



Debrief of the sustainable seafood and responsible investors teach in – new initiatives and tools April 2017 at Aviva Investors, London.

Abigail Herron, Blake Lee-Harwood and Daniel Broklebank would like to thank all the excellent speakers and our audience for making the day so interactive. A short summary from each speaker follows.

Ocean Disclosure Project

The [Ocean Disclosure Project](#) (ODP) is a sustainability reporting platform for companies that use wild caught seafood within their business. The project allows companies to disclose all of the source fisheries that provide them with fish and this data can then be matched with information on the sustainable management of those fisheries plus further details around the fishing gear, nationality of fishing fleets and environmental impacts.

The project has been created by Sustainable Fisheries Partnership, a US-based not-for-profit organization, but it will become independent by 2020. The ODP currently has seven participants – the retailers Asda, Morrisons, COOP Food and Publix along with the supplier Joseph Robertson and the two aquaculture feed companies Skretting and Biomar. The project allows companies to demonstrate their commitment to transparency and responsible sourcing while providing valuable information for consumers, investors, NGOs and others who take an interest in sustainable ocean management.

More Information: Blake Lee-Harwood blake.lee-harwood@sustainablefish.org

Fishtracker

The [Fish Tracker Initiative](#) aims to investigate the role that financial institutions play in financing the trade in global fisheries, in particular the exploitation of wild fish stocks or their processing for entry into the commercial food chain. Many such fishery businesses, many of which are focused on wild catch, are listed on stock exchanges. There, we find household name banks as lenders and large pension funds and insurance companies as shareholders.

Fish Tracker has secured a pilot year of funding and is about 60% of the way in and with a goal is to produce a report on our findings some time in Q3 or Q4 this year. The research has focused on a fisheries universe of circa 300 publicly listed companies with a combined market cap of USD \$529 billion. The work will comprise a report and a web based database, to be used as tools for institutional investors and other relevant financial intermediaries to better engage with investments in the wild catch fisheries sector.

More Information: Ben Metz ben@fish-tracker.org

The Keystone Dialogues provide opportunities for CEOs to effectively engage in the transformation of the seafood sector towards more sustainable practices across the globe. The Soneva Statement was signed by CEOs and Presidents of the two largest companies by revenues (Maruha Nichiro Corporation and Nippon Suisan Kaisha, Ltd), the two largest tuna companies (Thai Union Group PCL and Dongwon Industries), the two largest salmon farmers (Marine Harvest ASA and Cermaq – subsidiary of Mitsubishi Corporation) and the two largest aquafeeds companies (Skretting – subsidiary of Nutreco, and Cargill Aqua Nutrition) in November 2016.

The announcement is part of a new initiative - **the Seafood Business for Ocean Stewardship** – that, for the first time, connects wild capture fisheries to aquaculture businesses, connects European and North American companies to Asian companies and connects the global seafood business to science. The initiative is the conclusion of the Soneva Dialogue, a unique meeting between CEOs, senior leadership of major seafood companies, and leading scientists.

The dialogue, initiated by the Stockholm Resilience Centre, took place 11-13 November at the Soneva Fushi Resort on the Maldives under the patronage of HRH Crown Princess Victoria of Sweden – Advocate for the UN Sustainable Development Goals (SDGs). The dialogue was a Stockholm Resilience Centre event supported by Forum for the Future and the Soneva Foundation. The Walton Family Foundation, the David and Lucile Packard Foundation and the Gordon and Betty Moore Foundation funded the dialogue.

Dr Österblom will continue to enhance ocean stewardship through an international research programme involving experts from ecology, finance, accounting and organizational studies in Sweden, the Netherlands, Spain and the United Kingdom. Future research includes the providing an evidence base of successful science-business collaborations to inform the SEABoS process; and (ii) examining how governance initiatives, financial markets and supply chains shape the activities and regulation of transnational actors in the seafood sector. This work will enhance scientific understanding of the socio-ecological transformation of marine ecosystem governance and ocean stewardship.

