

Building the Aquaculture Stewardship Council

Creating change on the water

Introduction

This decade represents a crossroads for seafood. For the first time in history, almost half of the fish and shellfish consumed globally come from a farm, rather than being caught in the wild. Spurred on by increasing consumer demand, the global aquaculture industry has grown at a sustained average rate of nearly 9 percent per year since 1994 (FAO). Consequently, commercial aquaculture plays an important role in providing protein to people worldwide. At the same time, the rapid growth of the aquaculture industry can have negative impacts on society and the environment. As a result, there is a need to build informed consensus about these key impacts and develop a comprehensive approach to improve the performance of the commercial aquaculture industry on a global scale. Metrics- and performance-based global standards addressing twelve species are being developed by eight multi-stakeholder roundtables, collectively called the Aquaculture Dialogues. This dialogue process, which began in 2004, is coordinated by World Wildlife Fund (WWF) and includes more than 2,000 participants. All of the standards are being designed to minimize the key negative environmental and social impacts associated with aquaculture. For more information on the Aquaculture Dialogues (AD), go to: www.worldwildlife.org/aquadialogues.

This document outlines the rationale behind and process for the development of a credible standards holding body for the Aquaculture Dialogue standards, the **Aquaculture Stewardship Council (ASC)**. The ASC will be a new entity capable of adding value through a consumer label. Ultimately, this consumer label will help create real change on the water. This paper aims to clarify what has been done – and what remains to be done – to ensure the ASC is operational by 2011 and effective for years to come. We invite you to take part in this exciting process. The roles that stakeholders can play are described in more detail below.

The Need For Sustainability Within The Aquaculture Industry

As the scale and scope of global aquaculture continues to expand, so too will the industry's footprint on the environment and society. Potential environmental and social impacts of different aquaculture production systems include mangrove loss, water pollution, inappropriate use of antibiotics and chemicals, escapes of non-indigenous species, loss of access to natural resources by other users, poor labor conditions and the use of fish oil and meal as input for feed. The message is increasingly clear: this ever growing environmental and social footprint can compromise long-term sustainability and profits in the aquaculture sector. A strategic response from the marketplace to the aquaculture industry is needed.

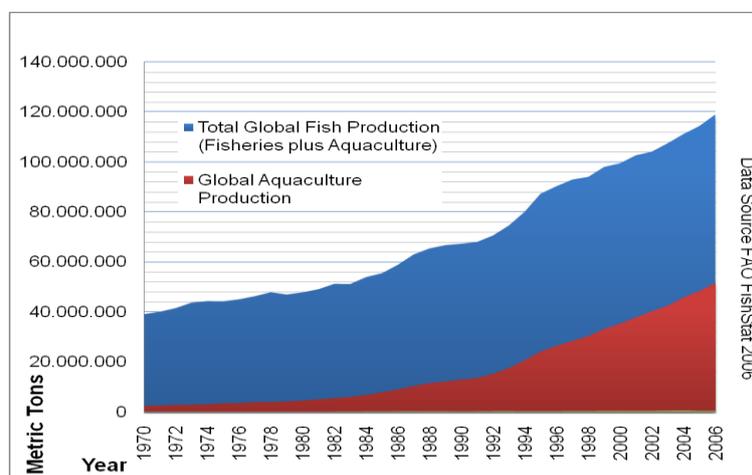


Figure 1: Almost half of seafood is now produced on farms

Chilean salmon

The recent crash of the Chilean farmed salmon industry demonstrates the risks of uncontrolled rapid growth of the aquaculture industry. Due to a lack of sufficient sustainable practices, a majority of the farms experienced an outbreak of disease. Infectious Salmon Anemia (ISA) is recognized as a symptom rather than the root cause of the crash. “We’re now making that important shift of no longer thinking that our problem is a sanitary one, to understanding that it has biological/environmental roots”, said one of the technical managers involved. Atlantic salmon output in Chile is expected to plummet 70 percent in 2010 to just over 100,000 tons, compared to 200,000 tons in 2009 and 400,000 tons in 2008. Early on when the potential severity of ISA and a subsequent prognosis for its long-term impact became apparent, members of the Chilean salmon industry collectively known as the ‘G6’ began working together to address this issue. *Source: ISA and the reshaping of the Chilean salmon industry, Intrafish, May 2009*

