ESG Reporting In The Seafood Industry: State Of The Sector

By Alexander Sartori, Samuel Pennifold, Timona Chore

Friday, July 7, 2033

Presented To The Geneva Graduate Institute (Iheid)
In Fulfilment Of The Requirements For The Applied Research Project,
Masters Of International And Development Studies

Please cite as: Alexander Sartori, Samuel Pennifold, Timona Chore, *ESG Reporting In The Seafood Industry: State Of The Sector,* Graduate Institute of Geneva, with Marine Stewardship Council, 2023

Executive Summary

The purpose of this report is to provide a landscape-level analysis of the state of the Environmental, Social, and corporate Governance (ESG) sector within the Seafood industry as well as to provide insightful implications and recommendations for how ESG activities and reporting practices can be improved.

ESG has become a rapidly expanding sector since the 1980s and the rise of consumer demand for sustainably sourced and produced products. This has meant that many corporations have begun to place ESG and its core tenant, sustainable development, at the centre of their business plans.

Though ESG in general faces many issues, such as, the centralization and vertical integration of power within supply chains towards large multinational corporations and away from smaller suppliers and companies mirroring and perpetuating existing colonised power dynamics between the global north and south. Equally problematic is the rise of the greenwashing phenomenon, whereby immaterial issues are promoted at the expense of genuine materially beneficial behaviour to give the impression of sustainability. Within the seafood industry, specific issues of weak governance, illegality, and subsidies have been identified as significant factors contributing to ESG issues. Data collection has also proven to be one of the greatest challenges in ESG reporting and for the industry in general. This creates a challenge for compliance and transparency concerning data collection. Due to the highly informal nature of many parts of the seafood industry, the insurance and finance sectors are dissuaded by the high costs and risks associated.

Throughout this report, we have adopted a qualitative research approach, with qualitative information being collected and analysed through a literature review, institutional analysis, content analysis, and interviews. The purpose of this is to identify common themes and areas pertaining to ESG that are heavily focused on or largely neglected within the seafood industry.

Based upon our institutional and content analysis, we find there is a clear thematic focus on social and corporate governance ESG activities and reporting within the seafood industry. Many of the frameworks and standards used most commonly, such as the UN Sustainable Development Goals and the Global Reporting Index, offer relaxed implementation protocols. Allowing companies to selectively adapt their approach to ESG activities and reporting. Furthermore, the key informant interview responses support the findings from the analysis sections. Disproportionate reporting on social and corporate standards rather than environmental standards suggests that fishery reporting behaviour is consumer demand-driven. This trend is also driven by the lower costs associated with the implementation and reporting of social and corporate governance standards as opposed to environmental standards.

Protecting marine ecosystems and biodiversity is essential for maintaining healthy fish stocks. Consequently, we strongly conclude and recommend that there is a need to increase reporting on environment-related ESG metrics in the seafood industry. For this to be carried out in a considered and sustainable fashion, there needs to be greater support for small and medium-sized enterprises operating within the seafood industry supply chain. Without this, there remains a risk of greater territoriality of power towards larger corporations. This should be completed through the sustainable and inclusive implementation of integrated ESG frameworks, standards, and certification processes. This, we believe, could lead to a more robust system that could assure a more sustainable future for

the seafood industry. The currently largely fragmented ESG sector within the seafood industry and at large is largely ill-equipped to meet the growing demands of sustainability to preserve natural and human capital.

The authors of this report can be contacted at:
alexander.sartori@graduateinstitute.ch

samuel.pennifold@graduateinstitute.ch

timona.chore@graduateinstitute.ch

Thanks to:
Dr. Beth Polidoro,
Research Director,
Marine Stewardship Council

Dr. Denis Russchaert,
Faculty Lead Environment and Sustainability Centre for International Environmental Studies
Centre for International Environmental Studies, IHEID

Nina Teresa Kiderlin
PhD Candidate - Teaching Assistant
Department of Anthropology and Sociology, IHEID

Shirin Barol
PhD Candidate - Teaching Assistant
Department of Anthropology and Sociology, IHEID

Hanna Berg
PhD Candidate - Teaching Assistant
Department of Anthropology and Sociology, IHEID

Table of Content

Introduction

The significance of this report becomes evident when considering the existing body of literature addressing the crucial concerns surrounding Environmental, Social, and Governance (ESG) frameworks and standards, both in general and specifically within the seafood industry.

ESG has become a much-lauded and much-criticised part of the commercial push towards sustainability. ESG frameworks and standards have developed, along with cross-cutting international and domestic laws concerning sustainability. This has, naturally, produced an inherent tension between various actors, including consumers, manufacturers, and governmental organisations. ESG frameworks and standards are rooted in modern understandings of sustainable development, defined by the Butland Commission as "meeting the needs of the present without compromising the ability of future generations to meet their own needs"[1]. This is expressed in the latest United Nations (UN) sustainability targets, the Sustainable Development Goals (SDGs), as well as the 10 UN Global Compact principles.

Through institutional analysis of ESG frameworks and standards, content analysis of a select number of publicly available annual ESG reports from companies within the seafood industry, and interviews with experts from the ESG and seafood sectors, this report provides a comprehensive insight into the effectiveness of ESG reporting in the seafood industry. Based on this, we will provide recommendations for the improvement of ESG reporting practices and activities within the seafood industry.

ESG reporting frameworks and standards

Sandra Waddock said this of ESG: "in the absence of a global governance structure to ensure that corporations are accountable, responsible, transparent, and ecologically sustainable, a largely voluntary corporate responsibility infrastructure has emerged that is reshaping companies' responses to these issues and fostering wholly new practises and behaviours."[2]. Since the emergence of ESG frameworks and standards in the 1990s with the Forest Stewardship Council, there has been a massive proliferation of private voluntary ESG standards and reporting schemes; more than 50 distinct rating methodologies for assessing environmental and social performance have been developed, a third of them since 2005, across various industries, as well as overarching standards.[3] Growing consumer pressure and the power of environmental justice organisations have driven many corporations into having to place ESG at the core of their business models.

Per the Global Reporting Initiative (GRI), there are two main approaches to ESG: the use of ESG reporting frameworks and ESG reporting standards. These approaches are used collaboratively to

---

[1] G. Brundtland, *Report of the World Commission on Environment and Development: Our Common Future*, United Nations General Assembly document A/42/427, 1987, chapter 1, section 1, paragraph 27

[2] S. Waddock, *Building a New Institutional Infrastructure for Corporate Responsibility*, Academy of Management Perspectives, vol.22, no.3, August, 2008 pp.87-108, pg.87

[3] Denis Ruysschaert, Denis Salles, *Towards global voluntary standards: Questioning the effectiveness in attaining conservation goals: The case of the Roundtable on Sustainable Palm Oil (RSPO)*,
Ecological Economics, Volume 107, 2014, pp.438-446, pg.438; Magali A. Delmas,, Et Al, *Triangulating Environmental Performance: What Do Corporate Social Responsibility Ratings Really Capture?*, Academy Of Management Perspectives, Vol. 27, No. 3, 2013, pp. 255–67, pg.257

provide guidelines that enable companies to disclose ESG information relating to their business activities in a manner that is reliable, consistent, transparent, and comparable.

ESG reporting frameworks are a set of general principles or core values used to shape the understanding of a certain issue. The two main frameworks used in ESG reporting are the United Nations Sustainable Development Goals and the 10 United Nations Global Compact principles. Unlike ESG reporting frameworks, ESG reporting standards are a set of detailed methodologies and criteria describing what needs to be reported and how it should be reported. Standards in ESG reporting include International Sustainability Standards Board standards (ISSB); Carbon Disclosure Project standards (CDP); Climate Disclosure Standards Board (CDSB); Global Reporting Initiative (GRI) standards; Task Force on Climate-Related Financial Disclosures (TCFD) standards; International Integrated Reporting Council (IIRC) standards; and Sustainability Accounting Standards Board (SASB) standards.

Critical ESG Issues

The largely voluntary nature of ESG reporting frameworks and guidelines raises significant issues regarding territorialization, the centralising and vertical integration of market control with large transnational companies, and greenwashing, the covering of larger environmental issues through a focus on insubstantial issues.[4]

Territorialization concerns the centralising effect on power within supply chains, vertically integrating control upwards towards larger transnational companies, and reducing the autonomy of often smaller suppliers.[5] This implication addresses larger sustainability issues related to environmental justice. The territorialization and colonisation of the natural capital of the global south is a major issue for ESG, as many smaller regional, national, or local suppliers are often not in a financial position to meet increasingly complex ESG demands. The demand comes from the power of upstream consumers located in the Global North. This has contributed to the perpetuation of existing power dynamics within industries, whereby large stakeholders develop authoritative power over smaller stakeholders. It is a common theme across the critical literature and reports from various private bodies discussing ESG that, while ESG offers many opportunities, a more equitable approach needs to be developed to not exclude smaller shareholders within industries.