More Information: Dr Henrik Osterblom (Henrik.osterblom@su.se) or Dr Shona Russell (shona.russell@st-andrews.ac.uk)

Why sustainable seafood matters for Aviva Investors

For over three decades, the world's marine fish stocks have come under increasing pressure from fishing, loss of habitats and pollution. Rising sea temperatures and the increasing acidity of the oceans are placing further stress on already stressed ecosystems. Illegal fishing and unreported catches undermine fisheries management, while subsidies continue to support unsustainable fishing practices.

Around 85 per cent of global fish stocks are overexploited, depleted, fully exploited or in recovery from exploitation. Positive engagement with management can steer investee companies towards more sustainable strategies that both improve business performance and aid the environment and society. However, shareholders need to be able to ask the right questions of companies and press them for substantial answers.

On World Oceans Day 2016 Aviva Investors, Sustainable Fisheries Partnership and the PRI launched a report designed to guide investor engagement with seafood companies. This built on our seminar on sustainable seafood hosted with UKSIF in 2015. Alongside this we have convened a PRI backed group of investors to engage with a selection of companies on the same which was launched at The Economist South-East Asia and Pacific Regional Fisheries Summit in Jakarta.

Public policy upcoming opportunities

UN level

The UN Oceans conference is taking place 5-9 June. <https://oceanconference.un.org/commitments/> and coincides with World Oceans day. The conference is expected to agree a declaration to support the implementation of SDG 14 - they will also announce a report with the co-chairs' summaries of the partnership dialogues, as well as a list of voluntary commitments for SDG14.

As part of this there is a partnership dialogue 4 – Making fisheries sustainable. There is also currently a proposal for a UN framework convention on plastics in the oceans – microbeads are also in scope.

EU level

Joint Communication on international ocean governance – released by the Commission in November 2016, the joint communication is another way used by the EU to support the SDGs. The communication covers a wide range of issues, including maritime security and trafficking issues, however the most relevant issues from an investment perspective are the continued focus on maritime research, and an ocean observation strategy:

The ongoing fight against illegal, unreported and unregulated fishing (IUU) - the European Commission has profiled itself as a world leader in addressing these practices by banning imports into the EU from countries where IUU fisheries were spotted. The Commission has launched [a website](#) on the topic.

Upcoming initiatives

- o Commission guidance on the exploration and exploitation of natural resources in areas under national jurisdiction to be released by 2018.
 - o October 2017 – Commission will host a conference entitled 'Our oceans', which will focus on commitments to implementing the SDGs, including a 10% target for marine protected areas by 2020.
 - o The Commission is also going to launch a pilot project to monitor illegal fishing worldwide using satellite communications. Timing is TBC.
 - o The Commission will come forward with an ocean observation strategy in 2018 to assess whether ocean observation networks are fit for purpose and to look at the environmental and economic benefits of further enhancing the
- The Commission is keen to continue investing the current level of approximately 2 billion EUR a year on marine research, and will continue to use Horizon 2020 research to this end.

UK Level

The UK will be exiting the Common Fisheries Policy and will be developing a new set of national policies to replace it. This raises the possibility of introducing more protections to ensure fish stocks are sustainable. The House of Lords Committee recently published a report on Brexit and Fisheries which [is worth a read](#). There's also a good House of Commons Library note [here](#).

More positively, the Conservative Party's 2015 manifesto pledged to deliver a "Blue Belt" of Marine Protected Areas around the coasts of the UK and its Overseas Territories. These include Marine Conservation Zones (MCZs), Nature Conservation Areas, Special Protection Areas and those designated under EU law as Special Areas of Conservation. 27 MCZs were initially created and a second tranche of 23 MCZs, were launched in January 2016. The third tranche of zones are planned for consideration in 2017 and implemented in 2018. The appetite of the new government to continue this policy remains unclear but this is likely to be a key focus of marine campaigners.

