marine, coastal and freshwater ecosystems and limit the environmental impact associated with aquaculture and fishing practices.

We believe products certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) align with many of our sourcing objectives. We are continuing to increase the volume of MSC- and ASC-sourced seafood items we sell globally. We also support comprehensive Fishery Improvement Projects (FIPs) and Aquaculture Improvement Projects (AIPs), which help to meet MSC and ASC standards, respectively. These programs are explained below.



Our aim is to refrain from selling any seafood species that are on the International Union for Conservation of Nature (IUCN) endangered or critically endangered lists and/or CITES Appendix I or II, unless such species are sourced from MSC-certified fisheries or ASC-certified farms.

We review these policies annually and work closely with our suppliers to evaluate compliance. This includes our annual global supplier seafood survey, which helps us capture key information such as species, catch/farm origins, catch/farm methods and eco-certifications. We are also working on traceability initiatives to ensure we can understand the connection between the seafood we offer our members and the people and communities which help produce it.

### Fisheries Scorecard FY24

Wild seafood percentage	64.7% is from a FIP or MSC-certified fisheries
Contribution to WWF to support FIPs <sup>1</sup>	\$544,260 from 2016 to 2024
Farmed seafood percentage	72.9% is from ASC-certified farms, or ASC certified
Contribution to WWF to support AIPs	\$479,930 from 2016 to 2024

<sup>&</sup>lt;sup>1</sup> Previous number included administrative fees. The FY24 number was re-stated to exclude those fees.

# Sourcing Practices: Wild Species

For wild species, we rely on the MSC certification process to ensure we are sourcing from fisheries that are sustainably managed. For fisheries to become MSC certified, they must:

- **Be a sustainable fish stock.** There are enough fish left in the water to reproduce indefinitely.
- Have minimal environmental impact. Fishing operations must maintain the structure, productivity, function and diversity of the marine ecosystem.
- Have effective management in place. Fisheries must comply
  with relevant laws and have a management system that allows it
  to respond quickly to changes in the status quo.





## A Note on Wild King Salmon and Lobster

Until further notice, we've committed to not sell wild King salmon (also known as Chinook salmon) sourced from the Salish Sea (formerly known as Puget Sound), due to documented concerns related to its decline.

Concerning lobster, we encourage the development and potential future use of on-demand fishing systems in lobster fisheries. These "ropeless" systems replace traditional line and buoy systems as a future solution for potential whale entanglements.

### Restricted Wild Species

We do not sell wild species that have been identified to be at risk of becoming threatened or endangered, unless sourced\* from MSC fisheries. Currently, those species are:

- Atlantic cod
- Atlantic halibut
- Chilean sea bass
- Greenland halibut
- Red grouper (*Epinephelus morio*)

- Redfish (sourced outside of U.S. fisheries)
- Shark
- Skates and rays
- Swordfish (sourced outside of U.S. fisheries)
- Bluefin tuna
- Atlantic Herring



<sup>\*</sup>According to supplier reports

# Fisheries Improvement Projects (FIPs)

To support fisheries reaching MSC certification, Costco is involved in a number of <u>Fishery Improvement Projects</u>. These projects are alliances of stakeholders who work together to resolve aspects of the fishery that do not meet the MSC standard. Our involvement includes participation in FIP meetings, letters to governments and/or fisheries participants and financial contributions. We require FIPs to be verified and monitored as credible by publicly reporting on <u>FisheryProgress.org</u>.

Costco works with the World Wildlife Fund (WWF) to support the following FIPs:

- Spiny Lobster Honduras
- Spiny Lobster Nicaragua
- Mahi Mahi Ecuador
- Mahi Mahi Peru
- <u>Jumbo Squid Peru</u>
- Araucanian Herring and Anchovy Chile
- Octopus Mauritania (In Development)

Costco and its suppliers also purchase products from these FIPs. Over time our sourcing from individual FIPs will vary, depending on market conditions and other factors.

