VOLUNTARY LABELLING, CERTIFICATION & STRATEGIC POSITIONING

PrimeFish

Horizon 2020 Programme

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BE THE DIFFERENCE

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1. Seafood certified sustainability standards

What are certified sustainability standards?

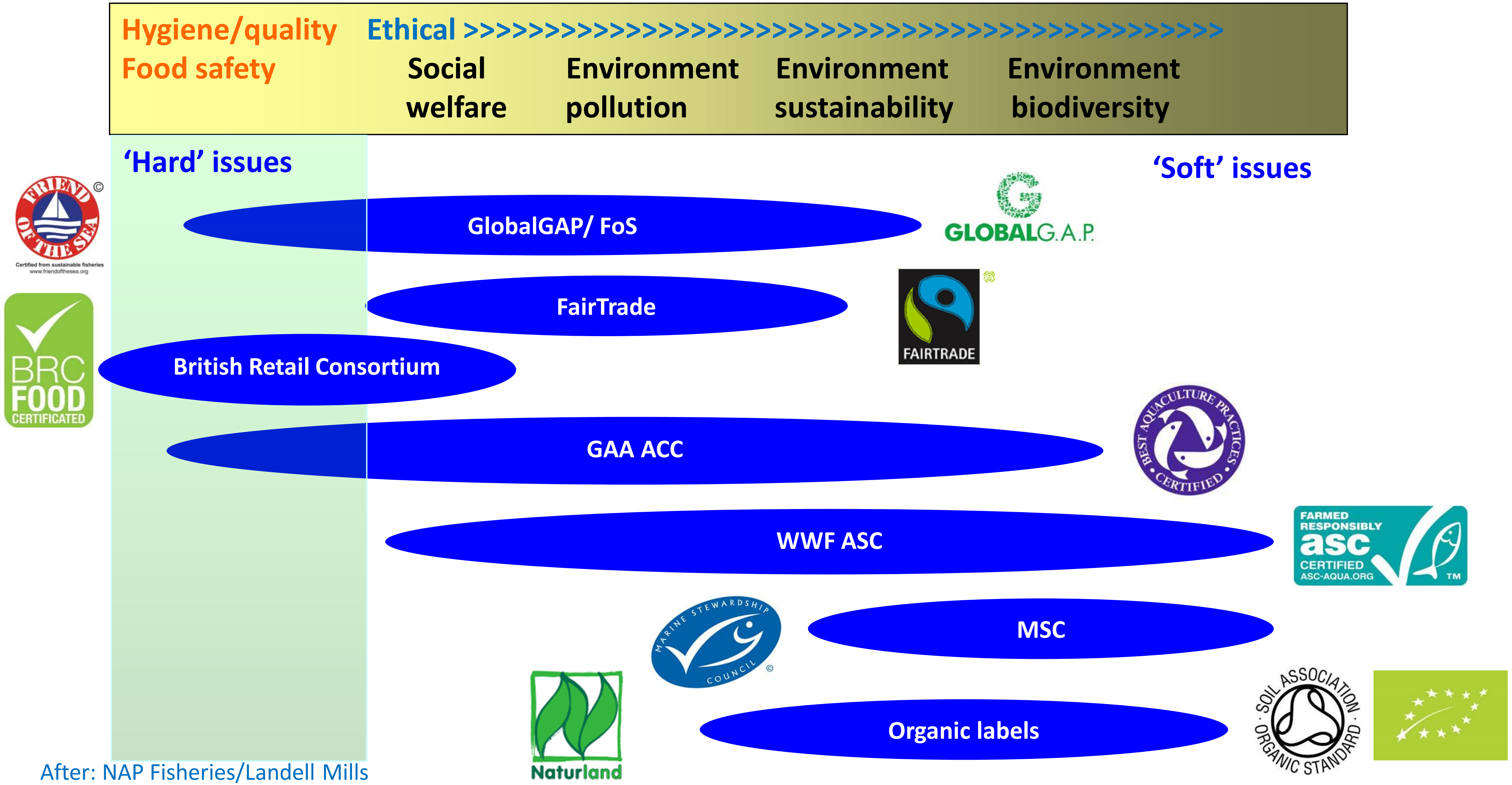
- Market-based approach to govern negative externalities of business practices
- Here mainly relating to environmental, social (& food safety) standards
- Borne of a legislative vacuum & loss of confidence in nation states internalise non-economic considerations valued by society
- Many types of ownership and certification forms
- But all are (i) voluntary & (ii) adhere to third-party auditing systems
- Framed as consumers directing change through purchasing power? or

Why certify?

