

***SUSTAINABLE FISHERIES
AND AQUACULTURE
POLICY***

June 2018

metro

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1. Vision

METRO acknowledges that healthy oceans and the preservation of natural resources are vital for future generations. METRO also acknowledges that fisheries and aquaculture industries face serious issues, and believes that it is important to foster the adoption of good procurement practices in these two areas.

As a result, and in keeping with its corporate responsibility approach, which aims, among other things, at offering responsible products to its customers, METRO launched its Sustainable Fisheries Policy in 2010 and updated it in 2018. Among the changes made to the policy, the title was modified for Sustainable Fisheries and Aquaculture Policy.

Since launching this initiative, METRO has acquired new knowledge by continuously monitoring the industry's issues and trends, as well as maintaining regular contacts with concerned stakeholders. These elements enabled us to update the policy, the purpose of which is to guide our buying practices in order to foster the adoption of responsible and ethical fishing and aquaculture practices.

2. Scope

This sustainable fisheries and aquaculture policy applies to fishery and aquaculture products sold in our Metro, Metro Plus, Super C, Food Basics and Marché Richelieu stores in Quebec and Ontario, and includes fresh, frozen, and canned products.

METRO's Sustainable Fisheries and Aquaculture Policy will be implemented as of April 2018 and will be revised in 2021, the year following the end of METRO's 2016-2020 Corporate Responsibility Plan.

3. Responsibilities

The Senior Vice-President of National Procurement is responsible for the implementation of this policy and the continuous improvement of its results.

The Senior Director of Corporate Affairs oversees the approach, while the Senior CR corporate responsibility Advisor supervises coordination.

The application of the policy falls under the responsibility of the fisheries, aquaculture and animal welfare specialist, who monitors the evaluation of the products, the annual update of diagnoses, the list of temporarily withdrawn species, and the continuous improvement program.

4. Procurement principles

METRO is aware that the fishing and aquaculture industries face important issues that concern the sustainability of fish and seafood stocks, the protection of biodiversity and ecosystems, and the conditions under which workers are employed. Compliance with applicable laws and regulations is a fundamental requirement of METRO's procurement practices. Furthermore, METRO's Sustainable Fisheries and Aquaculture Policy is based on five principles that address issues specific to the industry. These principles are additional to METRO's existing criteria for selecting products and services, such as quality, availability and price.

4.1 Healthy species

METRO aims to commercialize wild and farmed aquatic species that meet the Canadian Food Inspection Agency (CFIA) standards regarding the presence of parasites, pathogens, and diseases, as well as toxic or harmful substances.

4.1.1 Wild species

METRO aims to commercialize wild species caught from healthy stocks¹ whose fishing rates allow for renewal². A stock is considered healthy when it is not subject to overfishing and is not identified as being at risk.

The species must be harvested in fishing zones that are well controlled and managed, and, when applicable, by means of quotas covered by the law and based on credible scientific assessments. METRO also supports fishing activities managed through a Fishery Improvement Project (FIP),

¹ **Stock:** Grouping of individuals of the same species living within the same geographical area, mixing sufficiently to allow reproduction among them and having little contact with the other stocks of the species.

² **Renewal:** Also called recruitment — addition of a class of young mature individuals, from reproduction within the stock, available for harvesting. Their age and size at the time of recruitment vary greatly from one species to another.

a multi-stakeholder initiative aimed at helping the industry address the environmental and management challenges they face in achieving otherwise unattainable standards of sustainability.

These fishing zones should not be recognized as areas that are subject to illegal, unreported, and unregulated fishing (IUU).

4.1.2 Farmed species

METRO aims to commercialize aquaculture species that are farmed in healthy environments (water quality) which meet the different needs of the species. The practices used should minimize density and ensure that adequate feed is provided in terms of quality and quantity.

METRO encourages aquaculture farms taking part in AIPs (Aquaculture Improvement Projects), which are multi-stakeholder initiatives aimed at solving sustainability problems in a specific area of fish or seafood farming to improve the environmental quality and social conditions of the area in question.

4.2 Responsible operating methods

The fisheries and aquaculture farms that supply METRO will have to demonstrate that they use sustainable operating methods, as well as recognized best practices.

4.2.1 Wild species

METRO considers two major risk factors in its assessment of wild fisheries:

- (1) Environmental impacts, including on the seabed;
- (2) The volume of bycatch (undesired species accidentally caught)

METRO encourages the use of selective fishing methods. METRO considers as selective a fishery that captures individuals manually or has exclusionary measures that allow unwanted species and juveniles to not be fished. A good portion of juveniles must remain free to ensure reproductive success, and thus the longevity of the species being exploited. METRO intends to favour doing business with suppliers who will use such methods.