## Fisheries Improvement Fund

For several years, we have supported FIPs as an effective way to transition fisheries to more sustainable practices. But a major barrier to the scalability of FIPs is the lack of significant, long-term financing for fisheries improvement. To address this challenge, we are supporting a program that provides upfront funding for implementation of FIPs called the <u>Fisheries Improvement Fund</u>. Designed and launched by the WWF and Finance Earth, the Fisheries Improvement Fund is a new financing mechanism combining impact-led finance with an innovative volume-based contribution mechanism for supply chain companies, ensuring FIPs can be fully funded while building sustainability into supply chains and unlocking finance for fisheries recovery at scale.



# Fishery Success Story - Peru Mahi Mahi Longline FIP

Peru's mahi mahi fishery supports over 10,000 fishers and serves as a key link in the marine food chain, providing sustenance for sharks, dolphins, and other ocean predators. Peru is also a leading source of the world's mahi mahi, which it shares with Ecuador as the fish travel between the two nations' territorial waters. Critical issues challenging this fishery include the high number of unlicensed vessels in the fishery, and lack of effective national and international management of mahi mahi, a highly migratory species. The fishery also requires additional data on how fishing interacts with other species, including endangered sea turtles and sharks.

Costco has financially supported the Peru mahi mahi longline FIP since 2015. As part of this support, Costco has worked with its suppliers to encourage the Peruvian and Ecuadorian governments to agree to joint management measures for mahi mahi.



### Canned Tuna

Suppliers of Kirkland Signature™ Canned Albacore Tuna are participants in the International Seafood Sustainability Foundation (ISSF), which is undertaking science-based initiatives for the long-term conservation and sustainable use of tuna stocks, reducing bycatch and promoting ecosystem health. Each participating company is audited for compliance with ISSF conservation measures.



Also, Costco is a founding member of the <u>Seafood Task Force</u> (STF; see details below under "Farmed Shrimp"). All of our canned tuna suppliers are members. We review the product traceability and mapping to vessels of our Kirkland Signature canned tuna supply chains. Learn more about the STF's work below (on page 10).

# Partnership with Pacific Island Tuna Provisions (PITP)

Communities in the Western Pacific Islands hold tuna in high regard, both culturally and economically. To enhance environmental and social sustainability in the shelf-stable tuna supply chain, Pacific Island Tuna Provisions (PITP) was established in 2021. In 2024, Costco began working with PITP as a supplier for its Kirkland Signature Canned Albacore Tuna, aiming to support a more equitable system to build resilience to climate change through a unique cooperative business model. PITP is structured as a co-op owned by participating Pacific Island nations with an initial investment from the Nature Conservancy, a global environmental NGO. PITP profits are reinvested into the Pacific Island communities where the tuna is caught, with a portion dedicated to marine conservation and climate change resilience projects. Additionally, PITP will provide indirect benefits through local job creation, fair working conditions and the sustainable use of natural resources. PITP also requires human or electronic monitoring aboard all fishing vessels to prevent illegal, unreported and unregulated (IUU) catches from entering the tuna supply chain.



Photo of the Majuro Harbor in the Marshall Islands provided by PITP



# Sourcing Practices: Aquaculture

We believe that farmed seafood should be an integral part of our business, that aquaculture is a critical source of affordable protein now and in the future, and that farming can be done in a responsible manner with reduced impacts on the environment and local communities.

In our sourcing, we work closely with organizations and initiatives committed to sustainable practices in aquaculture. These include:

- Aquaculture Stewardship Council (ASC): ASC sets a list of requirements that must be met for suppliers to gain certification. These include water quality, responsible sourcing of feed, disease prevention, animal welfare, fair treatment and pay for workers and more. ASC represents the most robust and credible aquaculture certification program.
- Aquaculture Improvement Projects (AIPs): Like a Fishery
  Improvement Project, an AIP helps producers improve their
  operations and meet ASC standards.

Here's a look at our sourcing policies related to popular seafood we offer at Costco.