The Government has also announced a ban on the use of microbeads in cosmetics that were damaging to sea life. Plus further research into the use of microplastics more generally. This was following [a report](#).

More Information: Abigail Herron Abigail.herron@avivainvestors.com

Kepler Cheuvreux's Blue Economy Screener

Overall:

The swift rise of innovation-driven and renewable resource-based sectors, such as offshore wind and aquaculture, coincides with a policy clampdown on the negative environmental impact of ocean-based industries, such as seaborne trade and wild-catch fisheries. This convergence of factors bolsters the case to examine the investment opportunities and risks linked to the "blue economy", which refers to the transition to a sustainable use of ocean, sea, and marine resources.



Our comprehensive mapping shows how environmental and social trends linked to the recovery of ocean health, notably resource efficiency pressure and the energy transition, could magnify the growth drivers of the most exposed companies in ocean-related sectors (fish & seafood, energy & resources, shipping lanes, coastal livelihoods). Based on our in-house blue economy framework, input from sector analysts as well as external insights (e.g. Rabobank, Carbon War Room/UCL Energy Institute, Ocean Assets Institute), we highlight the stocks at the vanguard of marine ecosystem protection and those lagging behind.

Fish & Seafood:

Awareness of the crucial importance of sustainability factors in the reversal of fish stock depletion is clearly rising amid a supply-demand gap (soaring demand vs. limited supply). While aquaculture has already become the main source of fish for human consumption, it is poised to play an increasingly pivotal role in seafood supply on the back of strong growth (a 3% CAGR over 2016-25E), supported by its status as the most efficient protein producer in terms of environmental footprint and gloomy trends for wild-catch fisheries. Accordingly, the industry offers a growing pool of opportunities across the value chain.

Nonetheless, a series of contentious issues has plagued one of the leading aquaculture industries, salmon farming, over the past few years, especially related to biosecurity, raising questions about the sustainability of the current business model. Our review points to credible steps being taken to bring about improvements, through certifications, new treatment methods and, in the area of fish meal, innovations in non-fish feed (e.g. algae), showing the potential for improved sustainability practices to unlock huge growth opportunities amid a more favourable policy backdrop.

More Information: Samuel Mary smary@keplercheuvreux.com

Seafood Stewardship Index



Seafood production can create significant environmental and social impacts and risks. Despite these risks there is huge potential for fisheries and aquaculture to contribute to sustainable development, most notably Sustainable Development Goal (SDG) 14 'life below water'; SDG 2 'zero hunger'; SDG 8 'decent work and economic growth'; SDG 1 'no poverty'; SDG 5 'gender equality'; SDG 15 'life on land'; and SDG 12 'responsible consumption and production'.

Major fish stocks can be rebuilt, practices in aquaculture can be enhanced, and traceability and stronger supply chain management can contribute to improving accountability, working conditions and livelihoods. Seafood companies have a unique and significant role in enabling the transition to more sustainable seafood production systems. However, most companies in the industry are opaque about their policies and practices, making it difficult to assess their contribution to more sustainable and responsible seafood supply chains. In addition, the awareness and understanding of the role of major seafood companies in improving the sustainability of seafood is limited.

The Seafood Stewardship Index aims to advance this awareness by creating clarity on what seafood companies can do and what they are actually doing. By independently and objectively measuring and comparing the performance of major seafood companies, the Index provides a transparent and impartial means by which companies and their stakeholders can monitor performance and progress. The Index gives credit to companies that perform well, creates accountability and allows others to learn from best practices. The Index methodology builds on extensive multi-stakeholder dialogue and consultation and reflects what stakeholders expect from the seafood industry. Following a two-year period of research and multi-stakeholder consultations, [Index Initiative](#), an independent non-profit organization based in Amsterdam, is now developing the first Seafood Stewardship Index.

More Information: Gerbrand Haverkamp g.haverkamp@indexinitiative.org