Highly destructive methods for the environment such as chemical and explosive processes, are totally prohibited by METRO, as well as drift nets that are known for their high bycatch rates.

METRO encourages the certification of fisheries and favours certified suppliers whenever possible.

4.2.2 Farmed species

For aquaculture species, METRO encourages practices that minimize environmental impacts, both physically (air, water and soil) and biologically (fauna and flora). METRO has identified five major areas of risk with respect to aquaculture:

- (1) Waste and discharge management and its impact on water quality;
- (2) Site location and its impact on land space including sensitive environments such as mangroves;
- (3) Risk of escapes and its impact on wild populations;
- (4) Source of feed used and associated risks for wild species;
- (5) Chemicals and antibiotics management.

METRO encourages the certification of aquaculture practices and favours certified suppliers whenever possible.

4.3 Traceability of products

As it is impossible to verify upon delivery the origin of a product by the physiological characteristics of the animal, and given that METRO wishes to ensure specific management measures are implemented in the fishing zone or on the farm, METRO has set up a traceability system to document the supply chain from the fishing zone or farm, to the consumer. The purpose of this system is to provide consumers with informative and transparent labeling.

The supplier is therefore responsible for filling out a traceability form for each product sold to METRO, which contains important elements such as the scientific name of the species, as well as the fishing zone and method. METRO requires all its suppliers to demonstrate their ability to document, when

asked, their chain of supply, extending back to the fishing vessel.

4.4 Respect for workers

All METRO suppliers must adhere to the METRO Supplier Code of Conduct for Responsible Procurement, one of the principles of which is respect for workers, as proof of their commitment to meet these criteria:

- METRO intends to purchase from fisheries and aquaculture farms that respect workers' rights, as defined in the METRO Supplier Code of Conduct.
- This includes small-scale fishermen, workers at industrial fisheries, employees of marine product processing plants, as well as employees of aquaculture farms.

4.5 Socioeconomic development

In keeping with its responsible procurement principles, METRO wishes that its Sustainable Fisheries and Aquaculture Policy will contribute to:

- The development of fisheries, aquaculture farms, and local processing facilities in Quebec and in Ontario, in conjunction with its local purchasing policy;
- The development of small-scale fisheries in the areas offering the products not available locally.

5. Implementation approach

5.1 Expertise

METRO believes that any decision regarding sustainable fisheries and aquaculture must be based on an objective diagnosis, which considers formal scientific advice about the status of various stocks, and management measures defined by the resource's manager such as quotas, as well as the concerns of METRO's stakeholders.

5.2 Diagnosis update

As fishing and aquaculture practices, as well as the status of stocks and ecosystems, continue to evolve, METRO will regularly update its diagnosis, based on the latest scientific findings and reports. METRO has established a list of sensitive stocks that are evaluated annually, as well as a list of temporarily withdrawn species.

5.3 Products concerned

Three subgroups of fishery and aquaculture products are assessed prior to their purchase:

- (1) Fresh fish and seafood;
- (2) Frozen fish and seafood;
- (3) Canned fish and seafood.

5.4 Continuous improvement

METRO encourages its suppliers to follow a continuous improvement process. For example, the company favours suppliers who make tangible progress in the management of their fisheries and aquaculture activities, either through a change in their operating method, an investment in improving fishing techniques, in the conservation of the species exploited, or the addition of a third-party certification. Also, the company favours suppliers making tangible progress regarding the traceability of their products.

METRO has identified specific groups of species that present increased risks in terms of sustainable fishing and aquaculture, either because the stock status is of concern or because of the potential impacts of the operating method used. METRO's continuous improvement program is intended for these species and establishes a list of specific criteria and indicators. All vendors who supply METRO with these species must actively participate in the program and meet all of its requirements. METRO favours the suppliers who meet all the criteria for continuous improvement.

6. Commitments

1. For aquaculture shrimp: ensure that 100% of private brand shrimp is BAP-certified (Best Aquaculture Practices).
2. For aquaculture salmon: ensure that 100% of private brand fresh salmon is BAP-certified (Best Aquaculture Practices).
3. Ensure that 100% of private brand canned tuna is from sustainable fishing.

7. Reporting

To ensure transparency, a report on the implementation of this policy, its objectives and results will be incorporated annually into METRO’s corporate responsibility report and communicated to the stakeholders concerned.

POLICY TITLE	RESPONSIBLE	DATE OF ADOPTION
Sustainable Fisheries Policy	Corporate Affairs Department (Corporate Responsibility)	May 2010
Sustainable Fisheries and Aquaculture Policy	Corporate Affairs Department (Corporate Responsibility)	April 2018