### Farmed Shrimp

Costco has been an active participant in implementing the ASC shrimp standards. These standards help to minimize key negative environmental and social impacts of shrimp farming. Our goal is to source farmed shrimp from farms and suppliers that have been certified to ASC standards. This goal has been partially achieved and we are actively engaging to transition more shrimp farms to reach the ASC standard by working with our suppliers and the World Wildlife Fund to develop and implement AIPs.

More information about Costco's shrimp sourcing can be found in our July 2020 *Costco Connection* article, <u>No Small Feat</u>, and <u>this article on ethical recruitment practices</u>.



### **ASC & Costco Relationship**

The ASC is a nonprofit organization leading the world's strictest certification and labeling program for responsibly farmed seafood, also known as aquaculture. ASC is committed to transforming seafood farming towards environmental sustainability and social responsibility using market mechanisms, improvement incentives and value-added services from farm to fork.

In 2024, Costco and ASC began a collaboration aimed at improving environmental sustainability and social responsibility in the aquaculture industry. Costco is dedicated to providing its members with ASC-certified options that meet environmental and social responsibility standards and engaging with ASC in mutually beneficial aquaculture projects.



#### **Farmed Salmon**

Costco does not intend to sell genetically modified salmon. Our goal is to source farmed salmon from farms and suppliers that have been certified to the ASC standard. This goal has been partially achieved, and we are actively engaging to transition more salmon farms to reach the ASC standard. Our approach is to work with our suppliers and the World Wildlife Fund to support a path to ASC certification. In Chile, improvements have focused on key issues, such as empowering local communities in salmon farming areas to better engage with companies on issues that impact them.



### **Farmed Pangasius**

We are working with our suppliers on implementing the ASC Pangasius Standard. Our goal is to source pangasius from ASC-certified farms and suppliers.

### **Farmed Tilapia**

Costco's intent is to only sell tilapia from farms and suppliers that are ASC certified. Costco encourages suppliers to work towards ASC certification.

### ASC Feed Standard

We understand that aquaculture feed has an impact on wild fisheries and on feed ingredients sourced on land. We support the ASC Feed Standard, which tackles one of the biggest potential impacts of aquaculture, the production of feed, and does so in a holistic way by requiring responsible sourcing for all major feed ingredients.

The Feed Standard takes the ASC's approach to responsible aquaculture and extends it to the feed mills that manufacture fish and shrimp feeds, as well as the suppliers of their ingredients. These mills will be the facilities audited against the standard. The standard will also incentivize more feed mills to work toward certification and meet growing demand from ASC farms.

More information about ASC and its aquaculture feed standards can be found on this <u>website</u>.





### The Seafood Task Force

The Seafood Task Force (STF) has changed the way seafood supply chains are managed in Asia. The organization works to drive greater business confidence to trade in seafood products. Their focus is on a supply chain approach to social and environmental oversight where product from fishing vessels is tracked to feed mills where it is incorporated to feeds and on to shrimp farming, processing and export. To date, the STF has expanded from Thailand to India, Indonesia and Vietnam. It represents the largest volume of farmed shrimp and wild caught tuna in the world.



More information on the STF and recent developments can be found at the links provided below:

- Seafood Task 10 Point Plan
- STF work with The Fair Hiring Initiative (TFHI) on Responsible Recruitment
- How STF's Step-By-Step and Practical Approach is Supporting Thailand Shrimp Farmers on the Ground
- STF Publishes Grievance Mechanism to Drive Worker Welfare Across Tuna Supply Industry

### Global Salmon Initiative (GSI)



Many of our farmed salmon suppliers have joined the Global Salmon Initiative (GSI) and launched a commitment to reaching 100% ASC certification. The GSI as a collective publicly reports on key indicators aligning with ASC which include the reduction in use of antibiotics and pesticides and the avoidance of wildlife interactions and farmed fish escape events. The group also works to catalyze progress toward continuous improvements in responsible sourcing of feed ingredients, including the reduction of the use of fishmeal and fish oil, plus commitments toward deforestation and conversion-free terrestrial feed ingredients.

Learn more about GSI's progress toward ASC certification in its Sustainability Report.