- Supports ethical consumption & production by integrating social & environmental issues
- Price premium? - limited evidence
- 'Eco-efficiency' improved resource utilisation (growth, feed, escapes etc.)
- Other strategic objectives
  - outsourcing of brand/ reputation risk-management
    - v civil society challenges/ campaigns
    - fragmented value-chains v internal assurance
  - pre-competitive: social licence to operate (GSI example)?
- Limited to companies capable of funding costs? (industry dynamics)

Who drives demand for 3rd party certification?

The seafood ethical labeling spectrum – food safety to organics

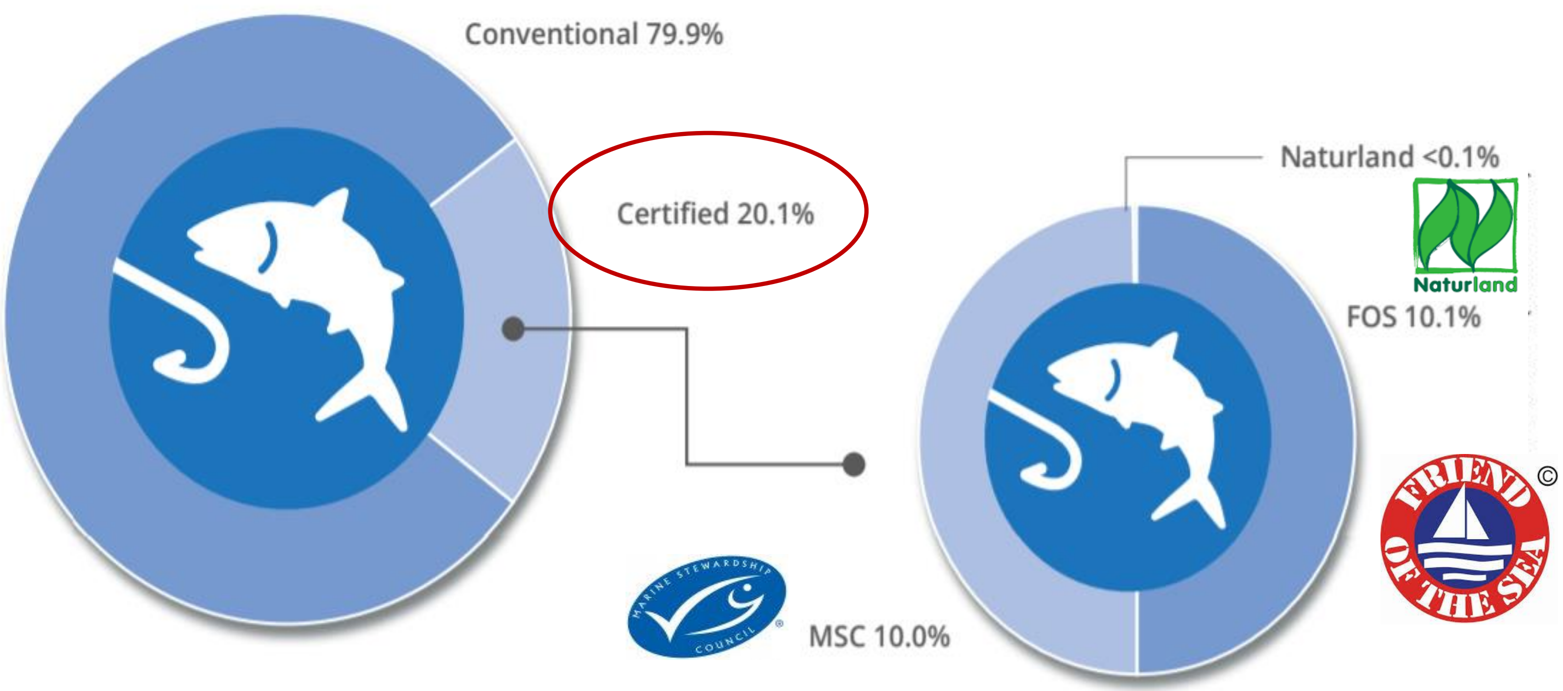


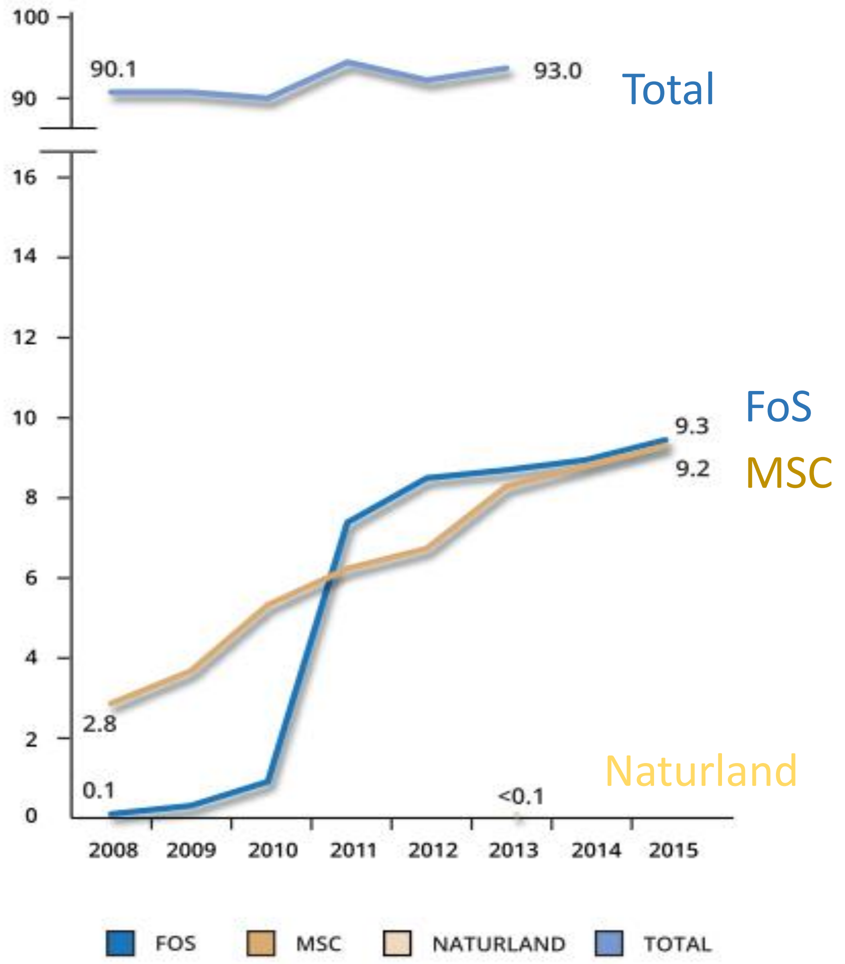
After: NAP Fisheries/Landell Mills

2. Adoption Trends

Certified sustainable fisheries production %volume 2013-15

Capture Fisheries





Data years: Global total, 2013; FOS, 2015; MSC, 2015

Sources: FAO Fishstat, 2015; MSC, FOS, personal communication, 2015.

???

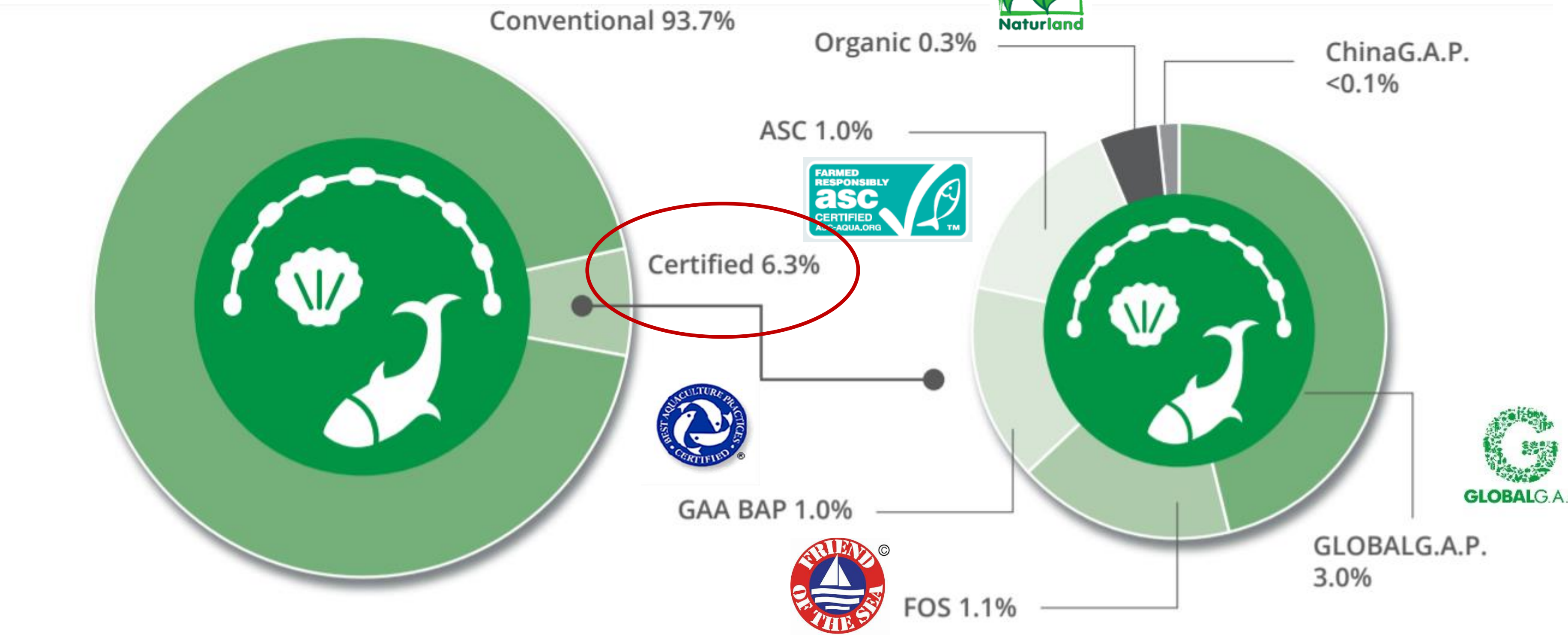
Compound annual growth rates (2008–2015): FOS: 91 per cent; MSC: 18 per cent; Total: 1 per cent.