Greenwashing is another major issue within the field of ESG. This analysis from Sebastião Vieira de Freitas Netto et al., of several articles and key texts on greenwashing and ESG pinpoints the covering of "poor environmental performance [with] positive communication about environmental performance"[6] as a significant obstacle to ESG reporting. Greenwashing takes place across both private, voluntary ESG programmes and mandatory legal environmental, social, and governance frameworks. It occurs partially as a result of consumers' willingness to pay for more sustainable goods

[4] Denis Ruysschaert, Caitriona Carter, Emmanuelle Cheyns, *Territorializing effects of global standards: What is at stake in the case of 'sustainable' palm oil?*, pg.3; Sebastião Vieira de Freitas Netto, Marcos Felipe Falcão Sobral, Ana Regina Bezerra Ribeiro & Gleibson Robert da Luz Soares, Concepts and forms of greenwashing: a systematic review, Environmental Sciences Europe, vol.32, no.19, 2020, pg.2

[5] Denis Ruysschaert, Caitriona Carter, Emmanuelle Cheyns, *Territorializing effects of global standards: What is at stake in the case of 'sustainable' palm oil?*, pg.3

[6] Sebastião Vieira de Freitas Netto, Marcos Felipe Falcão Sobral, Ana Regina Bezerra Ribeiro & Gleibson Robert da Luz Soares, *Concepts and forms of greenwashing: a systematic review, Environmental Sciences Europe*, pg.2

but also through the weaknesses of many programmes. Empirical research finds that 80% of the variance in the performance of companies across different ESG reporting frameworks is based on the reliance on procedural and outcome indicators.[7]

Critical ESG Issues for the seafood industry

It is important to highlight that the industry can be generally divided into two areas: production (catch and processing) and exporting (selling, marketing, etc.). The production side is heavily dependent on the management of the marine ecosystem to regulate fish populations and ensure the longevity of the seafood industry.[8] Alternatively, farmed fish has grown increasingly popular. Both wild and farmed fishing require high levels of resource management to reduce negative externalities such as pollution and exploitation.[9] Without resource management strategies, the continuity and predictability of fish populations are at risk, damaging business security in the seafood industry.[10]

Additionally, weak governance, illegality, and subsidies have been identified as significant factors contributing to ESG issues. The WWF’s 2019 summary report states that robust governance is key to achieving sustainability and profitability. Robust governance is characterised by a clear policy framework, equitable access for communities, and the collection of relevant data.

Data collection has proven to be one of the greatest challenges in ESG reporting and for the sector in general. This is because 98% of seafood production is carried out by small and medium-sized enterprises (SMEs) in developing countries. As a result, there is limited access to credit, education surrounding natural resource management, and the ability to adapt to supply chain changes.

This creates a challenge for compliance and transparency concerning data collection. Due to the highly informal nature of the seafood production industry, the insurance and finance sectors are dissuaded by the high costs and risks associated with SMEs. These fisheries depend on high-cost and subsidised credit, leaving them uninsured, which exposes the rest of the supply chain to great risk.

Moreover, weak governance can lead to illegality, as there is an estimated $23.5 billion worth of fish illegally caught each year[11]. This catch is unaccounted for in any data being reported, further exacerbating the lack of transparency associated with the industry. Illegal, unregulated, and unreported (IUU) fishing activities often include the drug and arms trade as well as trafficking. In the WWF’s report, a theory suggests that one reason the illegal fishing sector is so prevalent is because of the unprofitable nature of the legal (formal) sector. The seafood industry is considered relatively unprofitable, which is why many stakeholders are forced to carry out illegal fishing activities to avoid regulation and tax, driving down costs and increasing profits. Combining more effective risk management with lower insurance premiums could promote better practices due to increased food security and sustainability.

[7] Magali A. Delmas, Et Al, Triangulating Environmental Performance: What Do Corporate Social Responsibility Ratings Really Capture?, pg.225
[8] Holmes L., Kundra R., WWF. Risks and Opportunity in the Seafood Sector: The Business Case for Sustainability, 2019, Accessed March 20 2023 https://seafoodsustainability.org/wp-content/uploads/2019/06/Business-Case-for-Sustainability-2019.pdf
[9] Ibid
[10] Ibid
[11] Ibid

The lack of transparency and insurance can leave the industry vulnerable to supply chain disruptions due to shocks such as COVID-19, which exposed supply and demand side weaknesses. Changes to buyer behaviour, prices, business revenue, costs, workforce, purchasing power, and limited production and transportation channels affected the overall price of seafood products.

Research Methodology

We adopted a qualitative research approach, with qualitative information being collected and analysed through literature review, institutional analysis, content analysis, and interviews. The qualitative research approach was implemented by gathering data focused on two key areas: an analysis and comparison of ESG reporting based on the publicly available ESG reports from a range of fisheries and seafood supply chain companies included in the 2021 World Benchmarking Alliance (WBA) Seafood Sustainability Index and interviews with various stakeholders within the fishing industry. The gathered data was aimed at identifying ESG standards and frameworks being used by the sector, with a focus on the extent to which the ESG standards and frameworks have been used across multiple companies and any gaps that are there within the context of ESG reporting.

The objective of analysing the ESG reports was to identify trends related to the adoption of ESG standards and frameworks in the seafood sector. Systematically examining the content of the ESG reports enabled the study to acquire valuable insights into the frequently utilised ESG standards and frameworks, as well as the ESG metrics and indicators that have received the greatest emphasis. The comprehensive understanding of the state of ESG reporting within the seafood sector enables the effective identification of ESG reporting strengths and weaknesses.

Purposive sampling is a non-random method of obtaining a sample where researchers use their judgement and expertise to choose specific participants that meet a certain inclusion criterion relevant to the research. Due to practical considerations, specifically resource and time limitations, the research adopted a purposive sampling method to select a sample size of 14 ESG reports from companies in the seafood industry included in the 2021 WBA Seafood Sustainability Index (WBA SSI). The WBA SSI is used as the basis for company selection because it contains a list of the 30 largest companies in the seafood industry in terms of market share. Due to the size and market share of the companies in the WBA SSI, the companies have a significant impact on the operations and sustainability of the global seafood industry.

The research used a quota sampling technique to implement the purposive sampling method. Quota sampling divides a sample into sub-groups or categories and sets a minimum number of individuals or cases for each sub-group or category. Using the idiographic sample size of 14 ESG reports, the research set quotas as follows: the five best-performing fisheries, the middle-performing five, and the worst-performing four fisheries. Using minimum quotas ensures that key stakeholders are represented in the sample.

From the 14 ESG reports, we gathered the following information:

- Company name
- Location (where headquartered)
- Countries operating in
- Report (title, link to report)
- Area(s) of operation (Fishery, Seafood processing, Seafood retails etc)
- Date of publication of the report
- Other certifications (Aquaculture Stewardship Council etcetera)
- WBA seafood sustainability index overall score
- ESG Standard(s) and Framework(s) used

The companies included in the sample are as follows:

- Thai Union Group
- Mowi

- Nueva Pescanova
- Nomad Foods
- Nutreco
- High Liner foods
- SalMar
- Parlevliet & Van der Plas
- Labeyrie Fine Foods
- FCF Co., Ltd.
- Dongwon Enterprise
- Pacific Seafood Group
- Kyokuyo
- Trident Seafoods

The research project gathered qualitative data through online interviews. Target interviewees consist of stakeholders involved in promoting ESG in the seafood industry. These stakeholders include; ESG departments and divisions in seafood industry companies; investors; Civil society and non-governmental organisations; and Sustainability certification organisations such as the Marine Stewardship Council and Aquaculture Stewardship Council. Five interviews were conducted.

Limitations

Research projects require resources for proper implementation. The more resources a research project has, the more activities it can undertake to achieve its research aims and objectives. Within the context of this study, more resources would have allowed the research project to have a larger sample size, conduct more interviews; and code and analyse a huge amount of data. The research project was, however, still able to achieve its research objectives and aims with limited resources by using a small sample size, conducting a small number of interviews, coding and analysing a small amount of data**.**

Time is a critical element in the implementation of research projects, especially those using interviews as a data collection method. Conducting interviews requires a lot of time. Interviewing is a time-consuming and intensive process as after sending an interview request, a researcher has to wait for some time before getting a response. Moreover, the researcher might even have to make a couple of follow-ups before getting a response in some instances. It is also not uncommon for interviewees to reschedule interviews due to unavailability or clashing commitments. Due to time limitations, the study had to reduce interviewees from an initial target of 10 to a target of 5. Notwithstanding the smaller number of interviews, the study was still able to achieve its research objectives and aims with the smaller number of interviewees.

Additionally, of the five interviews conducted, four of them were with people who work within organisations, while only one informant works for a private company in the industry. Despite contacting sustainability offices from nearly all the sample fisheries, no successful responses were received. The low response rate from private sector firms is perhaps indicative of the industry's relationship with ESG as companies may be apprehensive about answering questions on their ESG reporting practices. The limitation of this is that the interview questions are designed to gain insight from the supply chain perspective, however, instead, the responses received are interpretations from an organisation's side. This does not invalidate the responses received, but must be taken into consideration when analysing the interviews.

Institutional Analysis: ESG Frameworks and Standards

Environment, Social and Governance (ESG)

Over time, sustainability has become a prominent feature of discussions in policy and business circles. Solving sustainable development challenges, such as climate change, human rights, and environmental conservation, has been increasingly recognised as a significant component of the global objective of transitioning towards a sustainable global economy.[12]

ESG has developed into a practical framework that is used to assess an organisation's compliance with various sustainability issues.[13] Environmental Standards focus on an organisation's impacts and risks related to the natural environment, such as direct and indirect greenhouse gas emissions, the organisation's impact on biodiversity, pollution, and so on.[14] Within the context of the seafood sector, there is a wide range of sector-specific environmental issues. Examples include greenhouse gas emissions from fishing vessels and fish processing facilities.[15] Overfishing negatively impacts marine biodiversity by altering the composition of marine species, which affects predator-prey relationships and causes shifts in trophic structures.[16] Lastly, fishing practices such as bottom trawling can be harmful to marine ecosystems as they damage the physical structure of the seabed, negatively affecting marine life such as coral reefs, marine plants, and other aquatic animals.[17]

Social standards focus on an organisation's relationship with internal and external stakeholders. Internal stakeholders include shareholders, employees, and some others, while external stakeholders include suppliers and local communities.[18] Social factors assess issues such as fair wages, diversity, inclusiveness, consumer protection, human rights compliance, and engagement with local communities.[19] Unlike environmental factors, which tend to be sector-specific, social factors are usually similar across most sectors.[20]

Governance factors focus on an organisation's internal management and oversight structure.[21] Governance factors assess an organisation's leadership structure, internal control systems, and practises to maintain compliance with relevant laws, policies, and regulations.[22] Examples of issues and structures analysed include internal management composition and structures, board composition and structure, tax compliance, financial audit practises, oversight structure, whistleblower programmes, and executive compensation, among others. Similarly to social standards, governance standards are usually similar across most sectors.

