METRO procurement policy for sustainable fish purchasing

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I. Introduction:

At METRO, sustainable fish purchasing is an important component of the company's business practices and procurement strategy. Working closely with its suppliers and important stakeholders, METRO is developing an array of measures designed to promote an environmentally and socially conscious fishery.

METRO is committed to sustainable fish-purchasing practices based on the principle of the sustainable use of fish resources in economic, social and environmental terms.

II. Assumption of responsibility:

To METRO, sustainability along the fish-process chain means:

- Showing regard for the sustainability of natural resources. The focus of METRO’s actions is to maintain and conserve fish stocks and their habitat.
- Fulfilling the needs of current and future customers. The focus of METRO’s actions is the long-range protection of fish supplies.
- Urging and promoting generally applicable and uniform, internationally recognized standards.

To live up to this responsibility, METRO has pledged to breathe life into this procurement policy by undertaking specific activities and steps in dealings with suppliers and producers as well.

III. Aims and area of application:

The long-range goal of this procurement policy is to create a range of sustainable fish products at METRO as a way of continuously promoting an environmentally and socially sustainable fishery and, as a result, of protecting fish stocks and the world’s seas.

As part of this procurement policy, METRO has set the following long-range goals:

- Guaranteeing and expanding an environmentally sustainable range of fish that meets customer demand
- Developing and promoting uniform, internationally recognised and sustainable environmental and social standards and labels along the entire value chain of fish (e.g. MSC Label, GlobalG.A.P Standard, BSCI, etc.)
- Encouraging sustainable fisheries and aquacultures
- Optimising fishing methods
- Optimising the traceability and labelling of fish products
- Optimising procurement and logistics operations
- Working closely with suppliers and producers
- Conducting a regular dialogue with the scientific and political communities

In a first step, this procurement policy governs the procurement practices of METRO’s own-brand products and then will be applied later to brand products.
This procurement policy forms the foundation for decision making on purchasing and marketing fish within METRO. It applies internationally to all sales divisions and will be applied in an initial step to mono products and then to products containing fish.

The procurement policy serves as framework directive and thus as general guidance for all sales divisions and countries. On the basis of this document, country-specific action plans shall be worked out and updated annually in order to implement this framework directive. The action plans shall include a selection of topics of this framework directive determined by the sales divisions and countries.

IV. Configuration of the product range:

The product range of METRO should be configured in the following way:

1. Creation of a sustainable and environmental range of fish products:

METRO continuously considers potential ways to enhance its product range with sustainable fish products in accordance with uniform, internationally recognised and sustainable standards and labels, e.g., certification in accordance with MSC (the Marine Stewardship Council) for wild-caught products and GlobalG.A.P for aquaculture products. It also defines specific goals in these areas.

a) Sustainable wild-caught products

MSC certification

The Marine Stewardship Council (MSC) is an independent, non-profit international organisation that promotes a sustainable, environmentally responsible fishery around the world. In its work, the council employs an environmental certification and labelling programme based on three principles: maintaining stocks, minimising ecosystem impact and ensuring effective management.

METRO has been a member of the MSC since 2002 and is the first trade and retail company in continental Europe to add MSC-certified own-label products to its assortment.

At the time that this procurement policy was being prepared, METRO was selling 108 own-brand products and about 100 products of brand suppliers that bore the MSC product seal. Depending on product availability, the sales divisions set specific goals designed to increase the share of MSC products.

METRO’s provider of logistics services (MGL Germany) and fresh-fish sales counters in some countries are certified in accordance with the MSC chain of custody standard for seafood traceability. This assures complete traceability extending from the catch to the sales counter. METRO is working to continuously expand the number of our fresh-fish sales counters with MSC certificates.

Practices involving endangered fish species

A fish species may become endangered not only because of overfishing, but also because of such things as water pollution and climate change.
The Convention on International Trade in Endangered Species of Wild Fauna and Flora (or Washington convention) provides information about endangered species. METRO follows the recommendations made by the Washington convention. Additionally, during its product range selection METRO will take into consideration species which are classified as “critically endangered” by the International Union for Conservation of Nature (IUCN). METRO’s aim is to offer a sustainable range of fish based on the scientific findings of such groups as the Food and Agriculture Organization (FAO), the International Council for the Exploration of the Sea (ICES – evaluation of the North Atlantic) and the von Thünen Institute (evaluation of the North and Baltic seas, among others) www.vti.bund.de while taking the current stock status into account.

In their work to develop a sustainable range of fish, the sales divisions review the product range each year and adjust it in accordance with the available alternatives.

**Use of environmentally conscious fishing methods**

Many different fishing methods are used around the world. These techniques frequently cause significant damage to the ecosystems of our seas, rivers and rural areas. The high level of by-catch is a significant cause of overfishing. The use of nets that destroy the seabed and cause tremendous damage there (e.g. to coral reefs) plays a major role as well. By-catch is fish or marine life that is caught unintentionally in nets while fishermen are trying to find other types of fish. The largest share of by-catch is not used and is generally tossed back into the sea by fishermen as injured or dead discards.