Source: FAO Fishstat, 2015; FOS, MSC, personal communication, 2015.

After: Potts et al., 2016

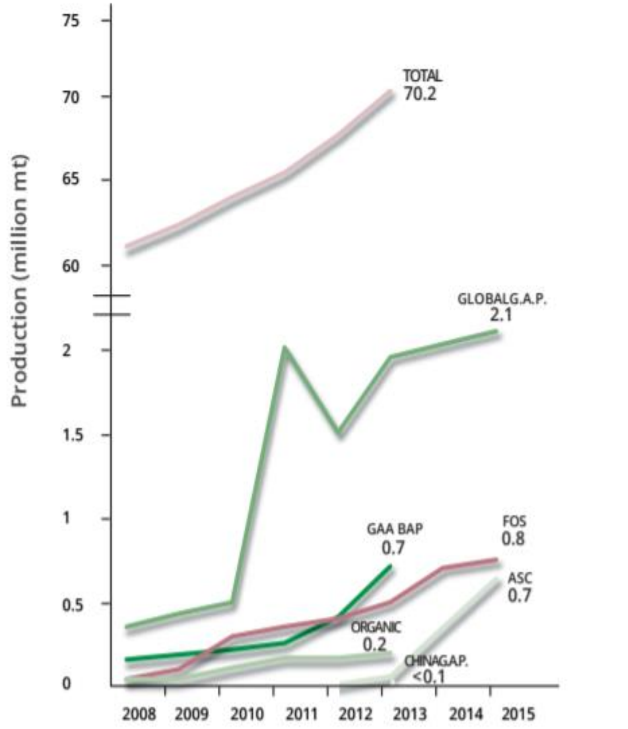
Certified sustainable aquaculture production %volume 2013-15

Farmed Production



Data years: ASC, 2015; BAP, 2013; ChinaG.A.P., 2013; Conventional, 2013; FOS, 2014; GLOBALG.A.P., 2015; Organic, 2013.

Sources: FAO Fishstat, 2015; ASC, BAP, ChinaG.A.P., FOS, GLOBALG.A.P., Organic, personal communication, 2015.

