



# Seafood & Aquaculture

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## Overview



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

- Continuously improve the sustainability of our seafood from either wild fisheries or farmed aquaculture 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 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, either branded or Kirkland Signature™, 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 reevaluate 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 locations, 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 FY23

<b>Wild seafood percentage</b>	63.4% is from a FIP or MSC-certified fisheries
<b>Contribution to WWF to support FIPs</b>	\$599,000 from 2016 to 2023
<b>Farmed seafood percentage</b>	56.2% is from ASC-certified farms, or ASC certified
<b>Contribution to WWF to support AIPs</b>	\$408,000 from 2016 to 2023



### Sourcing Practices: Wild Species

For wild species, we rely on the MSC certification process to ensure we are sourcing responsibly with regards to select species. For any product to be considered MSC certified, the seafood must be fished:

- **From sustainable fish stocks.** There are enough fish left in the sea to reproduce indefinitely.
- **With minimal environmental impact.** Fishing operations must maintain the structure, productivity, function and diversity of the marine ecosystem.
- **By a fishery with 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 to whale entanglements.

## Restricted Wild Species

We do not sell certain wild species that have been identified at great risk, unless sourced\* from MSC fisheries. Currently, those species are:

- Atlantic cod
- Atlantic halibut
- Chilean sea bass
- Greenland halibut
- Grouper (*Epinephelus morio*)
- Redfish (sourced outside of U.S. fisheries)
- Shark
- Skates and rays
- Swordfish (sourced outside of U.S. fisheries)
- Bluefin tuna

\*According to supplier reports



## Fisheries Improvement Projects (FIPs)

To support fisheries in meeting the MSC's standards, Costco is involved in a number of [Fishery Improvement Projects](#). 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 [FisheryProgress.org](#).

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

- [Spiny Lobster - Honduras](#)
- [Spiny Lobster - Nicaragua](#) – Entered MSC full assessment process in September 2022
- [Spiny Lobster - Brazil](#)
- [Spiny Lobster - Belize](#)
- [Mahi Mahi - Ecuador](#) – Entered MSC full assessment process in May 2023
- [Mahi Mahi - Peru](#)
- [Jumbo Squid - Peru](#)
- Small Pelagics – Chile (In Development)
- Octopus – Mauritania (In Development)
- [Octopus – Mexican Yucatan](#)

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

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 to support the implementation of FIPs called the [Fisheries Improvement Fund](#). 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.

## Fisheries Improvement Fund

# Fishery Success Stories

## *Nicaragua Spiny Lobster Trap FIP*

Nicaragua is the eighth largest lobster producer in the world and the largest in Central America. More than 95% of Nicaragua's lobster is exported, mostly to the U.S. Critical issues that faced the fishery before the FIP was developed in 2012 included lack of new or improved data on stock status, bycatch and habitat impacts from lobster traps.



Costco has been an industry leader in supporting the Nicaragua spiny lobster trap FIP since 2016. With

support from Costco and others, as well as strong engagement from the Nicaraguan government's fisheries agency, INPESCA, the FIP is now complete. The fishery entered the MSC full assessment process in September 2022 to achieve certification, and results on whether the fishery will be certified will be determined by early 2024.



## *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 and, like Ecuador, a top exporter to the U.S. 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 needs additional data on how fishing interacts with other species including endangered sea turtles and sharks.

Costco has been a financial supporter of 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. Key projects the FIP is implementing include working with the Peru Mahi Alliance, a group of 15 Peruvian mahi mahi companies who are committed to advancing the FIP, and IMARPE (the Peruvian Institute of the Sea) to scale up implementation of an electronic monitoring and catch documentation system and improve mahi mahi research as well as complying with the new FisheryProgress.org social policy which includes making fishers aware of their rights and signing a human rights code of conduct.



## Canned Tuna

Suppliers of Kirkland Signature™ Albacore Canned 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 [Seafood Task Force](#) (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.

## 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 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, credible aquaculture global standard.

- [Aquaculture Improvement Projects \(AIPs\)](#): Like a Fishery Improvement Project described above regarding wild species, an Aquaculture Improvement Project 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, [No small feat](#), and [this article on ethical recruitment practices](#).

## The Seafood Task Force

A key organization regarding the sourcing of farmed shrimp is the Seafood Task Force (STF). The organization works to drive greater business confidence for global seafood buyers purchasing from Asia by tackling illegal, unreported and unregulated (IUU) fishing; establishing supply chain oversight from vessel to plate; mitigating risk; assuring traceability; and improving social and environmental performance, step by step.

More information on the STF and recent developments in Thailand can be found in the following links:

- [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](#)



## 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.

## 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. In alignment with ASC indicators, GSI efforts focus on reducing the use of antibiotics and pesticides, and avoiding wildlife interactions and 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-free terrestrial feed ingredients.

Learn more about GSI's progress toward ASC certification in its [Sustainability Report](#).

## 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 toward 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 aquafeed, as well as the suppliers of their ingredients. These mills will be the facilities audited against the standard, but they and farms will be given time to ensure their supply chains meet ASC requirements. The standard will also incentivise more feed mills to work toward certification to meet growing demand from ASC farms.

More information about ASC and its aquaculture feed standards can be found on its [website](#).