[12] Ibid, 2-10.
[13] Ibid, 2-10.
[14] Trahan, Ryan Thomas, and Brad Jantz. "What is ESG? Rethinking the "E" pillar." *Business Strategy and the Environment* (2023): 1 -10.
[15] Food and Agricultural Organisation United Nations. *The State of World Fisheries and Aquaculture, 2022*. Accessed 28.03.2023 https://www.fao.org/3/cc0461en/online/sofia/2022/fisheries-and-aquaculture-projections.html
[16] Ibid.
[17] Ibid.
[18] Trahan, Ryan Thomas, and Brad Jantz. "What is ESG? Rethinking the "E" pillar." *Business Strategy and the Environment* (2023): 1 -10.
[19] Ibid, 1-10.
[20] Ibid, 1-10.
[21] Ibid, 1-10.
[22] Ibid, 1-10.

ESG Frameworks and Standards

ESG is implemented through ESG standards and frameworks. ESG standards and frameworks are a set of principles, metrics, and methodologies that provide guidelines that enable companies to disclose sustainability information relating to environmental, social, and governance dimensions of their business activities in a manner that is reliable, consistent, transparent, comparable, and comprehensive.[23] ESG reporting Frameworks are broad in scope and usually contain a set of values used to define and shape the understanding of a certain topic or theme.[24] They are usually used alongside standards as they do not provide comprehensive and robust methodologies for reporting. The two main frameworks used in ESG reporting are the United Nations Sustainable Development Goals and the United Nations Global Compact principles.

Unlike frameworks, ESG reporting standards are more specific in their focus and usually contain detailed methodologies and criteria describing what needs to be reported.[25] Standards in ESG reporting include: International Sustainability Standards Board (ISSB) standards; Carbon Disclosure Project (CDP) standards; Climate Disclosure Standards Board (CDSB) standards; Global Reporting Initiative (GRI) standards; Task Force on Climate-Related Financial Disclosures (TCFD) standards; International Integrated Reporting Council (IIRC) standards; and Sustainability Accounting Standards Board (SASB) standards.

The Multiplicity Of ESG Standards

The existence of multiple ESG reporting standards with overlapping content has created complexity and confusion in ESG reporting. Due to the multiplicity of overlapping standards, companies are unsure of which standards to use. Moreover, the multiplicity of ESG standards has made comparison of ESG reports difficult as companies sometimes use different ESG standards while analysing similar issues. Furthermore, the presence of multiple ESG standards has led to selective reporting, with companies opting to use standards that portray them in the most positive manner.[26] The multiplicity has also led to inconsistencies in ESG reporting with companies using different standards from one year to another year or across the same sector.

Although the different organisations that develop ESG standards claim to have an overarching objective of promoting sustainability, they have been criticised for not consolidating standards design, development, and implementation efforts.[27] The multiplicity of ESG standards has led to a situation where the different ESG standards bodies "compete for adopters in the same sector despite being similar in design, content, and intentions to regulate the transnational arena."[28] The poor coordination and duplication of efforts in the design, development and implementation of ESG standards has led to the "perception that parallel standards fail to provide an efficient and equitable means of promoting

---

[23] Global Reporting Initiative. *ESG standards, frameworks and everything in between*, 2022. Accessed March 17, 2023.
[24] Ibid.
[25] Ibid.
[26] Adam Sulkowski and Ruth Jebe, *Evolving ESG Reporting Governance, Regime Theory, and Proactive Law: Predictions and Strategie*s, American Business Law Journal, vol59, no. 3, 2022, pp.449-503, pg.455.
[27] Reinecke, Juliane, Stephan Manning, and Oliver Von Hagen. "The emergence of a standards market: Multiplicity of sustainability standards in the global coffee industry." *Organisation studies* 33, no. 5-6 (2012): 791-814.
[28] Ibid.

sustainability within global value chains."[29] The multiplicity of ESG standards is creating inefficiencies in solving global sustainability challenges.

In recognition of the multiplicity challenge, numerous stakeholders involved in ESG reporting are collaborating to streamline and align standards to establish a global standard-setting approach based on principles of comparability, consistency, reliability, and transparency.[30] In 2020, the five major ESG standard-setting institutions (CDP, CDSB, GRI, IIRC, and SASB) came together and committed to collaborating to set up a comprehensive ESG reporting system.[31] The merger of IIRC and SASB followed the commitment to form the Value Reporting Foundation (VRF).

In 2021, the International Financial Reporting Standards Foundation (IFRSF) formed the International Sustainability Standards Board (ISSB), which is mandated to establish international sustainability standards.[32] The formation was followed by commitments by leading international sustainability standards organisations to consolidate into the ISSB. The CDSB and VRF have already merged into the ISSB. The consolidation of other sustainability standards organisations into the ISSB is intended to harmonise sustainability reporting by reducing the number of overlapping and competing sustainability standards, which have led to fragmentation and confusion in ESG reporting.[33] For ISSB to be the globally recognised ESG standards organisation, all ESG standards organisations need to dissolve and join ISSB. However, while some ESG standards organisations have dissolved to join ISSB, others, such as GRI, have yet to.

ESG Reporting In The Seafood Industry

Companies in the seafood sector have adopted an integrated approach to ESG reporting. They use both ESG frameworks and standards. Most companies in the seafood sector use the two main ESG reporting frameworks, the United Nations Sustainable Development Goals and the United Nations Global Compact principles. The most commonly used standards in the seafood sector are the GRI standards. However, seafood sector companies still use some of the other ESG reporting standards such as SASB, CDSB, and TCFD, but to a lesser extent when compared to GRI. In 2022, GRI released sector specific standards for the seafood sector. The standards are titled, GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022.[34] The standards provide information for companies in the agriculture, aquaculture, and fishing sectors about sector specific material topics within the context of ESG issues such as human rights, biodiversity, and emissions.

---

[29] Fransen, Luc. "Why do private governance organisations not converge? A political–institutional analysis of transnational labour standards regulation." *Governance* 24, no. 2 (2011): 359-387.
[30] Hammed Afolabi , Ronita Ram, and Gunnar Rimmel, H*armonization of sustainability reporting regulation: Analysis of a contested arena*, Sustainability*,* vol.14, no. 9, 2022, pp.1-29, pg.1-4
[31] Ibid.
[32] Ali, Irshad, Peni T. Fukofuka, and Anil K. Narayan. "Critical reflections on sustainability reporting standard setting." *Sustainability Accounting, Management and Policy Journal* (2023).
[33] Ibid.
[34] Global Reporting Initiative. *GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022*, 2022. Accessed March 17, 2023. https://www.globalreporting.org/standards/standards-development/sector-standard-for-agriculture-aquaculture-and-fishing/

The United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDG) are a collection of 17 sustainable goals adopted by United Nations member states with the aim of promoting the achievement of the 2030 Agenda for Sustainable Development.[35] The goals cover a wide range of sustainability issues, such as poverty, inequality, environmental conservation, human rights, and climate change, among others. The goals are a call to action adopted by all United Nations member states with the aim of promoting development that balances social, economic, political, environmental, and sustainability issues.[36] The 17 SDGs reflect a global consensus around the most urgent matters facing humanity today and serve as a valuable guiding light in ESG reporting in many different sectors, including the seafood industry.

Image 1: UN SDGs, *Illinois Mathematics and Science Academy*

The United Nations Global Compact

The United Nations Global Compact is an international corporate sustainability initiative that promotes responsible business practises among companies. The UN Global Compact is based on 10 guiding principles that define values and approaches essential to facilitating responsible business practices, with a focus on human rights, labour, the environment, and anti-corruption.[37] The 10 Principles are derived from key international instruments that focus on socio-economic and environmental issues, such as the Universal Declaration of Human Rights, the Rio Declaration on Environment and Development, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Convention Against Corruption. The 10 principles have been used by companies in ESG reporting as key guiding principles in many different sectors, including the seafood industry.[38]

---

[35] United Nations. *The 17 United Nations Sustainable Development Goals*, n.d. Accessed March 17, 2023. https://sdgs.un.org/goals
[36] Ibid.
[37] United Nations. *The Ten Principles of the UN Global Compact*, n.d. Accessed March 17, 2023. https://unglobalcompact.org/what-is-gc/mission/principles
[38] Ibid.