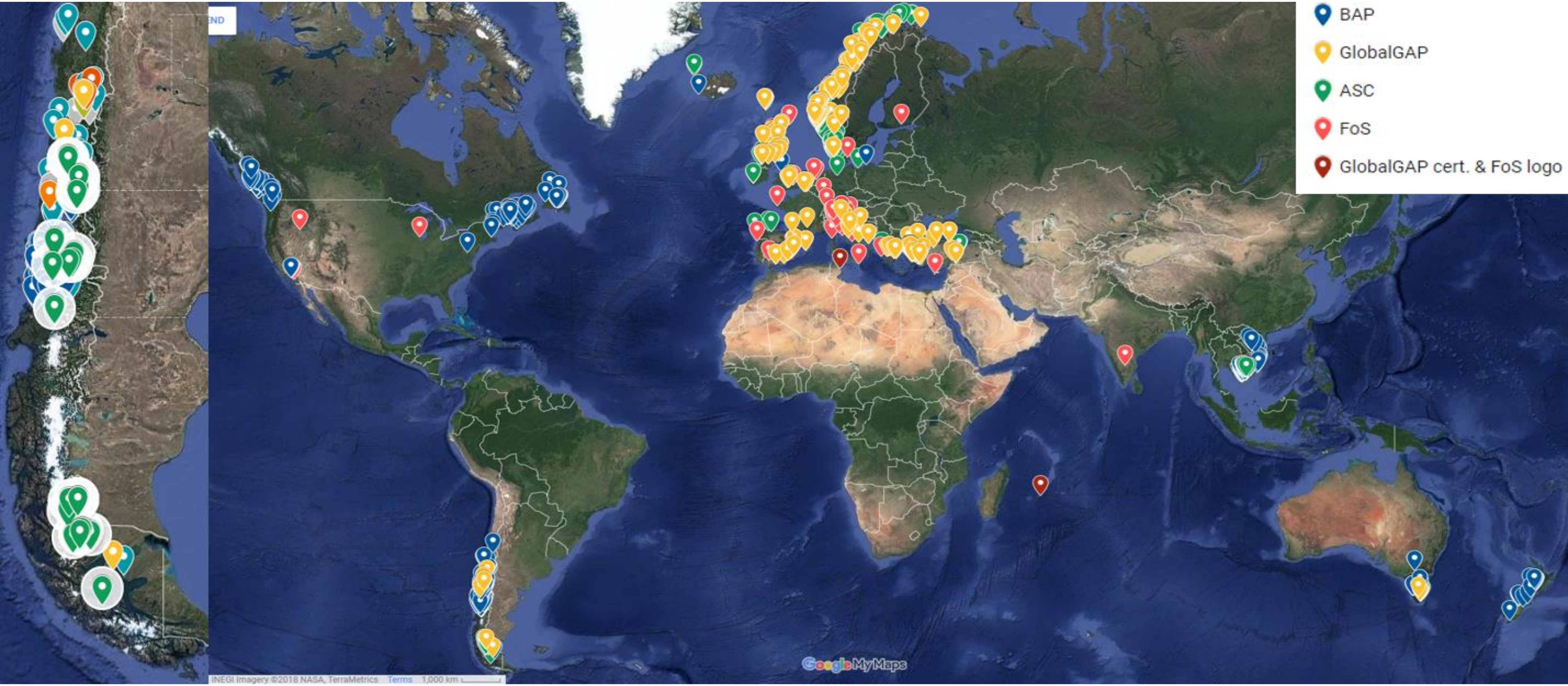


Compound annual growth rates (2008–2015): ASC: 98 per cent; BAP: 35
GLOBALG.A.P.: 29 per cent; Organic: 35 per cent; Total: 6 per cent. Sour
ASC, BAP, ChinaG.A.P., FiBL, FOS, GLOBALG.A.P., MSC, Naturland, perso

GlobalGAP, GAA & ASC = 80% of export **aquaculture** certification globally

After: Potts et al., 2016

Certified aquaculture entities by standard body Oct 2017 - Primefish Spp.



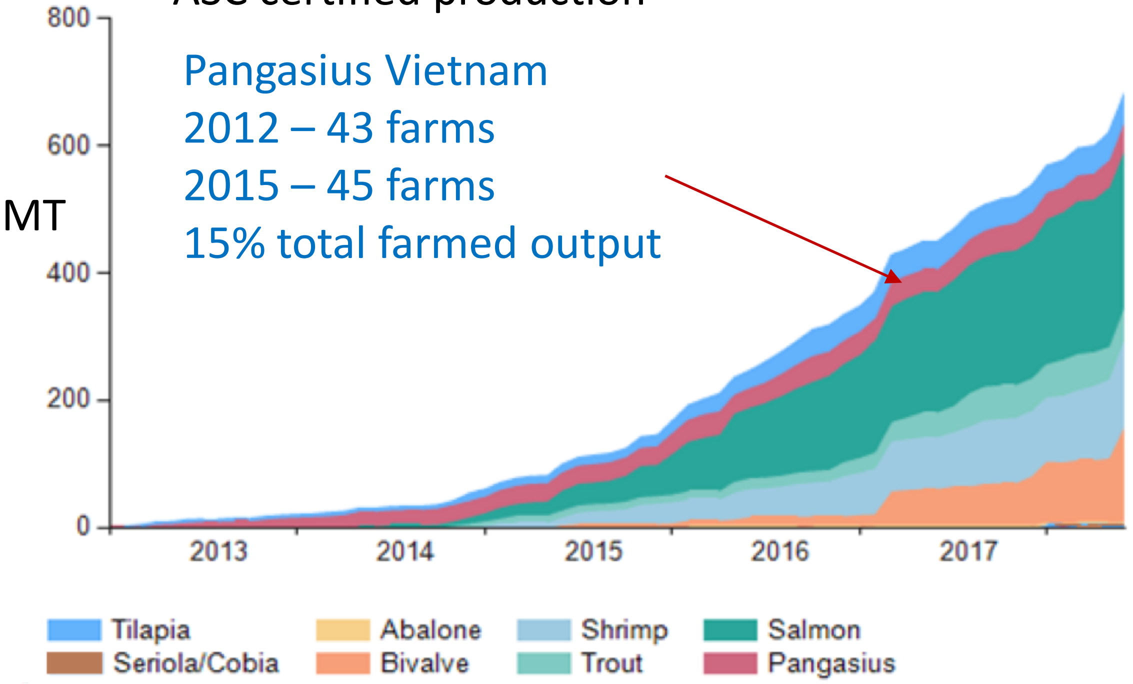
3. ‘Taking back control’?