METRO imposes clear demands on its suppliers in terms of the fishing methods they employ.

<table>
<thead>
<tr>
<th>Preferred fishing methods</th>
<th>Undesired fishing methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Purse-seine nets without FAD</td>
<td>· Bottom-trawl nets if they destroy the seabed</td>
</tr>
<tr>
<td>· Gill nets</td>
<td>· Bottom trawling</td>
</tr>
<tr>
<td>· Long lines with special round-bend hoods</td>
<td>· Dredging</td>
</tr>
<tr>
<td>· Hand lines with special roundbend hooks</td>
<td>· Purse-seine nets with FAD</td>
</tr>
<tr>
<td>· Large-mesh nets</td>
<td>· Dynamite or poison</td>
</tr>
<tr>
<td>· Twin rigs</td>
<td>·</td>
</tr>
<tr>
<td>· Pelagic nets</td>
<td></td>
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</tbody>
</table>

**Alliance with the Earth Island Institute - “Dolphin Safe”**

METRO is committed to protecting dolphins and sells tinned tuna fish that was caught under conditions that reflect this commitment. [http://www.earthisland.org/dolphinSafeTuna/consumer/](http://www.earthisland.org/dolphinSafeTuna/consumer/)

**Exclusion of IUU (illegal, unreported, unregulated)**
Generally speaking, this is considered to be illegal, unreported and unregulated fishing (or pirate fishing) that is done outside the framework of generally accepted rules, regulations and guidelines. Illegal fishing is a significant cause of overfishing.

METRO distances itself from illegal fishing practices and actively works to develop programmes that increase the transparency of fisheries. Transhipment which endangers traceability is illegal as well as the fishing in the non-regulated maritime regions.

For this reason, METRO welcomes the rules on catch certificates that are considered the core of the EU regulation on fighting IUU fishing that took effect on 1 January 2010 (1005/2008/EC).

METRO requires its suppliers to avoid obtaining fish products from ships found on the “black lists” put together by regional fishing organisations (RFO).

The official RFO black lists are available at:

- [http://www.iotc.org/English/iuu/search.php](http://www.iotc.org/English/iuu/search.php)
- [http://www.nafo.int/fisheries/frames/fishery-iuu.html](http://www.nafo.int/fisheries/frames/fishery-iuu.html)
- [http://www.neafc.org/blist](http://www.neafc.org/blist)
- [http://www.fiskeridir.no/english/fisheries/iuu-list](http://www.fiskeridir.no/english/fisheries/iuu-list)
- [http://www.wcpfc.int/vessels#IUU](http://www.wcpfc.int/vessels#IUU)

b) Sustainable and environmental aquaculture products

Aquaculture is the systematic management and breeding of fish and marine life, and is the most important source of fish after traditional fishing. As a result of the overfishing of the world’s seas and the threat of extinction faced by many species of fish, controlled fish breeding is becoming increasingly important. Carried out improperly, aquaculture creates a tremendous burden on ecosystems. The expansion of aquaculture operations can destroy ecosystems or mangrove forests.

METRO strives to eliminate the negative environmental and social impact of industrial fish breeding as well as to encourage the sustainable promotion of aquaculture. Therefore, taking into consideration the availability of the products METRO will preferably use product sources with the following certifications:

**GlobalG.A.P certification**

Since 2007, METRO has been working on the refinement of GLOBALG.A.P standards (G.A.P - Good Agricultural Practice) for fish farming. METRO is working to continuously expand the share of fish produced by GlobalG.A.P-certified farms.

Additional information is available at: [http://www.globalgap.org](http://www.globalgap.org)

**Aquaculture Stewardship Council (ASC)**
In addition to the GlobalG.A.P Standard, an ASC seal that is similar to the MSC seal and backed by the WWF will be created for products in order to certify fish grown through sustainable aquaculture. In this process, fish farmers, environmental experts, government representatives and other interest groups are developing joint standards for sustainable aquaculture. The environmental and social standard for nine typical farmed fish like shrimp, salmon, pangasius and trout should be presented in 2011. These rules will form the basis for the ASC label. In cooperation the WWF, METRO is working on the development of this international standard.

Additional information is available at: http://www.ascworldwide.org

After setting the standards, the sales divisions will define goals designed to introduce and increase the share of ASC products in the assortment.

**Organic aquaculture**

Organic aquaculture involves the controlled breeding of fish in consideration of particular hygienic and environmental aspects. As a result of industrial fishing and growing demand for fish, organic aquaculture's products offer a procurement alternative to wildcaught fish. The key differences between normal and organic aquaculture are that fish are held in much smaller, less concentrated schools and that organically produced feed must be used.