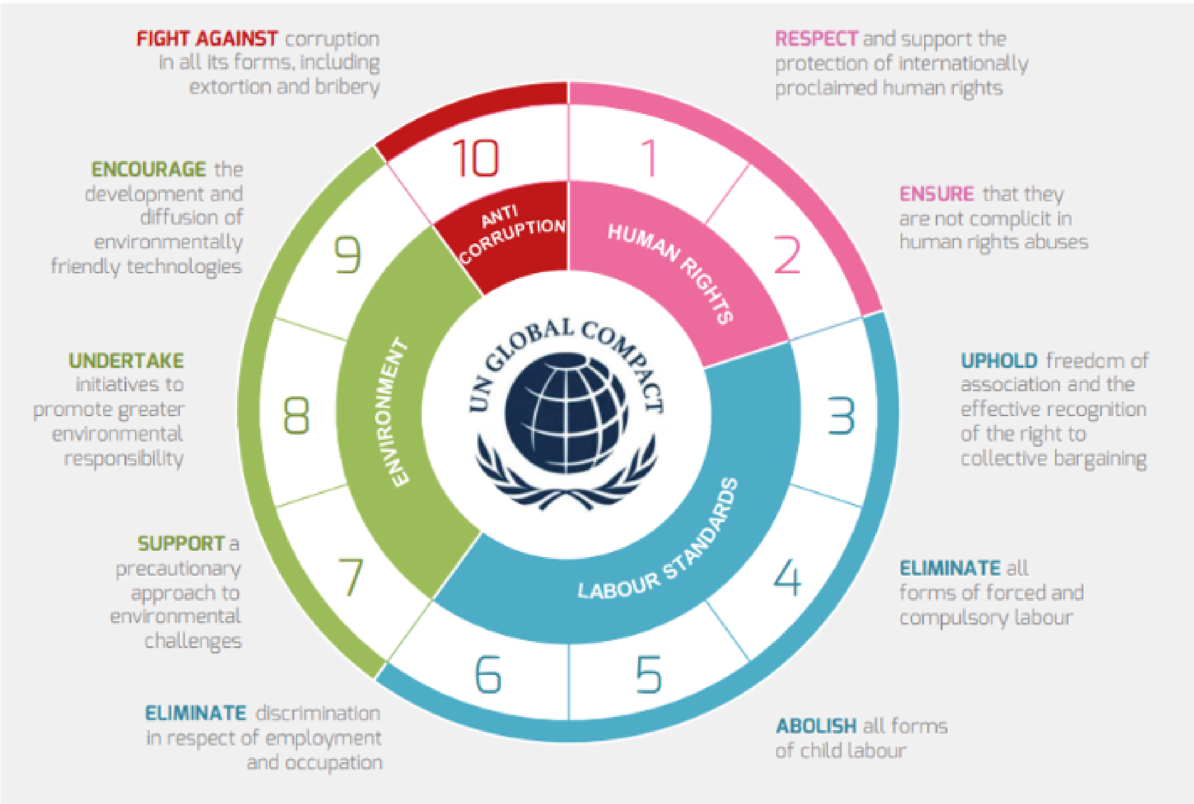


Image 2: UN Global Compact, Weener Plastics

The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an international organisation that develops international sustainability standards that enable companies and other entities to assess and disclose information on their impacts on the environment and society.[39] GRI standards are the world's most used ESG standards for sustainability reporting. GRI standards have enabled thousands of companies in over 100 countries to report on ESG issues.[40]

The GRI Standards exist as an integrated system of interconnected sustainability standards. The system comprises three main standard categories: GRI Topic Standards; GRI Sector Standards: and GRI Universal Standards.[41] GRI Topic Standards are a series of standards dedicated to a specific topic. Examples of topics include biodiversity, energy, child labour, forced labour, emissions, etcetera. GRI Sector Standards are a series of standards dedicated to a specific sector. Examples of sectors include agriculture, aquaculture, fishing, oil and gas, and coal.

Lastly, the GRI Universal Standards are general standards that apply to all organisations operating in different sectors. They can be divided into three main categories: GRI 1 Foundation 2021; GRI 2 General Disclosures 2021; and GRI 3 Material Topics 2021 GRI 1 Foundation 2021 "outlines the purpose of the GRI Standards, clarifies critical concepts, and explains how to use the Standards".[42]

---

[39] Global Reporting Initiative. *GRI Annual Report 2021*, 2021 Accessed June 14, 2023. https://www.globalreporting.org/search/?query=annual+report
[40] Ibid.
[41] Ibid.
[42] Ibid.

GRI 2 General Disclosures 2021 "contains disclosures relating to details about an organisation's structure and reporting practises; activities and workers; governance; strategy; policies; practises; and stakeholder engagement".[43] GRI 3: Material Topics 2021 "explains the steps by which an organisation can determine the topics most relevant to its impacts, its material topics, and describes how the Sector Standards are used in this process."[44]

All three main categories of GRI standards are relevant to the seafood sector. The GRI Universal Standards 2021 were effective on January 1 2023, which means they will majorly be used for the 2023/2024 reporting cycle.[45] The sector-specific standards for the seafood sector are (GRI 13) Agriculture, Aquaculture and Fishing Sectors 2022, which will be effective January 1, 2024.[46] This means that they will be used from the 2023–2024 reporting cycle onward. Consequently, in its analysis, this report will mainly use GRI standards 2016, which have been used by companies to report for the past few years from the 2022–2023 cycle backwards.

The Sustainability Accounting Standards Board (SASB)

In 2011, the Sustainability Accounting Standards Board (SASB) was established as a non-profit organisation to enable companies and investors to identify, measure, and manage a series of ESG issues that impact society, the environment, and business operations.[47] SASB defines sustainability accounting as the measurement, management, and reporting of sustainability issues within the context of a company's corporate activities.[48] SASB links sustainability with business activities to create long-term shareholder value. SASB categorises its standards into five main sustainability categories: the environment, human capital, social capital, business model and innovation, and leadership and governance.[49]

SASB has developed sustainability standards covering 77 different industries such as extractives and mineral processing; renewable resources and alternative energy; infrastructure etcetera.[50] SASB has also developed a series of supporting materials to assist companies when reporting. These materials include standards application guidance, disclosure topics, technical protocols activity metrics, accounting metrics,and activity metrics.[51] The SASB standards application guidance provides universal and general substantiality standards implementation guidelines applicable to all 77 SASB industry-focused sustainability standards.[52] SASB standards include an average of six disclosure topics per industry. The disclosure topics describe how compliance or non-compliance with relevant ESG issues affects a corporation's ability to achieve its sustainability goals.[53] SASB standards include

[43] Ibid.
[44] Ibid.
[45] Global Reporting Initiative. *Universal Standards.* n.d. Accessed June 14, 2023. https://www.globalreporting.org/search/?query=annual+report
[46] Global Reporting Initiative. *Sector Standard for Agriculture, Aquaculture, and Fishing*
. n.d. Accessed June 14, 2023. https://www.globalreporting.org/standards/standards-development/sector-standard-for-agriculture-aquaculture-and-fishing/
[47] Sustainability Accounting Standards Board.*SASB Standards connect businesses and investors on the financial impacts of sustainability.* n.d. Accessed June 14, 2023. https://sasb.org/about/
[48] Ibid.
[49] Ibid.
[50] Ibid.
[51] Ibid.
[52] Sustainability Accounting Standards Board.*Standards Overview.* n.d. Accessed June 14, 2023. https://sasb.org/standards/
[53] Ibid.

an average of 13 accounting metrics per industry. The accounting metrics provide companies with comprehensive details on standardised qualitative and quantitative metrics intended to measure performance on disclosure topics or aspects of disclosure topics.[54]

SASB sustainability accounting metrics are accompanied by supporting technical protocols that provide guidelines on relevant definitions, scope, accounting, compilation, and presentation.[55] The technical protocols are also used to support independent third-party assurance. They also help facilitate ESG reporting consistency and comparability across companies.[56] Lastly, SASB standards also have activity metrics which are geared towards measuring the scale of a company's business, which provides relevant operational contexts and facilitates the normalisation of SASB accounting metrics.[57]

In August 2022, the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation merged with SASB.[58] Because of the merger, the management of SASB standards is currently the responsibility of ISSB. ISSB is currently leveraging SASB standards together with the relevant SASB sustainability reporting supporting frameworks and materials to develop the IFRS Sustainability Disclosure Standards which are intended at replacing SASB Standards.[59] However, in the meantime, ISSB continues to provide full support for the use of SASB Standards.[60] (To Add: Infographic)

The Climate Disclosure Standards Board (CDSB)

The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs committed to advancing and aligning the global mainstream corporate sustainability reporting model to equate natural capital with financial capital.[61] CDSB achieves this by establishing a framework for reporting sustainability information with the same rigour as financial information.

In 2010, CDSB established its first sustainability reporting framework, which was referred to as the Climate Change Reporting Framework (CCRF). CCRF mainly focused on the various climate change-related risks and opportunities that affected an organisation’s governance, strategy, risk management, and financial performance.[62] In 2015, the CDSB expanded its scope to include environmental issues and released the CDSB Framework for reporting on environmental and climate change issues.[63] The CDSB Framework for Reporting on Environmental and Climate Change was further updated in 2018 to align with the recommendations of the Task Force on Climate-related Financial Disclosures and other key mainstream sustainability reporting frameworks.[64] In 2022, CDSB further expanded its scope to go beyond environmental and climate change issues by including

---

[54] Ibid.
[55] Ibid.
[56] Ibid.
[57] Ibid.
[58] Sustainability Accounting Standards Board.*SASB Standards connect business and investors on the financial impacts of sustainability.* n.d. Accessed June 14, 2023. https://sasb.org/about/
[59] Ibid.
[60] Ibid.
[61] Climate Disclosure Standards Board. *Consolidation of CDSB.* n.d. Accessed June 14, 2023. https://www.cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital
[62] Ibid.
[63] Ibid.
[64] Ibid.

social issues. The new scope was formalised by the launching of the CDSB Framework for reporting environmental and social information, which was released in 2022.[65]

The CDSB sustainability reporting framework focuses on six main elements that it considers to be material for ESG reporting. The main elements include governance; the management of environmental policies, strategies, and targets; risks and opportunities; sources of environmental impact; performance and comparative analysis; and lastly, outlook.[66] For each of the elements, the CDSB framework provides; "a checklist for making effective disclosures"; "detailed reporting suggestions and guidance to complement the CDSB reporting requirements"; "a selection of further useful resources to assist companies in developing their mainstream climate reporting"; and "explained examples of good practise in reporting." [67]