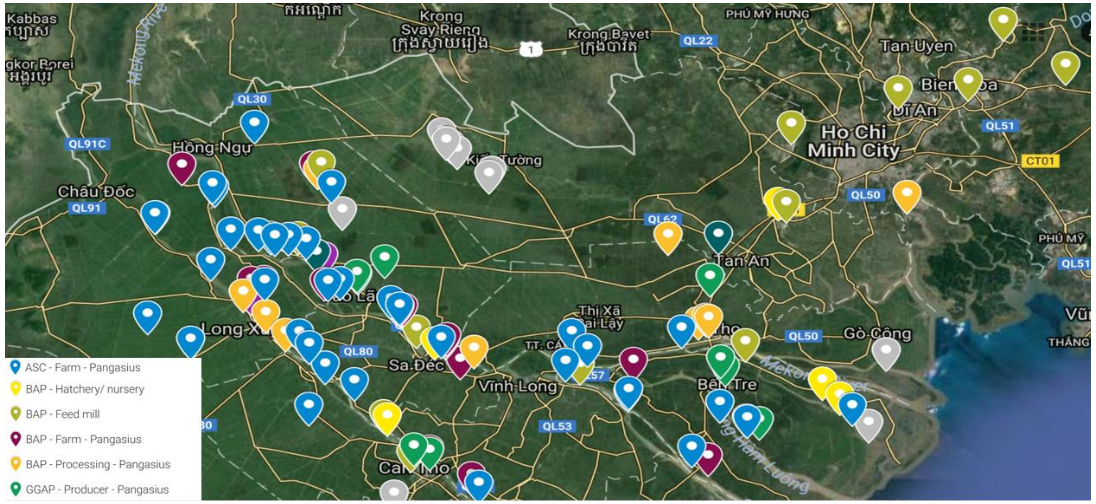
The Global Salmon Initiative (GSI) as an example of pre-competitive sectoral certification strategy

When certification fails?

ASC certified production

Pangasius Vietnam
2012 – 43 farms
2015 – 45 farms
15% total farmed output





Jan 2017: French retail chain Carrefour stop selling pangasius in Spain, Belgium, Italy & France *citing environmental & food safety concerns!*

The Global Salmon Initiative (GSI)

GLOBAL SALMON INITIATIVE

- ‘Pre-competitive’ ‘corporate citizenship’ voluntary commitment of global salmon producers in (most) highly consolidated seafood sector:
  - Commitment to 100% ASC certification all farms by 2020
  - Transparency on 18 environmental & social performance indicators
- Key drivers?
  - **social license** for growth ambitions & assoc. site licensing requirements?
  - WWF global eNGO founding role & background support for ASC standards?

http://globalsalmoninitiative.org/about-us/

GSI Members (12-24 companies from 2013-2016)

AquaChile
Bakkafrost
Blumar Seafoods
Huon Aquaculture
Los Fiordos
Marine Harvest
Camanchaca
Cermaq
Grieg Seafood
Multiexport Foods SA
New Zealand King Salmon
Ventisqueros S.A

