

Scaling Seafood Business Transparency and Accountability – A Project Proposal Brief

Katherine Short, Partner - Terra Moana Ltd, Principal – F.L.O.W. Collaborative Ltd (Fisheries.Livelihoods.Oceans.Well-being). March 2016

Background

The sustainable seafood movement has momentum to improve fishery and aquaculture operations worldwide. However, the state of the marine environment and ecosystems underpinning seafood production continues to decline. Ongoing innovation is required for seafood business to better understand their impacts and dependencies on these systems, and at scale both more effectively share restoration and management costs, and efficiently apply best practice solutions with multiple benefits.

13 large global seafood companies (at right) account for 11-16% of global marine catch and thus are transnational influences on marine environments (Osterblom *et al*, 2015). Whilst seafood sustainability efforts have focussed on supply chains, and which engages companies to address particular seafood issues, creating a company level race to the top in transparent corporate reporting would strengthen performance across the board. Of note is that 6/13 of these companies are Asian and increasingly Asian stock exchanges, investors and international markets are seeking more transparent sustainability outcomes. Pacific Andes' deep restructure and Thai Union's social condition scrutiny being two current examples.

Company	Headquarters	Market
Maruha Nichiro	Tokyo, Japan	A globally operating seafood company active in most segments of seafood production
Nippon Suisan Kaisha (Nissui)	Tokyo, Japan	A globally operating seafood company active in most segments of seafood production
Thai Union Frozen Products	Samutsakorn, Thailand	The world's largest canned tuna producer and fifth largest shrimp farmer (2011)
Marine Harvest	Bergen, Norway	The world's largest salmon producer and the most actively traded stock in the seafood sector
Dongwon Group	Seoul, South Korea	A national (75% of Korean canned tuna market share) and world leading tuna producer (together with Thai Union)
Skretting	Stavanger, Norway	A leading salmon feeds producer
Pescanova	Pontevedra, Spain	The world's second largest shrimp producer and the largest fishing company in the European Community
Austevoll Seafood	Storebø, Norway	The world's largest fishmeal company and second largest salmon producer
Pacific Andes	Hong Kong, China	The world's second largest fishmeal producer
EWOS	Oslo, Norway	A leading salmon feeds producer
Kyokuyo	Tokyo, Japan	Similar to Maruha Nichiro and Nissui, but with relatively more limited operations
Charoen Pokhond Foods (CP Foods)	Bangkok, Thailand	The world's largest shrimp farmer and the largest shrimp feeds producer
Trident Seafood	Seattle, USA	The largest seafood company in North America

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Leading sustainable business now uses systematic corporate reporting that includes the financial and technical analysis of material risk, whether under the Global Reporting Initiative (GRI) or International Integrated Reporting Council (IIRC). ~ 10-15 seafood companies now report yet without any consistent metrics tailored for seafood production. Thus the result is a mix of credible approaches and greenwash.

A team at Stanford (Micheli *et al*, 2014) developed a seafood system wide assessment approach. Applying these core 30 indicators (right) in seafood business could create an aggregating dashboard for seafood company sustainability management and reporting. It would enable consistent information for company executives, C-suite advisers, financiers and public scrutiny. Integrated sustainability journeys also enable silos within companies to be broken down and spread empowerment.