In January 2022, the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation merged with the CDSB.[68] Because of the merger, the management of CDSB standards was transferred to ISSB. ISSB is currently leveraging CDSB and SASB standards together with the relevant CSDB and SASB sustainability reporting supporting frameworks and materials to develop the IFRS Sustainability Disclosure Standards, which are intended to replace both CDSB and SASB Standards.[69] However, in the meantime, ISSB continues to provide full support for the use of CDSB standards.[70]

The Task Force On Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) to develop recommendations that will enable organisations to disclose climate-related financial risks and opportunities.[71] The recommendations "promote more informed investment, credit, and insurance underwriting decisions" and "enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks."[72]

TCFD recommendations are contained in the 2017 report on Recommendations of the Task Force on Climate-related Financial disclosures, which was updated in 2021.[73] In the report, the TCFD recommendations are structured into four main thematic areas that represent the fundamental operational elements of most organisations. The four main areas include governance, strategy, Risk management, metrics, and Targets.[74]

[65] Ibid.
[66] Climate Disclosure Standards Board: *Framework for reporting environmental and social information*. n.d. Accessed June 14, 2023. https://www.cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital
[67] Ibid.
[68] Climate Disclosure Standards Board *Consolidation of CDSB,* n.d. Accessed June 14, 2023. https://www.cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital
[69] Ibid.
[70] Ibid.
[71] The Task Force on Climate-related Financial Disclosures *The Task Force on Climate-related Financial Disclosures: 2022 Status Report,* 2022 Accessed June 14, 2023. https://assets.bbhub.io/company/sites/60/2022/10/2022-TCFD-Status-Report.pdf
[72] Ibid.
[73] Ibid.
[74] Ibid.

The governance thematic area focuses on disclosing an organisation's "governance models around climate-related risks and opportunities."[75] The strategy thematic area focuses on disclosing the "actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning."[76] The risk management thematic area focuses on disclosing "processes used by the organisation to identify, assess, and manage climate-related risks."[77] Lastly, the metrics and targets thematic area focuses on disclosing "metrics and targets used to assess and manage relevant climate-related risks and opportunities."[78]

The Carbon Disclosure Project (CDP)

The Carbon Disclosure Project (CDP) is a non-profit organisation that operates and manages a global sustainability disclosure system focusing on how to manage environmental impacts for a wide range of entities such as investors, companies, cities, and states.[79] CDP was established in 2000 with an initial focus on climate impact disclosure.[80] However, CDP recently broadened its scope to focus on wider environmental disclosures, which led to the incorporation of deforestation and water security into its sustainability reporting framework.[81] In 2021, CDP launched a new strategy that significantly expanded its scope to include all the planetary boundaries, covering areas such as biodiversity, plastics and oceans, and recognising the link between nature and the earth's systems.[82]

The CDP global sustainability system is implemented through a series of questionnaires which enable companies to disclose relevant sustainability information.[83] The questionnaires are usually supported by guidance documents, which provide guidelines on how to fill out.[84] Each year, CDP uses the information obtained from its annual reporting process (questionnaires) to score companies based on a methodology that assesses their sustainability performance on several indicators.[85]

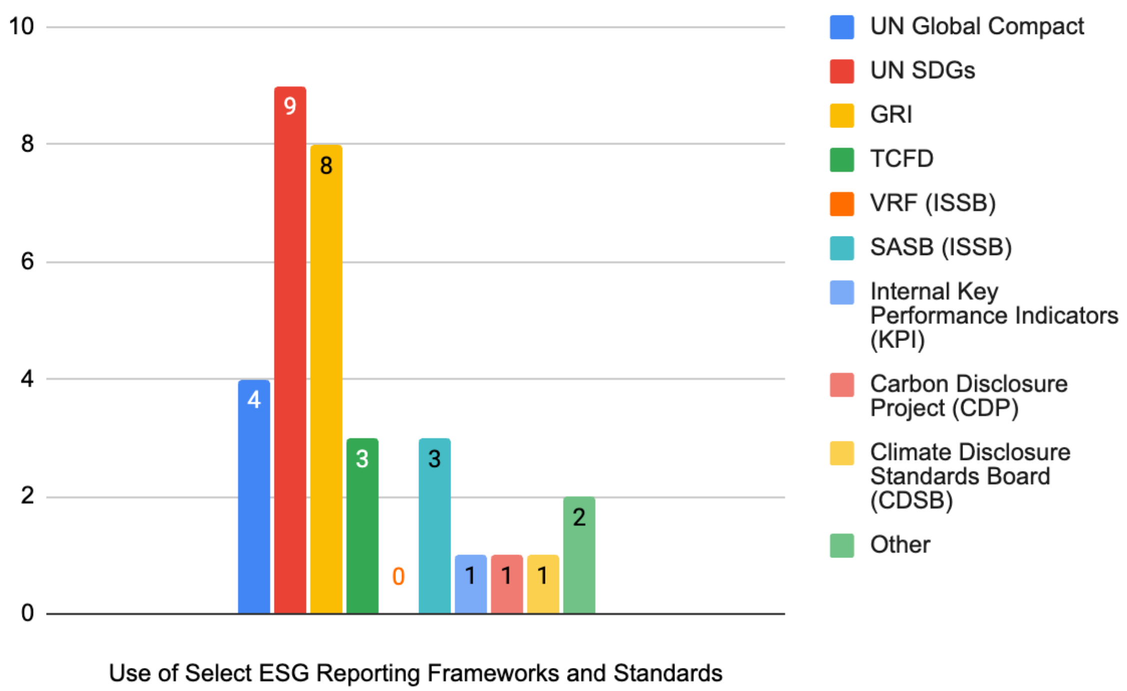
---

[75] Ibid.
[76] Ibid.
[77] Ibid.
[78] Ibid.
[79] Carbon Disclosure Project. *Who are we?* n.d. Accessed June 14, 2023.https://www.cdp.net/en/info/about-us
[80] Ibid.
[81] Ibid.
[82] Ibid.
[83] Ibid.
[84] Ibid.
[85] Ibid.

Content Analysis: The Use of ESG Standards and Frameworks in the Seafood Sector

Seafood companies overwhelmingly embrace the United Nations Sustainable Development Goals (UN SDGs) as the primary framework for their ESG activities and reporting practices. Among the 14 companies included in our sample, a significant majority of nine explicitly referenced the UN SDGs at least once. This is perhaps largely due to the overarching nature of the UN SDGs. While making reporting a relatively easy process, the broadness of the UN SDGs also provides companies with the scope to pursue the goals in a somewhat docile fashion. Broad ESG targets are a contributing factor to the widespread issue of greenwashing within the ESG sector at large. Nonetheless, the UN SDGs are a key pillar of the ESG sector within the fishing industry.

Graph 1: Use of Select ESG Reporting Frameworks and Standards Across Select ESG Reports



Of the companies with ESG reports selected, only SalMar, a Norwegian salmon farming and seafood supplier company, publicly reported on the development of internal key performance indicators. SalMar is also the only company to utilise and produce separate reports for the Carbon Disclosure Project and Climate Disclosure Standards Board.

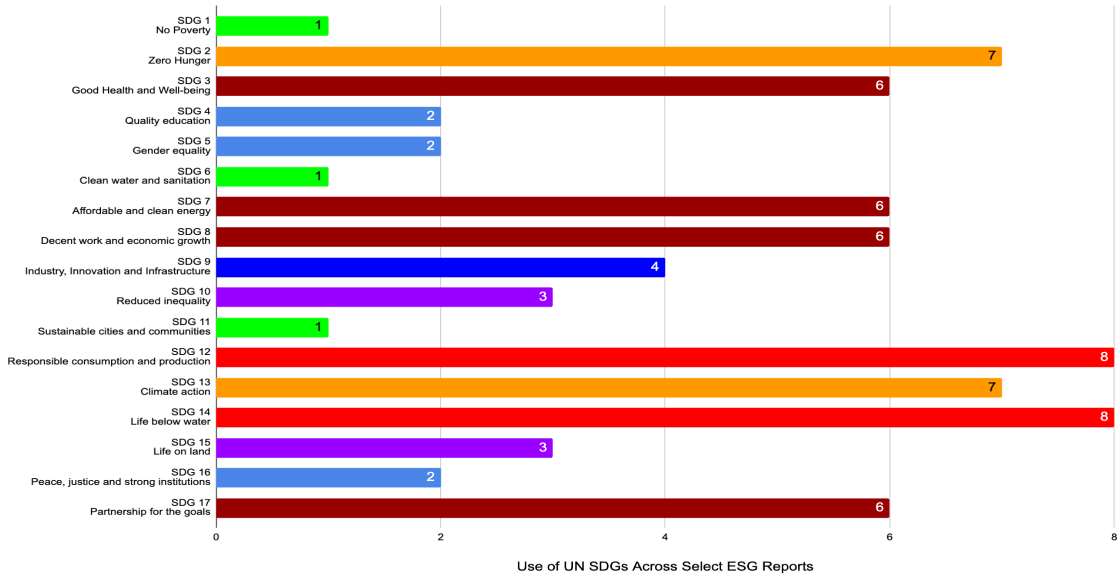
Within the other section of the graph, SalMar also referred to the use of the Global Salmon Initiative (GSI), and High Liner Foods made reference to the use of the Global Sustainable Seafood Initiative.
The widely recognised and extensively utilised Global Reporting Initiative (GRI) standards emerged as the predominant choice among the companies in our analysis, corroborating existing literature in the field.

The prominence of the UN SDG framework and GRI standards reflects their widespread acceptance and dominance within the ESG sector. It is worth mentioning that frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) are less commonly used and are typically found among larger companies with extensive economic activities and reporting practices that necessitate a broader ESG approach.