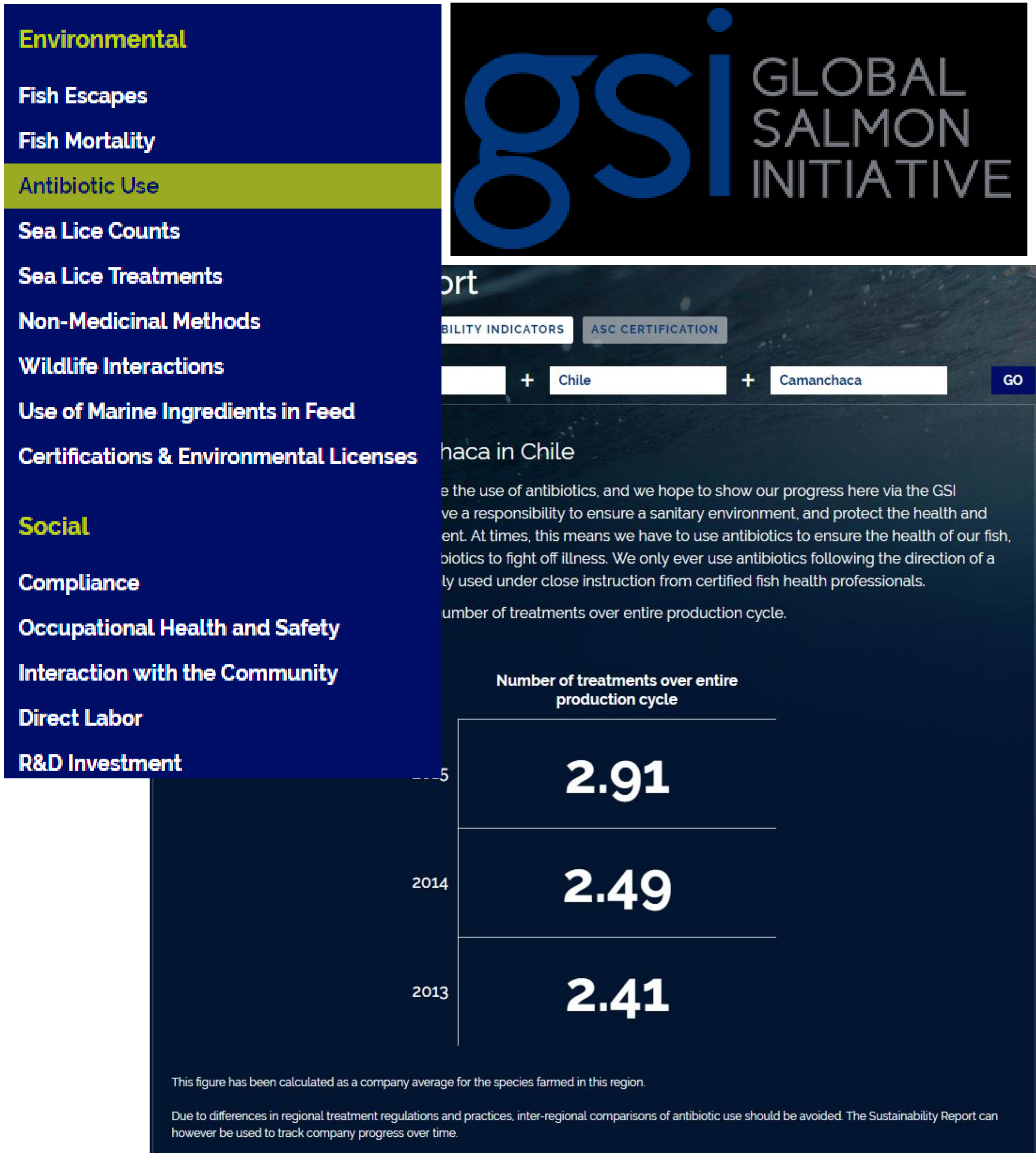
SN	Company	Operational Countries					
1	Marine Harvest	Chile	Norway	Canada	Scotland	Faeroes	Ireland
2	Cermaq	Chile	Norway	Canada			
3	Grieg Seafood		Norway	Canada	Scotland		
4	Aquachile	Chile					
5	Blumar	Chile					
6	Camanchacha	Chile					
7	Los Fiordos	Chile					
8	Multiexport Foods	Chile					
9	Ventisqueros	Chile					
10	Bakkafrost					Faeroes	
11	Huon						Australia
12	NZ King Salmon						N. Zealand

2018: 17 farmed salmon companies participating producing >65% of global volume.

