



# BRIEFS ON THE BLUE ECONOMY:

## Crucial Considerations When Engaging Corporates on Seafood Traceability

Revenue from the global seafood supply value chain is equivalent to 2% of global GDP. That's \$1.8 trillion.<sup>1</sup>

With great revenue, as with power, comes great responsibility; exemplified by the growing consumer and regulatory demand for improved traceability in the seafood sector. Traceability, the process of documenting all steps of the seafood product's journey along the supply chain, includes data on harvest and capture, port landings, processing, shipment, border inspection, wholesale and retail market, and finally end consumer.<sup>2</sup> On the macro regulatory front, some of the world's largest seafood importing countries and regions—the United States, Europe, and Japan—have import regulations<sup>3</sup> in place that require traceability for seafood products. Book-ending the stakeholder universe are consumers, who out of concerns of food safety, environmental damage, and human rights, want to know more about the seafood products they are buying.<sup>4</sup>

Implementing and disclosing seafood traceability isn't just a means to tick regulatory boxes or appease current customer sentiment, however. Seafood companies that have implemented traceability systems have

seen improvements in business performance and competitiveness<sup>5</sup>, and research shows the potential for a 60% rise in the global seafood profit pool if traceability is implemented for all species and areas for which it is currently feasible.<sup>6</sup>

### Tracing benefits through to the business

Having detailed supply chain data on hand will allow companies to internally identify risks of Illegal, Unreported, and Unregulated (IUU) fishing or human rights abuses in their supply chain. Additionally, it will enable more efficient efforts to reduce or eliminate those risks in problem areas, saving staff time and resources. Moving beyond basic tracking (e.g., emailed spreadsheets) systems to use blockchain or other direct verification for automated tracking will also lead to more efficient use of staff time in documenting full traceability. Companies will be able to readily comply with the increasing government regulations on traceability. The traceability efforts will help companies differentiate their brands by telling the story of the product and the company's values, such as through QR codes<sup>7</sup> and fishery source lists, for which consumers are willing to pay more.<sup>8</sup>

<sup>1</sup> [How-to-Trace-USD600-billion.pdf \(planet-tracker.org\)](#)

<sup>2</sup> From Bait to Plate: Uncovering the Seafood Supply Chain. Salt Traceability, [salttraceability.org](#)

<sup>3</sup> [Import Control Report FINAL \(salttraceability.org\)](#)

<sup>4</sup> [Transparency Is No Longer An Option: It's A Must \(forbes.com\)](#)