By comparison, the Task Force on Climate-related Financial Disclosures standards offer more stringent environmental targets than other standards. This contributes to the general lack of reporting and implementation of these standards. The reasoning for this is twofold: there is a greater cost associated with the expertise required for research and reporting on environmental standards as opposed to social and governance standards. Secondly, there is a larger cost involved in the implementation of environmental standards as opposed to social and governance standards. This issue emerges as one of the issues within the ESG sector at large and especially within the seafood industry, where environmental standards can and should be so stringent to ensure sustainability.

As to be expected among the United Nations Sustainable Development Goals (UN SDGs), SDG 14 (fifth below water) and SDG 12 (responsible consumption) consistently emerge as the most frequently referenced goals. The focus on SDG 14 emphasises the industry's general commitment to the sustainable use and conservation of marine resources, while SDG 12 highlights the importance of promoting sustainable practices throughout the value chain of seafood production.

Graph 2: Use of UN SDGs across Select ESG Reports

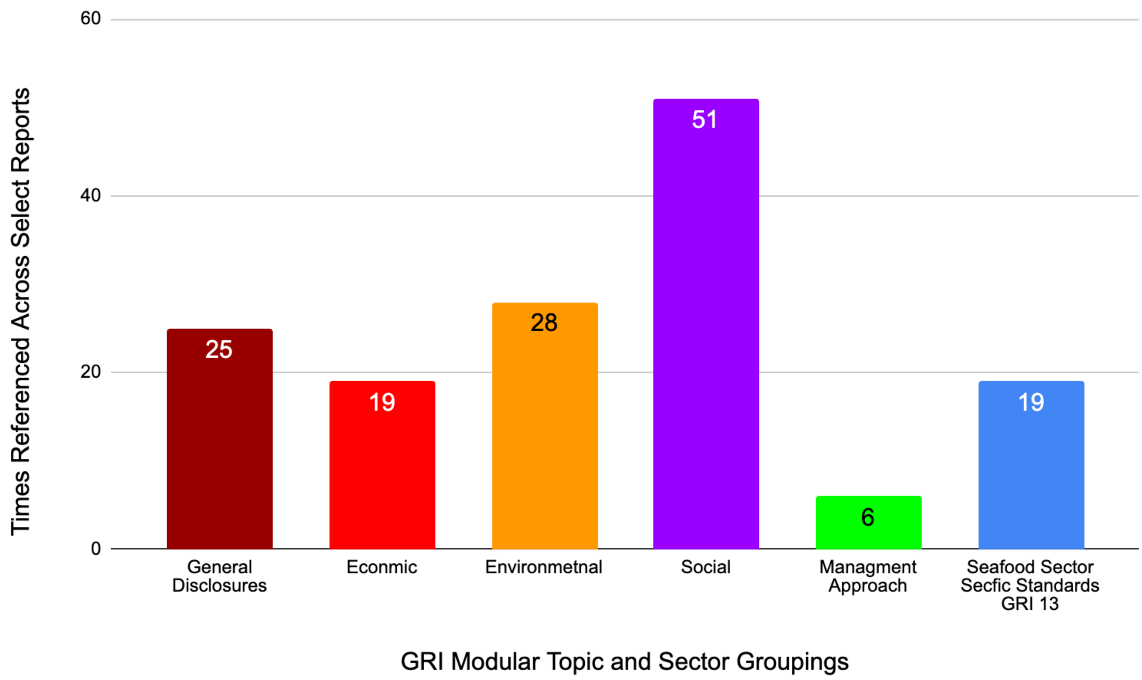


In addition to SDG 14 and SDG 12, there is also a notable conceptual and thematic emphasis on several other goals. SDG 2, "Zero Hunger," aligns with efforts to ensure food security and eliminate hunger concerning seafood production. SDG 13, "Climate Action," underscores the industry's recognition of the need to address climate change impacts and reduce its carbon footprint. This is at odds with the general trend reported in this 2018 report from over 700 companies across various sectors from PwC: "Life Below Water (SDG 14) ranks last in corporate priorities. Zero Hunger (SDG2) and No Poverty (SDG1) also barely register with companies as SDG priorities."[86]

[86] Louise Scott, Alan McGill, *From promise to reality: Does business really care about the SDGs? , And what needs to happen to turn words into action,* PWC, 2018, pg.12

The Global Reporting Initiative (GRI) standards have emerged as the most commonly used standard for the selected seafood companies to direct their ESG activities and reporting practices among the selected ESG reports.

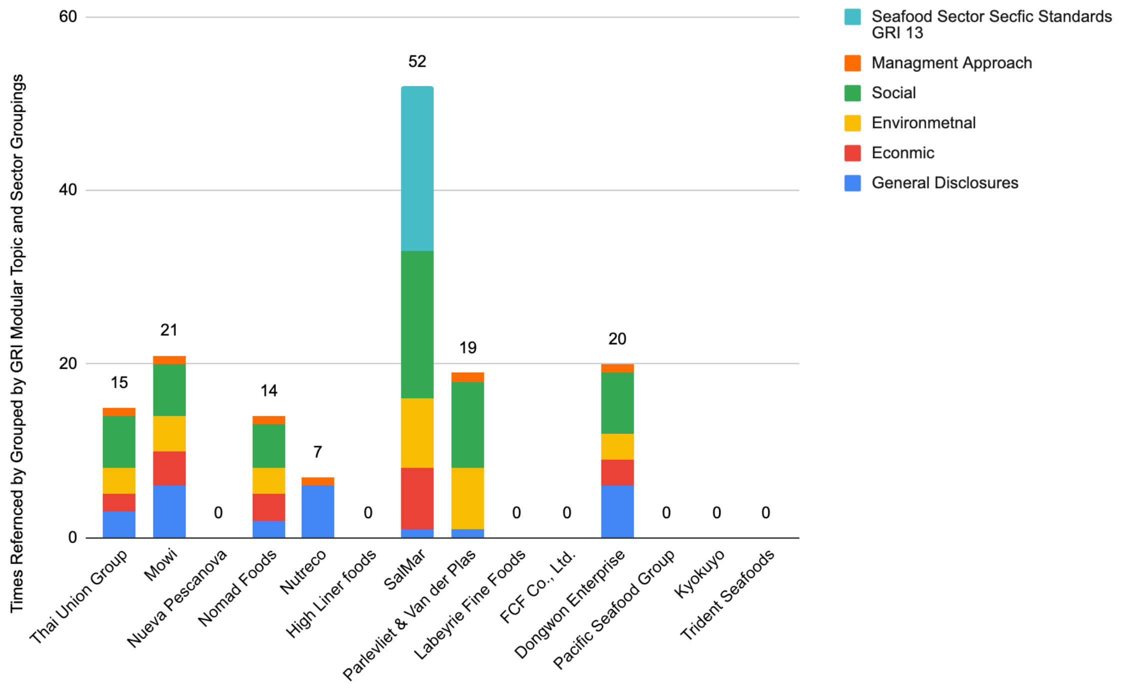
Graph 3: Inclusion of GRI Standards Grouped by Modular Topic and Sector Groupings Across Select ESG Reports



SalMar stands out in the selected reports for referencing and reporting on a total of 17 separate social GRI standards, demonstrating its commitment to comprehensive ESG reporting, particularly on social standards. Additionally, SalMar is the only company in the sample that has started reporting using the Seafood Sector Specific Standards, GRI 13.

When excluding the data from SalMar, a clear thematic focus on social standards becomes apparent across the remaining selected reports in the General Disclosures, Economic (alongside General Disclosure this is partially representative of corporate governance standards), Environmental, and Social GRI modular topic groupings. As replicated above in our analysis of the UN SDG framework, companies routinely focus on social and corporate governance standards within their ESG activities and reporting, and environmental dtandards recieve a lesser focus. This is, based upon interview-driven feedback, largely driven by the associated greater costs of implementing the required practices to meet and report on environmental standards, as well as the pressure of consumer and shareholder behaviour.

Graph 4: Inclusion of GRI Standards Grouped by Modular Topic and Sector Groupings Across Select ESG Reports By Company



Further analysis of the thematic groupings of different GRI standards used in the ESG reports across different companies further highlights the emphasis on social standards, portraying this as an industry-wide issue. The data reveals a clear trend towards prioritising social standards in the ESG reports of the majority of companies in the sample, reinforcing the significance of addressing social issues as part of their sustainability efforts. It also highlights the general difficulties concerning the reporting on and implementation of sustainable environmental ESG practices.

Institutional and Content Analysis Comparison

As referenced throughout this report, the ESG sector has grown significantly. The graphic provided by the World Economic Forum further demonstrates this expansion, placing companies in a challenging position when it comes to making decisions about their ESG activities.