Achieving Sustainability

Several entities have developed standards that address the impacts associated with aquaculture. However, none of the current aquaculture standards are fully comprehensive, in part because they were not developed in compliance with guidelines for standard-setting established by the International Social and Environmental Accreditation and Labeling Alliance (ISEAL¹).

Lessons learned in other commercial sectors show the need for a certification program that meets the following additional criteria: **credible, effective and added value**. It is only when all three criteria are properly addressed that sufficient leverage and traction can be generated to transform aquaculture production.

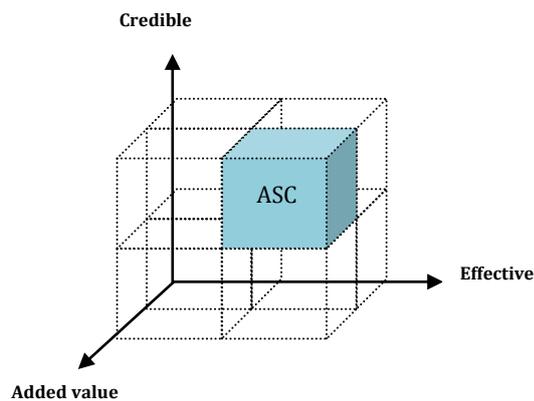


Figure 2: The ideal positioning of a global market transformation system for aquaculture

Credible	Metrics-based, science-based standards created by a broad and diverse group of stakeholders through an open and transparent process that is approved by ISEAL
Effective	Addresses key impacts related to the environment, society and the economy. The standards are designed to promote change on the water. Continuous improvement on the farm is encouraged. Governments are encouraged to focus on the same key impacts through strategic policies and regulations.
Added value	This consumer label will enable the market to recognize and reward sustainable production.

¹ISEAL: The International Social and Environmental Accreditation and Labeling Alliance, see: www.isealalliance.org.

Credible

The Aquaculture Dialogue standards will be **credible** because they are being developed in accordance with ISEAL's "Code of Good Practice for Setting Social and Environmental Standards."

For example, they are:

- I. **Science-based:** They are being developed with input from the world's leading aquaculture scientists and other relevant researchers and will be updated on a regular basis to reflect the latest science.
- II. **Performance-based:** They will encourage innovation and continual improvement on the farm.
- III. **Metrics-based:** They will be measurable, which will ensure the certification program is objective.
- IV. **Multi-stakeholder:** They are being developed by 2,000-plus people, including scientists, government agencies, producers, seafood buyers, processors, more than 90 NGOs and others.

The ASC will also be developed in compliance with ISEAL's guidelines, further enhancing its **credibility**. The ASC will be the standards-holding entity, which will be separate and independent of the standards creation process of the Aquaculture Dialogues. Auditing will be carried out by third-party, accredited certifiers. In addition, clear guidelines for chain of custody will ensure traceability from farm to plate. Therefore, firewalls exist between the standards-setting, standards-holding entity, and certification/auditing process.

Effective

To be **effective**, the standards being developed focus on the most significant environmental and social impacts of each species. This focus makes real change in aquaculture practices possible on a mainstream farm level. In addition, the involvement of a wide range of both scientists and NGO's in the Aquaculture Dialogues ensures that the standards are rigorous and robust enough to transform the industry.

Once the Dialogue standards are finalized, the ASC will be mandated to task the Aquaculture Dialogue Steering Committees or process facilitation groups to reconvene a full Dialogue to review, revise, and update the standards every three to five years; or sooner if warranted, to ensure they are aligned with current technology and trends.

The ASC development phase will include training programs to build capacity of certifiers and auditors. Meanwhile, parties interested in investing in producer improvement programs designed to support transformation at the farm level will be supported by the ASC development team.