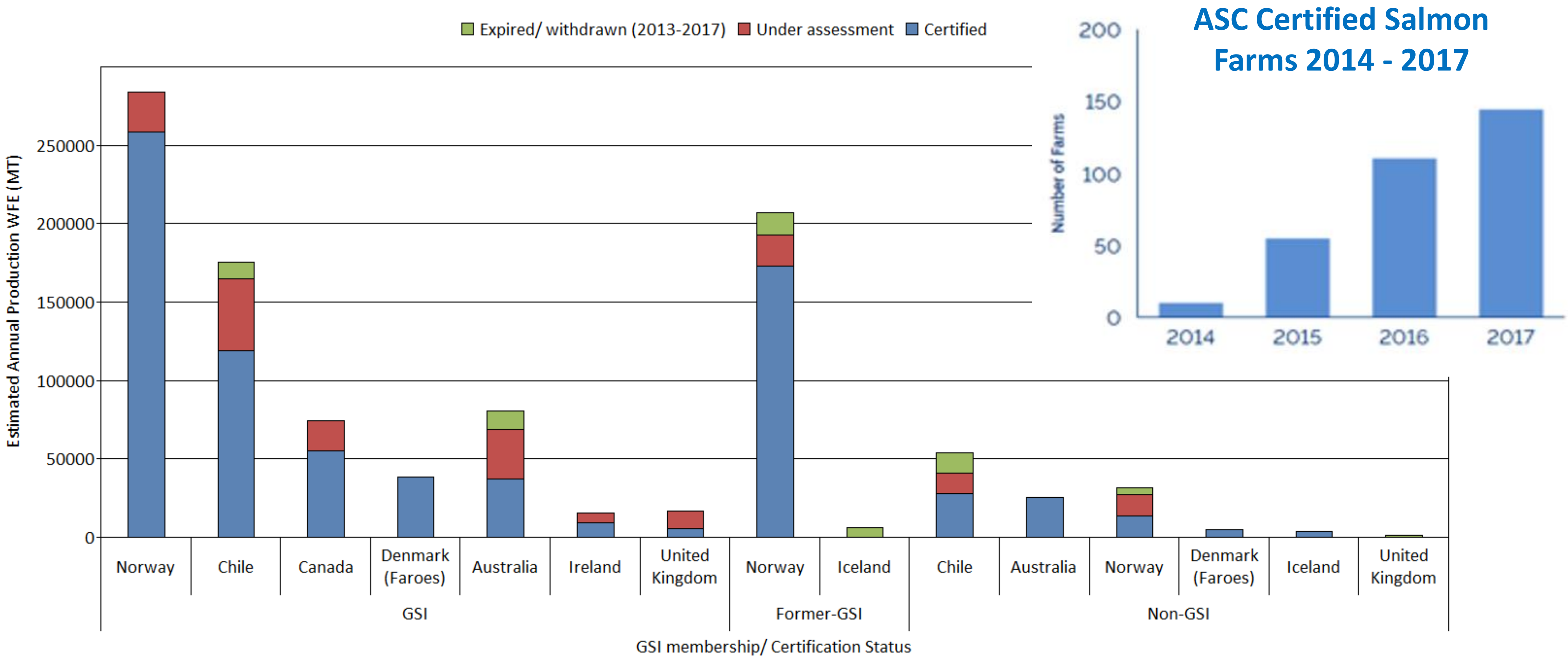
Associates: SKRETTING a Nutreco company, BioMar, SALMOFOOD, EWOS®

18 Environmental & Social Indicators – accessible from GSI website

Grp	SN	Indicator Description
1	1.1	Fish escapes
2	2.1	Fish mortality
3	3.1	Antibiotic use Index (AUI)
4	4.1	Sea lice counts
5	5.1	Sea lice treatments – in bath
	5.2	Sea lice treatments – in feed
6	6.1	Non-medicinal sea lice treatment methods
7	7.1	Wildlife interactions – Birds
	7.2	Wildlife interactions - Mammals
8	8.1	Use of Marine Ingredients in Feed – Fish Meal
	8.2	Use of Marine Ingredients in Feed – Fish Oil
9	*9.1*	*Certifications & Environmental Licenses*
10	10.1	Legal compliance – Fines (USD)
11	11.1	Occupational Health & Safety – Fatalities
	11.2	Occupational Health & Safety – Injury Lost Time
	11.3	Occupational Health & Safety – Absence Rate
12	12	Interactions with the Community
13	*13*	*Direct Labour (FTE Per Year)*
14	*14*	*R&D Investment (Website Link)*



Est. output (WFE mt/yr) of ASC certified marine salmonid cage sites by GSI membership, country & certification status



4. Summary & recommendations

- Most certification schemes do not guarantee a price-premium; but as minimum guarantee continued access to certification-centric market segments
- GSI: example of salmon industry re-asserting control of certification to achieve strategic sectoral precompetitive objectives.
  - Primary driver: social license for marine-site licensing & future growth
- Sustainable Shrimp Partnership (SSP): Ecuadorian shrimp producers adopting similar approach
  - leveraging benefits of national antibiotic-free farming status
- Strategic lessons for
  - (i) companies in ‘concentrating’ sectors e.g. seabass & bream
  - (ii) emergent (national) schemes e.g. VietGAP, Icelandic & Alaskan Responsible Fisheries
- Collaborating producers need to take leading role & ownership