Graph 1: Use of Select ESG Reporting Frameworks and Standards Across Select ESG Reports demonstrates that while the UN SDGs and GRI represent the predominant ESG framework and standards, respectively, beyond these, there exist several competing smaller frameworks and standards. Often, such smaller frameworks and standards focus on specific issues and provide more stringent targets and reporting requirements than more generic frameworks. For example, in

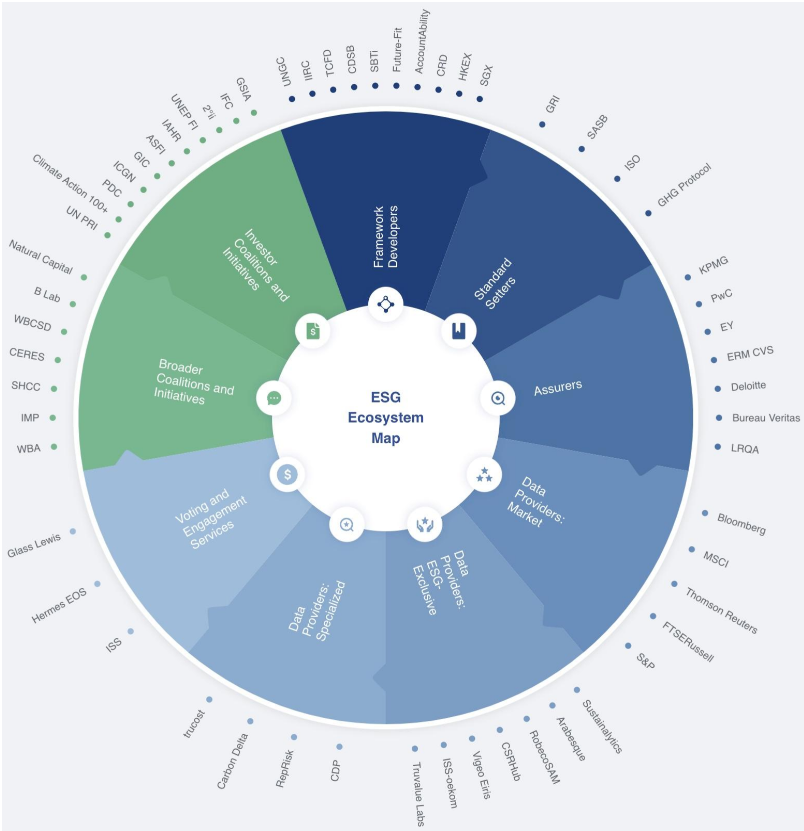


Image 3: ESG Ecosystem Map Source: World Economic Forum, https://widgets.weforum.org/esgecosystemmap/index.html#/

In our sample, only one organisation referred to the use of the Climate Disclosure Standards. This is despite the Climate Disclosure Standards suitability for addressing the issue.

The major negative impact of this has been the malaise caused by stringent environmental ESG standards. Supported by anecdotal evidence provided from the interview process, organisations struggle to implement and report on environmental standards for multiple reasons, primarily the cost. There is a large additional cost burden related to the implementation of and reporting on environmental ESG standards compared to social and governance standards.

The effect of this has been compounded by the existence of multiple ESG reporting standards with overlapping content, which has created complexity and confusion. Due to the multiplicity of overlapping standards, companies are unsure of which standards to use. Moreover, multiplicity has also led to inconsistencies in ESG reporting, with companies using different standards from one year to another or across the same sector. This has contributed deeply to the perpetuation of greenwashing practises within the seafood industry as well as more generally.

It has also led to a large thematic focus on social and governance standards. Graph 3: Inclusion of GRI Standards Grouped by Modular Topic and Sector Groupings Across Select ESG Reports demonstrates this precisely. A clear thematic focus on social standards becomes apparent across the selected reports in the General Disclosures, Economic, Environmental, and Social GRI modular topic groupings. As replicated above in our analysis of the UN SDG framework, companies routinely focus on social standards (see Graph 2). This doubles the significance of addressing social issues as part of their sustainability efforts. However, it also highlights the general difficulties concerning the reporting on and implementation of environmental standards in the pursuit of sustainable environmental ESG practices.

Key Informant Interviews Analysis

The information collected from interviews conducted with experts in the ESG sector for the seafood industry supports the findings demonstrated in the institutional and content analysis sections of this report. There is a disproportionate focus on the reporting of social and governance standards rather than environmental standards. In addition to lower expertise requirements, a relatively high share of reporting on social standards could be attributed to consumers being able to relate to the indicators of social standards.[87] Consumers can better identify with and recognise discriminatory social working practices, which stimulate an emotional reaction, affecting their consumption choices and behaviour. Where the ocean's ecosystem is threatened by environmentally unsustainable fishing practices, consumers are less likely to change their consumption behaviour.[88] There is an information gap for consumers on the equal importance of the environment within the ESG ecosystem.

Interviewees further consistently agreed that emissions reporting is less of a concern compared to the agricultural industry on land for the seafood industry. This is due to three main reasons: a lack of consistent methodology across industries, a lack of regulation, and a lack of a market for mitigating emissions.[89] The lack of a consistent methodology makes it very difficult to "cross-compare". Using the carbon emissions footprint scopes 1, 2, and 3 to calculate emissions from fishing boat activities is different from using the same scopes for calculating emissions from the production of oranges, for example. [90] Lack of regulation implies that it is uncommon for countries to clearly outline what needs to be reported and how fisheries demonstrate what they are doing to mitigate emissions. Therefore, suppliers are waiting for this regulation and not necessarily taking the first step. [91] Next, the lack of a market to facilitate mitigating emissions suggests that if companies can significantly reduce their carbon emissions, there needs to be an alternative fuel accessible enough to feasibly facilitate a shift to a more sustainable energy source.[92]

The information gap for consumers exists partially because the average consumer is unlikely to read through sustainability reports, whose primary targets are shareholders, and will rather look for a certification label, such as the blue MSC label. Shareholders and financial investors are therefore the primary targets of ESG reporting, as their financial decisions are based on the data that the fisheries report. This creates a vicious circle whereby publicly listed companies are driven to focus on social standards for the positive impact it has on shareholder and financial investors' behaviours if companies can show themselves to meet social and corporate governance standards. In one interview, the subject argued that the primary targets of ESG reporting were also regulators. This is because, due to the variation in how ESG reporting is conducted, it becomes an exercise in "filling out forms in the best possible way that you can meet regulatory requirements"[93].

As there is a significant knowledge gap for consumers, companies in the seafood industry that meet GRI standards aim to achieve certification from MSC, ASC, and other certification bodies. These certifications offer a tangible representation of how to measure sustainable practices. These certifications cover various aspects of ESG; however, emissions reporting is a key aspect that is often overlooked as there is not enough certification surrounding this. This is highlighted in the content

[87] Representatives of ASC, interviewed by Alexander Sartori, June 22, 2023
[88] Ibid
[89] Representatives of SeaBos, interviewed by Alexander Sartori, July 4, 2023
[90] Ibid
[91] Ibid
[92] Ibid
[93] Ibid

analysis section, by the general lack of use of the Task Force on Climate-related Financial Disclosures standards. Therefore, this creates space for businesses within the supply chain to self-report and potentially inflate their mitigation actions due to the lack of transparency, reinforcing the importance of transparency to obtain credible and verifiable data.

This is not helped by regional disparities that are also present in ESG activities and reporting, due partially to differences in cultural, legal, and economic structures. In the US, many large fisheries are publicly listed, so reported data will affect shareholder confidence and, therefore, economic performance.[94] A company that is not publicly listed may not have the same push to report on ESG activities. This further emphasises stakeholders as the primary target of ESG reporting through annual reports rather than individual consumers. In Japan, there are cases where fisheries sponsor local football teams, increasing perceived community engagement; however, without reporting, we would not know whether social standards, such as gender equality, are being met.[95] This is a valid concern, as only 5% of management positions in the industry are filled by women.[96] This highlights the importance of transparency and credibility in the ESG sector. As uncovered in the analysis section, GRI is widely used among fisheries, partly due to its transparency-facilitating nature. GRI provides standards for governance and materiality processes, which gives fisheries a benchmark to measure their progress against. Though there are no requirements on the exact use of the GRI standards, regional disparities in reporting are further perpetuated due to weaker institutions in the global south, where fishing is not governed on the same governmental and commercial level as fisheries based in the EU and North America, which have stronger regulatory institutions. Certifying small-scale fisheries is only possible by leveraging their power with institutions, governments, and stakeholders through multilateral dialogue.[97]

The interviews also highlighted that engagement with local and indigenous communities is crucial for a sustainable seafood industry, as access to resources for such communities is a significant material indicator for ESG practises. This is a vital aspect of limiting the negative impacts of the territorialization effect on power and resources that the implementation of ESG framework standards can produce.[98] This speaks to the importance of limiting negative externalities, be they environmental, social, or corporate governance. The sustainable implementation of ESG frameworks and standards must include all stakeholders at every level.

What these interviews highlight is the urgent need for the sustainable and inclusive implementation of integrated ESG frameworks, standards, and certification processes. We believe this will lead to a more robust system that could assure a more sustainable future for the seafood industry. The currently largely fragmented ESG sector, which is dominated by the UNSDGs and GRI standards within the seafood industry and at large, is largely ill-equipped to meet the growing demands of sustainability presbothural and human capital.

[94] Ibid
[95] Ibid
[96] Ibid
[97] Ibid
[98] Ibid

Implications and Recommendations

The implications and arising recommendations from this report are as follows: The ESG sector, as it pertains to the seafood industry, is currently largely fragmented and unevenly used. Where it is used, this offers many benefits, but it also has an exclusionary effect on SMEs as well as local and indigenous communities. Furthermore, the current implementation of ESG frameworks and standards and related activities and reporting massively favour social and corporate governance standards, whereas environmental standards receive a lesser focus. The effect of this is ultimately to threaten the sustainable future of the seafood industry. There is an urgent need for the sustainable and inclusive implementation of integrated ESG frameworks, standards, and certification processes. Such a process must include stakeholders at all levels through supply and value, cover all aspects of ESG equitably and appropriately, and not be driven by consumer, shareholder, or financial investor behaviour. The mutual enforcement of ESG frameworks, standards, and reporting is vital for a suitable future.

There are indeed many ways to do this. Below, we outline some of our initial recommendations for how this could be achieved. Each of these does require greater consideration and is worthy of their own reports with appropriate time and resources.