Governance	Socioeconomic	Ecological
1. Leadership - Existence of a decision-making and management body	11. Equity - No discriminatory practices	21. Water quality - Water-quality parameters are within acceptable bounds
2. Legislation - Existence of effective legal and/or customary framework	12. Free labor - No forced labor	22. Native biodiversity - Strategies in place to minimize impacts of fisheries/farms on natural diversity
3. Enforcement of regulation - Existence/effectiveness of a regulation and sanction system	13. Compliance with child labor laws - No child labor	23. Habitat integrity - Strategies in place to minimize impacts of fisheries/farms on habitat structure and function
4. Governance structure and function - Governance has a nested structure, partial autonomy of different levels of authority	14. Socioeconomic development - High investment in community infrastructure and human capital	24. Food-web integrity - Strategies in place to minimize impacts of fisheries/farms on food-web structure and dynamics
5. Incentives - Existence/effectiveness of incentives for following the rules and promoting sustainable use	15. Education - High investment in younger generation, eg presence of adequate schooling	25. Resilience - Resilience is maintained by conserving key species, functional groups, and functional redundancy
6. Management plan - Long-term management plans in place	16. Fair wages and benefits - Meet or exceed minimum wage and benefit requirements	26. Stock abundance - Target stocks are at a level that maintains high productivity and has a low probability of recruitment overfishing
7. Harvest control - Well-defined and effective harvest control rules are in place	17. Occupational health and safety - Written risk assessment, policies, and procedures for safe and healthy working conditions	27. Interaction with endangered species - Fishery does not pose a risk of serious or irreversible harm to endangered, threatened, or protected species and does not hinder their recovery
8. User involvement mechanisms - High level of stakeholder involvement, information dissemination to the community, mechanisms in place for conflict resolution	18. Fair conditions of employment - Employers are up to date on labor regulations and comply with legal regulations and collective bargaining agreements	28. Connectivity - Connectivity maintained by avoiding extreme habitat and population reduction and fragmentation
9. Defined boundaries and access rights - Long-term tenure, use rights, and boundaries are clearly defined, documented, and legally established	19. Traceability - Products traceable from harvest to sale	29. Bycatch - Fishery does not pose a risk of serious or irreversible harm to bycatch species and does not hinder the recovery of depleted bycatch species
10. Presence of MPAs - Representative samples of existing ecosystems are protected	20. Diversification - Diversification of fisheries and non-extractive activities (communities do not engage in and depend on a single activity)	30. Chemicals/drugs/pesticides - Acceptable drug and chemical management, microbial sanitation, minimized and safe use of agrochemicals



Proposal

A project is proposed that enlists ~3-4 major seafood companies, a technical analysis team and a learning community to unpack, test and develop the 30 criteria to operationalise consistent seafood company reporting. Existing, credible (ISEAL members) certification and ecolabelling approaches will be mapped onto the criteria. Where gaps exist, ecosystem service review (and potentially valuation) will be explored. Furthermore software tools are emerging to track seafood sustainability including to stamp out IUU fishing and meet premium market requirements. Creating a discrete indicator set provides trackable milestones and will significantly improve company transparency through annual provision of company-wide quality and consistent information. A global 'ready to play' network of interest has been built across the IIRC, GRI, major seafood companies, NGOs, sustainable business, science and academia.

Outcome

To establish credible seafood company corporate reporting globally. This will enable seafood company sustainability empowerment, deepen company understanding of impacts and dependencies on the marine environment and strengthen collaborative relationships to resolve specific fishery and aquaculture threats to seafood production and marine ecosystem health, including through restoration.

Approach

The Project will have 3 + 1 interrelated Modules:

1. **Metrics** – unpack and adapt the 30 criteria for seafood business and where required, test ecosystem service review. A technical partner (university or think tank) will be enlisted.
 2. **Test Cases** – the ~ 3-4 companies participating in component 1. will test the metrics in developing their own corporate reports using either the GRI or IIRC frameworks.
 3. **Capacity Building** – the sustainable seafood movement has learnt much about enabling change in seafood business but failed to successfully scale. This project will share effective people engagement approaches by documenting the test cases and involving communicators. Using the learning community and engaging company communications personnel, it will build capacity with best practice in seafood company corporate reporting.
- + 1. **(Associated Module) Accounting** – the Natural Capital Protocol is aligning the various environmental accounting frameworks. Subject to the partner constellation and resourcing, an associated module can unpack this for sustainable seafood. This would enable seafood companies to account for the efficiencies of environmental improvements in their operations, to capture their investment and return on investment in actual fishery and habitat sustainability initiatives, and where possible, to account for the environmental and fish stock risks of fisheries yet to be improved. *A seafood industry sustainability expert is willing to lead this in parallel.*

About

Katherine Short's twenty years' experience in global seafood sustainability, with WWF internationally and now business partnership with Tony Craig in Terra Moana Ltd, provides a strong project platform. Katherine seeks to maintain and develop her technical credibility including now learning how business operates through working alongside Tony with his 30 years' seafood business experience. Terra Moana are the sustainability advisers to their major client, Aotearoa Fisheries Ltd, the largest Maori seafood company (wholly owned by all Maori tribes). Katherine also co-supervises a PhD student, Annabelle Bladon, exploring the use of payment for ecosystem services in the Bangladesh hilsa fishery. Katherine maintains an extensive, high level, global, solutions-oriented network across seafood business, academia, government and non-government.