**2. Traceability and labelling**

The traceability of products is a critically important element in the sustainable procurement and marketing of fish products. Using a seamless, transparent traceability system, METRO can determine that products do not come from illegal fishing (IUU) and match the fished schools to exact catching areas. A traceability system creates total assurance of the origin of products and, thus, transparency for end consumers. In addition to complying with legal regulations, METRO is expanding the labelling of fish products in a step-by-step process to increase transparency for customers and ensures that this information is available at the time of the listing.

METRO is developing gradual processes for non-EU countries to comply with the following labelling requirements for wild-caught and aquaculture fish and fish products along with its suppliers. Within the EU, the following labelling requirements will be mandatory as of 1 January 2012:

1. Latin and common name of the species
2. FAO catch area or country of origin for aquaculture
3. Production methods

In Germany and Austria, METRO is gradually introducing a labelling with detailed catch areas. Internationally, METRO is working to determine which additional elements can be labelled. http://www.fischverband.de/fanggebietskennzeichnung/initiative/

**3. Environmental and social standards**

Many fisheries and aquaculture operations cannot count on any support from local governments or organisations in terms of the sustainable operations of their businesses. This situation is particularly
common in developing and emerging countries where the understanding and appreciation of quality as well as occupational safety and environmental protection differ considerably.

METRO does business in some of these countries. Here, it makes its contribution to the sustainable development of current fisheries and aquaculture operations by taking such steps as initiating supplier-development programmes.

The goals of the training and educational programmes for local fishermen and operators of aquaculture businesses include:

- Increasing sales opportunities for suppliers by improving qualifications and certification
- Ensuring just wages
- Tapping additional income sources with the help of micro-credits
- Offering advanced-training opportunities for fishermen respectively farmers and their families
- Raising people’s awareness about protecting bodies of water/oceans

Between 2003 and 2009, METRO joined experts from the German Investment and Development Company (DEG), the German Society for International Cooperation (GIZ) and the Dutch Sustainable Trade Initiative (IDH) in conducting supplier training programmes in the area of sustainable fishing and fish farming in India, Pakistan and Vietnam.

METRO will ensure that the minimum social standards are observed. The labour standards according to the "Declaration on Fundamental Principles and Rights at Work" by the International Labour Organization (ILO) are to apply.

METRO actively takes part in meetings of the working group “Primary Production” organised by the Business Social Compliance Initiative (BSCI) with the aim of auditing the suppliers’ production facilities in accordance with the BSCI standard on a long-term basis.

As an alternative to BSCI, the Aquaculture Stewardship Council (ASC) is an additional instrument that ensures the use of social criteria along the entire supply chain in addition to environmental standards. By actively participating in the development and promotion of BSCI and ASC environmental and social standards, METRO can draw on internationally recognised tools that can be used to implement criteria and standards in the area of social affairs. As a result, awareness on this level can be significantly raised in risk regions.

By the end of 2015, METRO intends to have prepared 1,000 more fishermen and fish farmers in developing and emerging markets for a social audit (ASC and BSCI) during awareness-raising workshops.

V. Supply channels and logistics:

Efficiently organised supply channels and product transport play a major role in sustainable procurement. Regional procurement, carried out by such groups as local trading offices, helps to fulfil regional needs, to ensure the best product freshness and to support the development of regional cooperatives. Direct procurement at fisheries and fish farms has a number of advantages. The products’ quality, traceability, availability and freshness are assured. The costs associated with intermediate
delivery, additional transport and conservation of the products are lowered in the process. The application of efficient logistics thus protects the environment.

VI. Role in organisations:

To meet customers’ growing demands for quality as well as to ensure the environmental and social sustainability of products, METRO applies internationally recognized standards and systems to production and procurement processes.

From the very beginning, METRO was involved in the development of the standards of the Marine Stewardship Council and Aquaculture Stewardship Council. The company also plays a leading role as part of the Global Agenda Council on Ocean Governance in the World Economic Forum and, as a result, actively works to protect the world’s seas.

In close cooperation with the fishing industry, scientists and political leaders, METRO is active in the effort to end discard practices. In a pilot project in Germany called “Stop Discard”, members of the initiative work to ensure that the bycatch is brought on land, included in the catch quota and sold. In this connection, METRO welcomes the work being conducted by the FAO on guidelines for bycatch management and the reduction of discards.

VII. Responsibilities:

METRO makes its procurement policy accessible to the public. Internally, the progress made in implementation is regularly tracked.

Through active communication practices involving sustainable fish products, METRO increases customers’ awareness of and understanding about the protection of sustainable fish stocks and the world’s seas as well as sustainable consumption.

As part of this commitment, the sales divisions at METRO are urged to develop their own guidelines for carrying out this policy on fish procurement, to implement them and to issue a report about their progress. The purchasing of fish products is to be carried out in accordance with these procurement rules.

The sales divisions are urged to provide information about the substance of sustainable fish-procurement policies and changes to them within their company and to provide the corresponding training in order to systematically ensure implementation.

When new contracts are concluded, METRO requires all suppliers and producers to supply only fish and other seafood in accordance with the procurement guidelines of the respective company unit.