Added Value

To address the market demand for sustainable seafood, retailers are looking for an aquaculture certification program that compliments the Marine Stewardship Council (MSC) certification program for wild-caught seafood. The ASC will provide the basis for such a product. The marketability of the ASC is based on filling the competitive gap (i.e., a scheme based on the three criteria described in this section) and the increased demand for sustainable aquaculture products in the marketplace.

Based on relevant standards and a legitimate operational system, the ASC will offer a strong consumer label to satisfy demand of retailers for product differentiation in the marketplace. B2B and B2C benefits include improved traceability measures and the marketing potential of sustainable products. This adds economic **value**, an incentive to create certified products in the marketplace and change on the farm.

The need for a more comprehensive certification system was the focus of a recent survey conducted by *Intrafish*, which showed overwhelming support for the creation of the ASC over the use of other existing certification schemes (the ASC received 74 percent of all votes, placing it far ahead of the 2nd place

certification scheme, which received 18 percent of the votes). Preliminary conversations with retailers confirm the demand for the ASC Business to Business² (B2B) and Business to Consumer (B2C) certification schemes.

ASC and MSC

Throughout the Aquaculture Dialogues process, many stakeholders expected the MSC to step forward to hold the final Dialogue standards. When the MSC Board of Directors voted in December 2008 not to certify aquaculture products at this time, WWF took the initiative to co-found the ASC with IDH (the Dutch Sustainable Trade Initiative) based in Utrecht, the Netherlands and is seeking additional founding members.

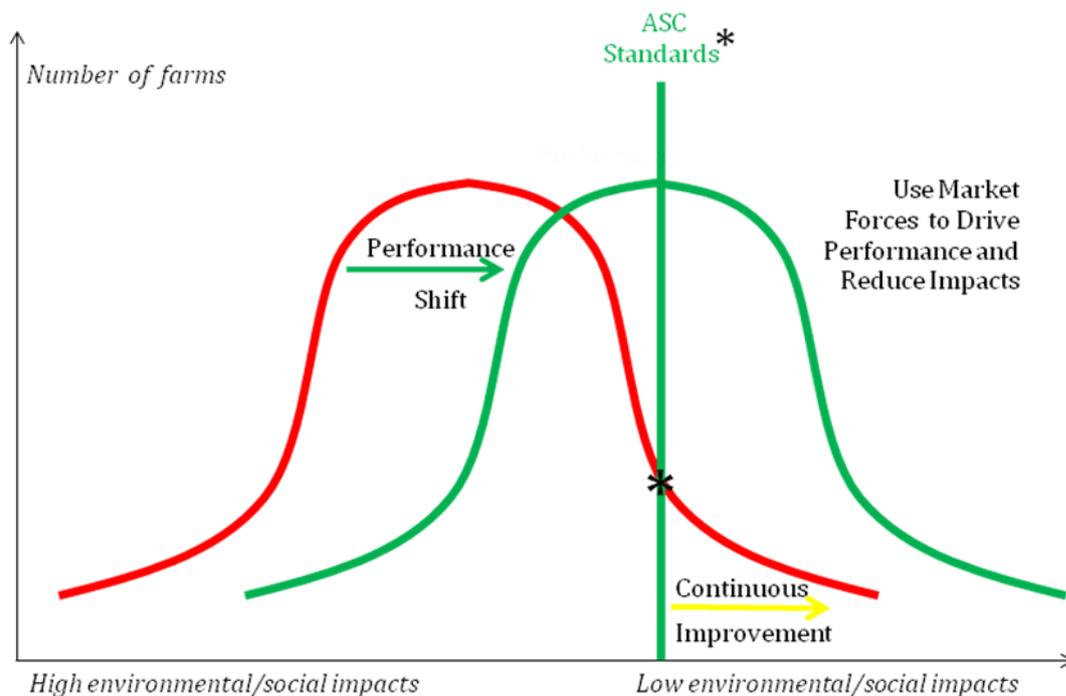
ASC Strategy

The overarching strategy of the ASC is to use *market forces* to *transform* aquaculture. This will be done by reducing the key negative social and environmental impacts of aquaculture through compliance with standards at the farm level.