Reporting on Climate change-related ESG standards within the seafood industry has been low, with climate change-related ESG reporting standards such as the Carbon Disclosure Project (CDP), Climate Disclosure Standards, and Task Force on Climate-Related Disclosures (TCFD) being barely used. Consequently, there is a need to increase reporting on climate change-related ESG reporting metrics and standards in the seafood industry, with a focus on the newly released IFRS S2 Climate-related Disclosures, which replaces the Climate Disclosure Standards Board (CDSB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

One of the main principles underlying sustainability is "leave no one behind". This principle requires all entities, whether big or small, high-income or not, to be involved in sustainability-oriented activities. ESG reporting is barely existent in Small and medium-sized enterprises due to resource and capacity constraints. In line with the "leave no one behind" principle, there is a need to support Small and medium enterprises to conduct ESG reporting, even at a very basic level. This also applied to local and indigenous communities whose knowledge is underutilised and underrepresented in ESG discussions. This, we believe, can be done by increasing engagement both with certification standards and corporations, dialogue with local and indigenous communities to safeguard communities, and raising consumer awareness.

ESG reporting on social indicators is significantly higher than environmental indicators in the seafood industry. Protecting marine ecosystems and biodiversity is essential for maintaining healthy fish stocks. Consequently, there is a need to increase reporting on environment-related ESG metrics in the seafood industry. This can be done by putting pressure on regulatory bodies to increase the consistency of emissions calculation methodologies and other environmental standards such as by-catch and antibiotic use. Again, this could be achieved by pursuing bilateral communication with policymakers and institutions that engage with companies in the industry.

Examining further into the seafood industry's sector-specific standards, particularly focusing on GRI 13, would yield valuable insights. It is worth noting, however, that the adoption of GRI Sector 13 standards is not currently widespread. Conducting a comprehensive examination of these specific seafood sector standards would provide valuable information regarding their adoption levels and potential impact.

One of the main challenges to accurate and effective reporting throughout the supply chain occurs through discrepancies and a lack of transparency from suppliers. Taking the example of plant-based salmon feed, the supplier of this feed may not be able to measure the ecological impact of the potential deforestation that may have taken place for various reasons. This increases the likelihood of negative externalities not accounted for through ESG and therefore lessens its impacts. There are two approaches to mitigating this issue: punish or incentivize. Policymakers could tax actors along the supply chain for lack of transparency or incentivize transparency by encouraging reporting, as this would appeal to regulators and stakeholders.

Conclusions

Within the seafood industry, ESG and its core tenant of sustainable development have been largely, if at times only partially, adopted by many companies within the industry operating in fishing, production, sourcing, and distribution. This adoption is driven largely by consumer, shareholder, and financial investor behaviour and pressure as demand grows for sustainably produced products.

The results of this report reveal that the UNSDGs are the most widely used ESG framework, offering broadly attainable goals to achieve sustainable development that can be worked into an ESG structure. The UNSDGs represent a positive direction of travel, though their generality also contributes to problems of greenwashing. The GRI standards are the most commonly used ESG standards used to dictate ESG activities and reporting. Though there is a strong thematic focus among the companies assessed in this report on social and corporate governance standards, they also focus to a lesser degree on environmental standards. In our analysis and interview sections, we suggest this is partially driven by consumer, shareholder, and financial investor behaviour, as well as the greater costs associated with the implementation of and reporting on environmental standards. Though further research with greater time and resources would be beneficial to see if this trend remains constant across the wider industry, Within this report, we have attempted to offer a broad spectrum of companies, both geographically and in their places within the seafood industry supply chain.

Other standards used include the TCFD, SASB, CDP, CDSB, and others. From these standards, this report identifies the share of environmental, social, and governance indicators that were referred to.

The interviews share insight into who the main target of ESG reporting is, what gaps are present in the current reporting process, and what organisations, such as MSC, can do to further facilitate reporting. Common among all interviewees was the understanding that the biggest gap in the ESG sector at large and within the seafood industry is traceability and transparency across the value chain. Organisations, on the other hand, are trying to certify the same fisheries and other suppliers in the supply chain that are perhaps not accurately reporting data. The importance of accurate reporting is emphasised when there are, for example, deforestation-free soy producers that salmon farmers buy from, which puts pressure on competitors to do the same. Ultimately, consumers need to understand that without certification organisations such as MSC and ASC, the state of ESG reporting and practises would be far worse.

The implications and resulting recommendations from this report can be seen above. through the synthesis of an urgent need for the sustainable and inclusive implementation of integrated ESG frameworks, standards, and certification processes. Such a process must include stakeholders at all levels through supply and value, cover all aspects of ESG equitably and appropriately, and not be driven by consumer, shareholder, or financial investor behaviour. The mutual enforcement of ESG frameworks, standards, and reporting is vital for a suitable future.

Annex

Title
ARP Annex 1 -Database.pdf
ARP Annex 2 - Interview questions.pdf
ARP Annex 3 - ESG Reporting In The Seafood Industry_ State Of The Sector Literature Re…

Bibliography

Adam Sulkowski and Ruth Jebe, Evolving ESG Reporting Governance, Regime Theory, and Proactive Law: Predictions and Strategies, In American Business Law Journal 59, no. 3, 2022, pp.449-503

Dan Byrne, *Are SMEs neglecting ESG?* In Corporate Governance Institute, March 16, 2023, https://www.thecorporategovernanceinstitute.com/insights/news-analysis/esg-for-small-businesses/

Denis Ruysschaert, Caitriona Carter, Emmanuelle Cheyns, *Territorializing effects of global standards: What is at stake in the case of 'sustainable' palm oil?*, In Geoforum, Volume 104, 2019

Denis Ruysschaert, Denis Salles, *Towards global voluntary standards: Questioning the effectiveness in attaining conservation goals: The case of the Roundtable on Sustainable Palm Oil (RSPO)*, In Ecological Economics, Volume 107, 2014, pp.438-446

Hammed Afolabi, Ronita Ram, and Gunnar Rimmel, Harmonization of sustainability reporting regulation: Analysis of a contested arena, In Sustainability, vol. 14, no. 9, 2022, 1-4

Kareiva PM, McNally BW, McCormick S, Miller T, Ruckelshaus M, *Improving global environmental management with standard corporate reporting*, In Proc Natl Acad Sci U S A, June, 2015, 16;112(24):7375-82, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4475964/#r61

Magali A. Delmas, Et Al, *Triangulating Environmental Performance: What Do Corporate Social Responsibility Ratings Really Capture?*, In Academy Of Management Perspectives, Vol. 27, No. 3, 2013, pp. 255–67

Magali Delmas, Maria J. Montes-Sancho and Jay P. Shimshack, *Information Disclosure Policies: Evidence From The electricity Industry,* In Economic Inquiry, vol.58, no.2, pp.483-493

Peter Harris, Eva K. Jermakowicz, and Barry Jay Epstein, *Seeking Truly Global Financial Reporting Standards*, In The CPA Journal, vol. 92, no.1/2, 2022, pp.36-41

Sarah Burch, S*mall Businesses and Sustainability Innovation: Confronting the Gap between Motivation and Capacity*, In Centre for International Governance Innovation, Policy Brief No. 127 2018

S. Waddock, *Building a New Institutional Infrastructure for Corporate Responsibility,* In Academy of Management Perspectives, vol.22, no.3, August, 2008, pp.87-108

Sanda Ojiambo, *Small businesses are key to a more sustainable and inclusive world. Here's why,* In World Economic Forum, March 8, 2023, https://www.weforum.org/agenda/2023/03/small-businesses-sustainable-inclusive-world/?DAG=3&gclid=Cj0KCQjwuLShBhC_ARIsAFod4fKyG4HNT-i5Rcrl98Ete8URIaGmsJCm3p2KJfpXrgqcOAzjG0aQgIQaAtyEEALw_wcB

Sebastião Vieira de Freitas Netto, Marcos Felipe Falcão Sobral, Ana Regina Bezerra Ribeiro & Gleibson Robert da Luz Soares, *Concepts and forms of greenwashing: a systematic review,* In Environmental Sciences Europe, vol.32, no.19, 2020

T. Bauckloh, S. Schaltegger, S. Utz, et al, *Active First Movers vs. Late Free-Riders? An Empirical Analysis of UN PRI Signatories' Commitment,* In Journal of Business Ethics, 2023, 182, 747–78

Reports and other UN documents:

Food and Agricultural Organisation United Nations, *Fisheries and Agriculture Projections*, In The State of World Fisheries and Aquaculture, 2022 https://www.fao.org/3/cc0461en/online/sofia/2022/fisheries-and-aquaculture-projections.html

G. Brundtland, R*eport of the World Commission on Environment and Development: Our Common Future*, In United Nations General Assembly document A/42/427, 1987

Global Reporting Initiative, *ESG standards, frameworks and everything in between*, 2022 https://www.globalreporting.org/media/jxkgrggd/gri-perspective-esg-standards-frameworks.pdf

Global Reporting Initiative, *GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022* 2022, https://www.globalreporting.org/standards/standards-development/sector-standard-for-agriculture-aquaculture-and-fishing/

Holmes L., Kundra R, *Risks and Opportunity in the Seafood Sector: The Business Case for Sustainability*, In Summary report by WWF-US, 2019, https://seafoodsustainability.org/wp-content/uploads/2019/06/Business-Case-for-Sustainability-2019.pdf

Louise Scott, Alan McGill, *From promise to reality: Does business really care about the SDGs?,* And what needs to happen to turn words into action, PWC, 2018

SeaBOS, *SeaBOS Progress 2017-2022:Seafood Business for Ocean Stewardship*, 2022, https://seabos.org/wp-content/uploads/2022/06/SeaBOS-progress-report-2017-2022.pdf

United Nations, *The 17 United Nations Sustainable Development Goals*, https://sdgs.un.org/goals

United Nations, *The Ten Principles of the UN Global Compact*, https://unglobalcompact.org/what-is-gc/mission/principles

World Benchmarking Alliance, *Methodology for the Seafood Stewardship Index.* 2022 https://www.worldbenchmarkingalliance.org/research/methodology-for-the-2023-seafood-stewardship-index/