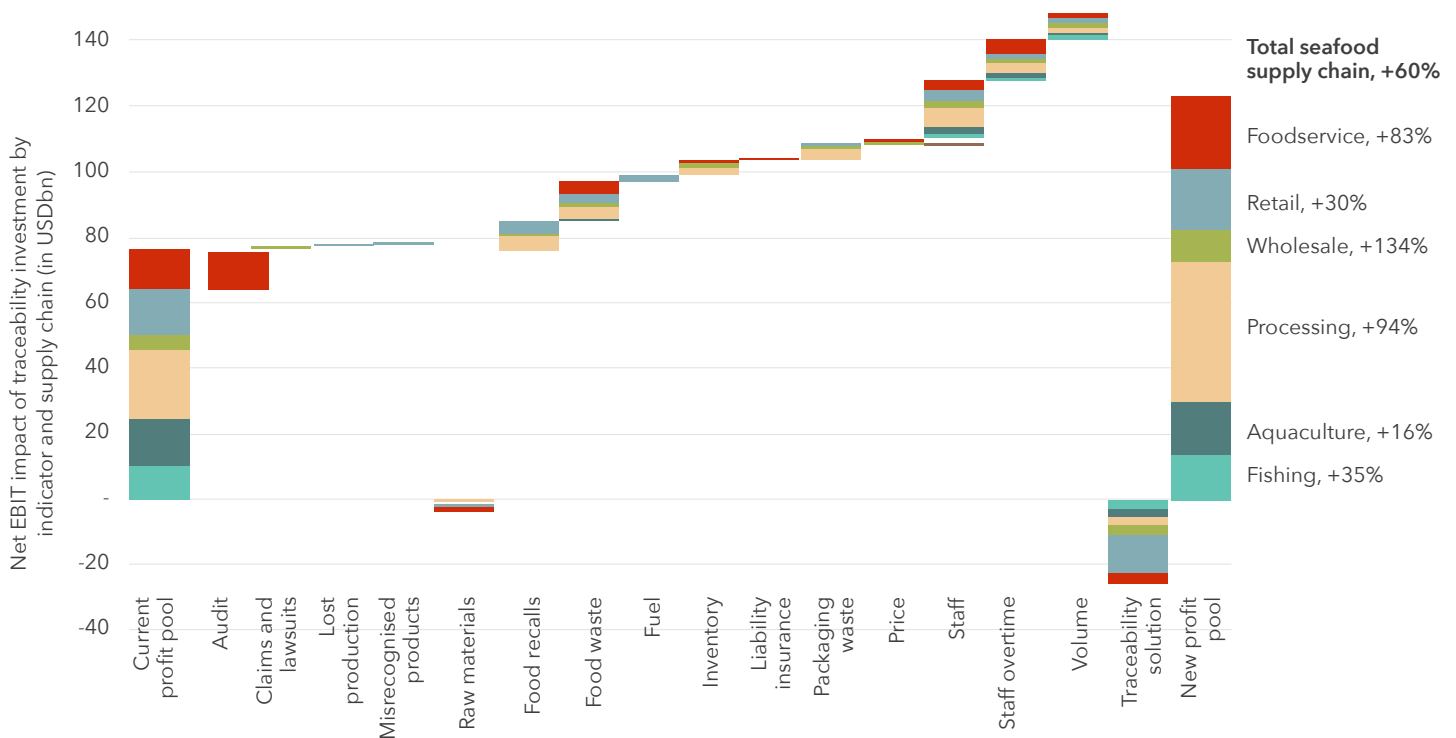
<sup>5</sup> [New Study: Impacts of Traceability on Business Performance - Fish Wise](#)

<sup>6</sup> [How-to-Trace-USD600-billion.pdf \(planet-tracker.org\)](#)

<sup>7</sup> [Fish Origin Tool | Where Does Your Fish Come From \(birdseye.co.uk\)](#)

<sup>8</sup> [How-to-Trace-USD600-billion.pdf \(planet-tracker.org\)](#)

## Traceability-related increase in valuations of global seafood supply chain corporates forecasted at \$600 billion<sup>9</sup>



Impact of Implementing Seafood Traceability (on Traceability-Ready Seafood Only) on the Global Seafood Supply Chain Profile Pool by Source and Sector. Source: Planet Tracker, in USDbn).

## Engagement targets

Traceability tools, data, and awareness burgeoned over the past decade<sup>10</sup>, growing from a handful of traceability vendors into global standards for data collection and sharing. The recommendations below aim to leverage current global capabilities to improve traceability across a company's entire seafood portfolio. This means we are looking beyond sustainability certified products to ensure our targets and outcomes are holistic, rigorous, and materially relevant to companies' value drivers and competitive positioning so that our holdings in companies can gain their fair share of forecasted valuations.

### Use third-party software to analyze internal data.

Trace Register is a traceability platform that uses automation to monitor and verify supply chain data in real-time. It allows users to provide the complete product story while keeping proprietary information confidential, mitigating any potential consternation around intellectual property.<sup>11</sup>

Seafood Metrics allows businesses to customize how they capture and report seafood sourcing. It can help companies save time tracking seafood key data elements, improve raw material risk management, and enhance supplier engagement, also without disclosing proprietary information to the public.<sup>12</sup>

### Apply blockchain technology to enable traceability by assigning a unique ID to an individual product at its point of origin and storing relevant data (e.g., when, where, and how the product was produced) that cannot be tampered with and that remains confidential.