There are three key processes involved in this strategy:

1. Create a standards-holding entity (the ASC) and consumer label.
2. Develop and implement an outreach and marketing program that creates demand for ASC products in the marketplace.
3. Institute a certification process that uses independent third-party entities to certify farms.

These processes form a system of continuous improvement by shifting performance (see figure below).



* Level of ASC standards related to ambitious and proven practices by better performers in the farm supply chain.

Figure 3: Shifting performance

²Some of the Dialogues will produce standards before the ASC is fully operational. During the ASC Development phase, AD standards will receive interim certification through existing B2B schemes, such as GlobalGAP and others.

Timeline For Creating The ASC (indicative)

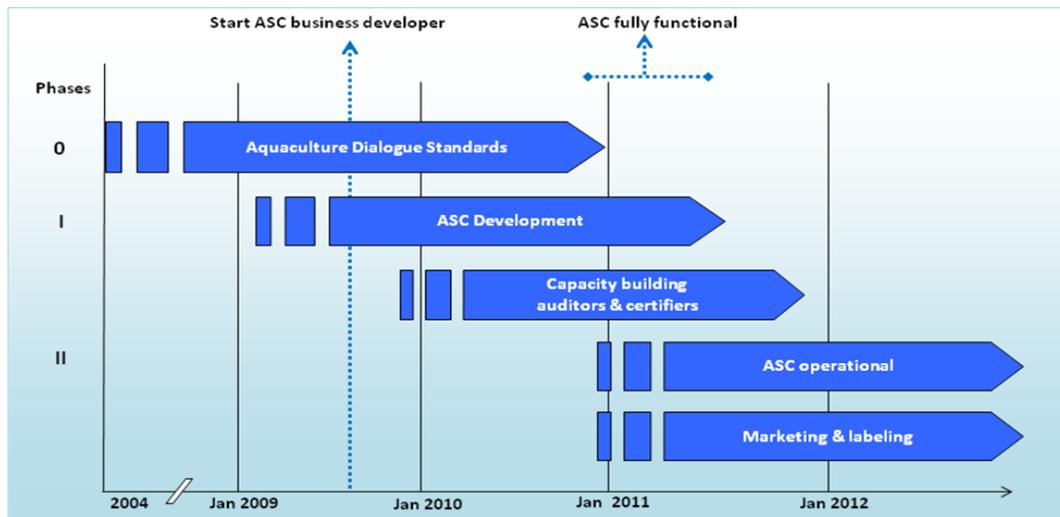


Figure 4: Timeline of ASC development

There are three distinct phases of development for the ASC as shown in the figure above:

0. Development of Aquaculture Dialogue Standards

The Aquaculture Dialogues started with the first meeting of the Salmon Aquaculture Dialogue in 2004. Standards for the first two Dialogue species groups – tilapia and pangasius – are expected to be completed in 2009; the remaining standards for 10 additional species groups will be completed in 2010.

I. Development of The ASC

A formal launch of the ASC began with the announcement in January 2009 that WWF will co-found this new entity. A business developer will be hired by fall 2009, who will update the current business plan, secure funding, work with stakeholders to develop the governance structure, build the system and develop a strategy for identifying and building a network of auditors and certifiers. The business developer will work with a variety of advisors, as explained in more detail in the “Provisional Governance” section below.

II. Operation of The ASC

The ASC will be defined as fully operational when it grants its first certification, expected at the end of 2010/ beginning of 2011. Around this time the ASC director will assume leadership. The ASC business developer will not automatically be offered this position, due to the differing skill sets required as well as the new governance structure then responsible for hiring the ASC director. If necessary a search will be conducted to fill the new ASC director position.

