



## Environmentally harmful fishing

Over the past 20–30 years, the fisheries sector has developed into a global industry, in which major companies are involved in the catching, transport and processing of fish.

These companies operate in all the world's oceans in which fish resources can be found and fishing can be carried out profitably.

In 2011, the Council decided to look into fishing companies in the GPFG. The aim was to identify companies which were at risk of contributing to particularly harmful fishing activities through their own operations or through the purchase of fish. How fishing affects the environment and to what extent it seriously damages the environment is a complex issue that depends on many factors: which species are caught, how much fish is caught, what types of nets are used and how the fish stocks are managed. The Council chose to focus on so-called illegal, unreported or unregulated fishing (IUU fishing) and catches of globally threatened species. IUU fishing is a material cause of overfishing and one of the biggest threats to the world's fish populations and marine ecosystems.

During the Council's work in this field, human rights and working conditions at the fishing companies has also emerged as an important topic. In the most recent assessments, this issue has been raised with the companies being investigated.

At the outset, a dozen or so companies were identified for further study. Some of these have since left the GPFG, while new companies have been added. Seven companies have been assessed. All but one of them have been accused or penalised for illegal fishing. The Council has recommended the exclusion of only one company, the Korea-based China Ocean Resources (2013). By tracking the company's boats, it was possible to document that it had been fishing without a licence. In addition, the company itself reported catching globally endangered shark species.

The fisheries sector is an extremely opaque business. In-depth investigations and specialist expertise are often needed to find all the vessels a company owns, or identify where they have purchased fish. Frequent reregistration of vessels, changes of flag state and complicated corporate structures make such investigations difficult. Sometimes, one can suspect that companies make such changes precisely to make it difficult to track their fishing operations. For the individual company, fishing without a licence or without reporting a catch can help to reduce costs and therefore boost profits.

Apart from China Ocean Resources, two companies have been sent draft recommendations to exclude them. In both cases, the risk of contributing to illegal fishing was linked to the companies' purchases of fish. On the basis of the information on fish purchases that one company shared with the Council, it was possible to determine that around half of the purchased catches from the Indian Ocean were from suppliers that had no licences to fish there. In the other case, the perceived risk was that the company was buying in and reselling illegal catches from India, Senegal, Thailand and Morocco to markets that did not require catch certificates. Following a fruitful dialogue with the Council, both companies implemented measures to reduce their risk of contributing to illegal fishing. As a result, the Council did not pursue the matter further.

Experience from this work has shown that the risk of GPFG companies contributing to illegal fishing relates primarily to their purchase of fish. Each company's supply chain is traceable along its whole length, from the fishing boat to the individual purchase. The companies have been extremely reluctant to share this information with the Council. In general, they provide very little information about where they buy fish or what they are doing to avoid buying IUU fish. Nor do they provide much information about the systems and procedures they have in place to avoid IUU fishing, either in their own fishing operations or via fish purchases.

The companies are also tight-lipped about what they are doing to prevent human rights violations aboard their own vessels and in the supply chain. Without this information, it is difficult to assess their contribution to IUU fishing. Such a lack of transparency in itself reinforces the risk, because it makes unlawful activity even harder to uncover. It is therefore important that illegal fishing, onboard working conditions and transparency about supply chains are raised by investors as part of their exercise of influence over fishing and seafood companies. In this way, both the ethical and financial risks that such activities create can be reduced.