WWF Australia and BCG Digital Ventures launched the online platform OpenSC that piloted blockchain technology with Patagonian toothfish.<sup>13</sup>

Wholechain uses Mastercard's blockchain for multiple seafood providers.<sup>14</sup>

Anova Food USA and the Indonesian handline tuna fishery use blockchain technology to manage certifications.<sup>15</sup>

<sup>9</sup> [How-to-Trace-USD600-billion.pdf \(planet-tracker.org\)](#)

<sup>10</sup> [2022 Progress Toward Sustainable Seafood - By the Numbers \(oursharedseas.com\)](#)

<sup>11</sup> [Home - Trace Register](#) seafood supply chain platform

<sup>12</sup> [Seafood Metrics](#) seafood sourcing software

<sup>13</sup> [WWF-Australia and OpenSC - WWF-Australia - WWF-Australia](#)

<sup>14</sup> [Wholechain® - Blockchain Based Supply Chain Traceability](#)

<sup>15</sup> [Implementing electronic traceability - the journey of Anova Food USA and the Indonesian handline tuna fishery](#)

## Join efforts to (partially) disclose sourcing data to the public.

The Ocean Disclosure Project (ODP) is an online reporting platform for companies to disclose their seafood sourcing and report on sustainability metrics.<sup>16</sup> Currently, 45 industry participants in 10 countries disclose their seafood sourcing on ODP. Companies provide sourcing data to ODP, excluding any confidential data, and ODP (for a fee) creates a company profile with a seafood source map and a detailed source table.

Planet Tracker's Seafood Database is an interactive, open-access tool that assesses 50 dimensions of traceability across over 100 companies.<sup>17</sup> The tool can be used to compare companies' financial health to their environmental sustainability, find more information on areas where they operate, or to find data on species catch, farm, processing, and/or retail chain.

## Implement company-led internal system improvements.

The Global Dialogue for Seafood Traceability standards enables inter-operability and significantly increases verifiability for all seafood traceability systems.<sup>18</sup> The Standards consist of 1) minimum data elements that need to be documented for each supply chain and 2) technical formats for sharing data. The standards allow companies to have visibility into their supply chains while allowing them to maintain business access controls to protect sensitive information. They facilitate regulatory compliance and are interoperable with other systems. Companies can become members of GDST, and membership is free to companies who adopt the standards.<sup>19</sup>

## Next steps

Both investors and corporates have much to gain from enhanced seafood supply chain traceability. The ripple effect of those benefits can and should extend further along the value chain to issuers that fund, underwrite, and insure the seafood sector. The blue economy relies on financial industry participants to the same degree as its green and brown economy peers; which we believe provides investors the opportunity to reinforce traceability engagement from both ends. Just as we work to uphold transparency and disclosure in the seafood value chain, to elucidate potential risk factors and/or to identify better opportunities, we should engage financial industry participants to build traceability considerations into their seafood sector policies.<sup>20</sup>

## OUR PHILOSOPHY ON ESG ENGAGEMENT

At Rockefeller Asset Management, we believe that rigorous, ESG-integrated analysis coupled with deep shareholder engagement can deliver strong long-term results for our clients. Our research indicates that companies improving their ESG performance will see stronger financial returns over the long term. Shareholder engagement is a core part of our investment process, evaluated before purchasing a stock and employed throughout the holding period for certain strategies. We appreciate companies that recognize that achieving ESG leadership requires continuous improvement.

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## LEVERAGING THE ROCKEFELLER NETWORK

The Ocean Foundation (TOF), a non-profit organization dedicated to reversing the trend of destruction of ocean environments around the world, has been a decade-long partner to Rockefeller Asset Management. TOF's staff and board are comprised of individuals with significant experience in marine conservation science and policy, non-profit governance, and philanthropy that is supplemented by a growing international advisory board of scientists, policymakers and educational specialists. We believe TOF is the leading non-profit concerning ocean threats and health, and we're glad to leverage their expertise within our idea generation, research, and engagement process.

 **THE OCEAN  
FOUNDATION**

<sup>16</sup> [Ocean Disclosure Project](#)

<sup>17</sup> [Seafood Database - Planet Tracker \(planet-tracker.org\)](#)

<sup>18</sup> [GDST-1.1-Executive-Summary.pdf \(traceability-dialogue.org\)](#)

<sup>19</sup> [Company Participation - Global Dialogue on Seafood Traceability \(traceability-dialogue.org\)](#)

<sup>20</sup> [Assessing-Banks-Seafood-Sector-Policies.pdf \(wwf.sg\)](#)

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