Provisional Governance Structure

WWF and IDH (the Dutch Sustainable Trade Initiative based in Utrecht, the Netherlands³) have created an alliance with the express intent of building the ASC. Both organizations have experience in the field of creating certification programs and standards-holding organizations and are committed to developing a strong ASC through a multi-stakeholder process. Each organization is contributing financially and in-kind to the ASC development process.

The business developer being recruited for the ASC will work with the existing ASC Working Group (which includes staff from WWF and IDH) and ASC Steering Group (which currently includes

³ [http://www.duurzamehandel.com/page/Information in English](http://www.duurzamehandel.com/page/Information%20in%20English)

representatives of WWF and IDH, but, will be expanded), and the soon-to-be-created Advisory Group of approximately 30 people. To ensure that the objective and scope of the Dialogue standards are addressed as they were developed, each of the Aquaculture Dialogue steering committees or process facilitation group will be represented on the ASC Advisory Committee. Below is a figure portraying the provisional governance structure.

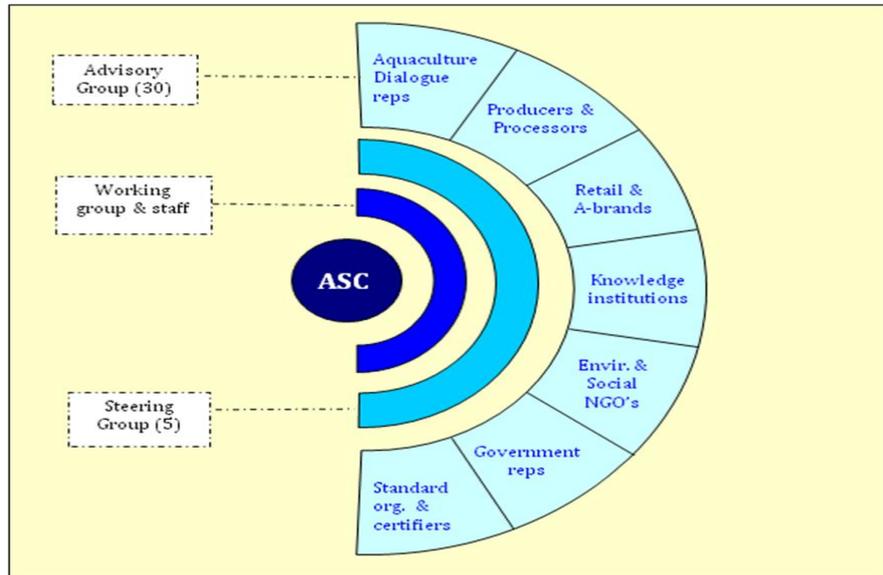


Figure 5: Provisional governance structure for the ASC

What Role Can You Have in The Development And Operation of The ASC?

There are several ways to contribute to the development and operation of the ASC. If you have been a Dialogue participant, you can help ensure that the rationale for creating the Aquaculture Dialogue standards is preserved in the ASC. There is also a need to provide input during the business development phase, either by being a member of the advisory group chosen to work with the ASC business developer, or by providing feedback to the advisory group. When the ASC is up and running; you can contribute either by being on the board of directors/staff or providing feedback to the board/staff. Please note that throughout the development and operational phases there is an opportunity to financially support the ASC.

Building on a Strong Foundation

Based upon the principal criteria of being credible, effective and adding value, there is a gap in the marketplace for transforming aquaculture practices. The ASC is intended to fill this gap. This will only happen if the ASC objectives of sustainability are supported by a broad and diverse group of stakeholders.

The journey has only begun. Much remains to be done. This will include building support by spreading the word, playing an active advisory role, and providing financial or in-kind support. We cordially invite you to participate in the launch of the ASC. The task to ensure the healthy growth of this rapidly growing industry is a daunting one. Together we can make it happen.

More information

A new website is expected to go online in fall 2009. Until that time, please contact us at aquacultureinfo@wwfus.org for all your questions, suggestions and if you want to be put on our email-list. You will then be informed when the new website is launched and you will receive updates when they become available.