



Corporate Social Responsibility in the Aquaculture Industry: Summing up the Theory*

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*connectedthinking

PRICEWATERHOUSECOOPERS 



What is Corporate Social Responsibility (CSR)?

“Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (World Business Council for Sustainable Development)



Issues included in CSR

Economic

- Shareholder returns
- Investment in society
- Pricing strategies
- Socially responsible investment
- Internal and external reputation

Social

- Health and safety
- Workplace conditions
- Employee well-being
- Employee satisfaction
- Wages and benefits
- Diversity, equality
- Learning & training
- Ethics, bribery
- Sales & marketing practices
- Supply chain management
- Local procurement
- Community involvement
- Philanthropy
- Stakeholder engagement

Environment

- Processes and products
- Certification
- GMOs
- Climate change
- Ozone depletion
- Water pollution
- Resource efficiency
- Life cycle approach - “closed loop”
- Waste minimization
- Laboratory testing



What are Stakeholders

“Any group or individual who can affect, or is affected by, an organization or its activities. Also, any individual or group that can help define value propositions for the organization”.
(Stakeholder Research Association Canada Inc.)

Traditionally considered Stakeholders



EMPLOYEES



SOCIETY



SUPPLIERS



REGULATORS



SHAREHOLDERS



CLIENTS



Relation between CSR and Stakeholder

- Companies should respond to interested parties that have a legitimate interest in their business (Stakeholders).
- Stakeholders have a legitimate interest when:
 - a. Without their support a company can't survive (Shareholders or Clients)
 - b. Can retrieve the licence to operate (Government or the Community)
- Stakeholders vary between organization.

Sometimes it is better to address CSR by answering the requirements of information of the Stakeholders.



Analysis between actions in CSR by the Industry and critics by Stakeholders



Gap analysis between actions in CSR and critics to the aquaculture Industry (1)



EMPLOYEES:

- The Industry informs very little about employees conditions (workplace conditions).
- No information is provided about salaries (e.g. minimum salary).
- Health and Safety (H&S) data is not available (accidents).

SOCIETY:

- Overall sales and increases in exports are informed, but no information about profits and value added to society is provided.
- Information about environmental issues are demanded, but few answers are provided (waste management).





Gaps between Actions and Critics (2)



SUPPLIERS:

- Suppliers have been silent so far
- No distinction between providers and producers



REGULATORS:

- Regulators have issued fines for no compliance (labour and environmental management).
- Information requirements not thoroughly satisfied.



Mayor Conclusions

- Actions informed regarding the aquaculture industry does not “dialogue” with the critics.
- If critics come from a legitimate Stakeholder:
 - There is a gap between what is informed and what some stakeholders are demanding.
 - The industry is not answering systematically the demand for information sought by them.

The voice of the companies is missing
(Hard Data needed)



**Where is the industry,
and what could the
Industry do to
advance in CSR**



Where is the Industry now

- The industry has not formally adopted CSR in its strategy.
- No Sustainability Reports have been published so far.

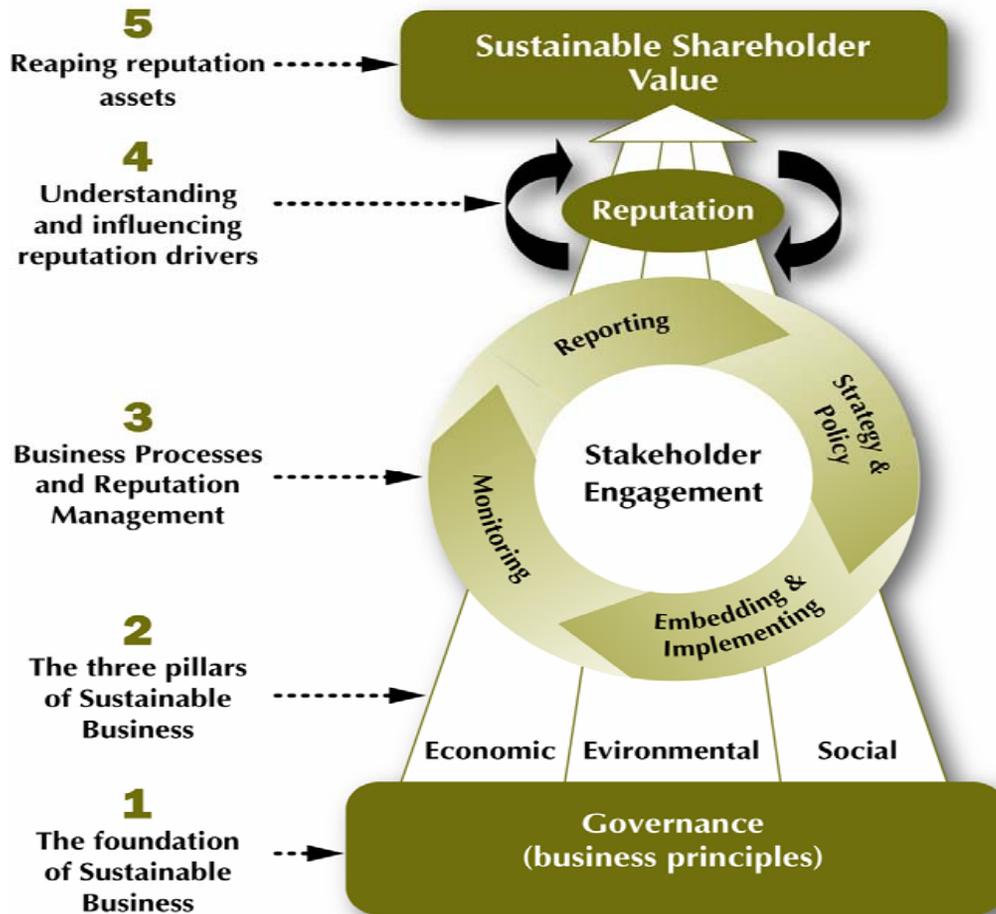
- Companies have implemented CSR activities, albeit isolated
 - ISO certifications
 - Training of personnel
 - Reuse of materials
 - SIGES, APL

- These activities are motivated by
 - **Reaction** answering the requirements of specific stakeholders
 - **Intuition or values** of management or owners

But a strategic approach to CSR is needed



What could this approach be?



Best practice is to embed sustainability/CSR principles throughout the organisation

Sustainability/CSR would be integrated into governance structures, supported by policies, objectives and targets, measurement and reporting, and ultimately verification

Stakeholders would be engaged at every stage



Sustainability Reports: The voice of the companies

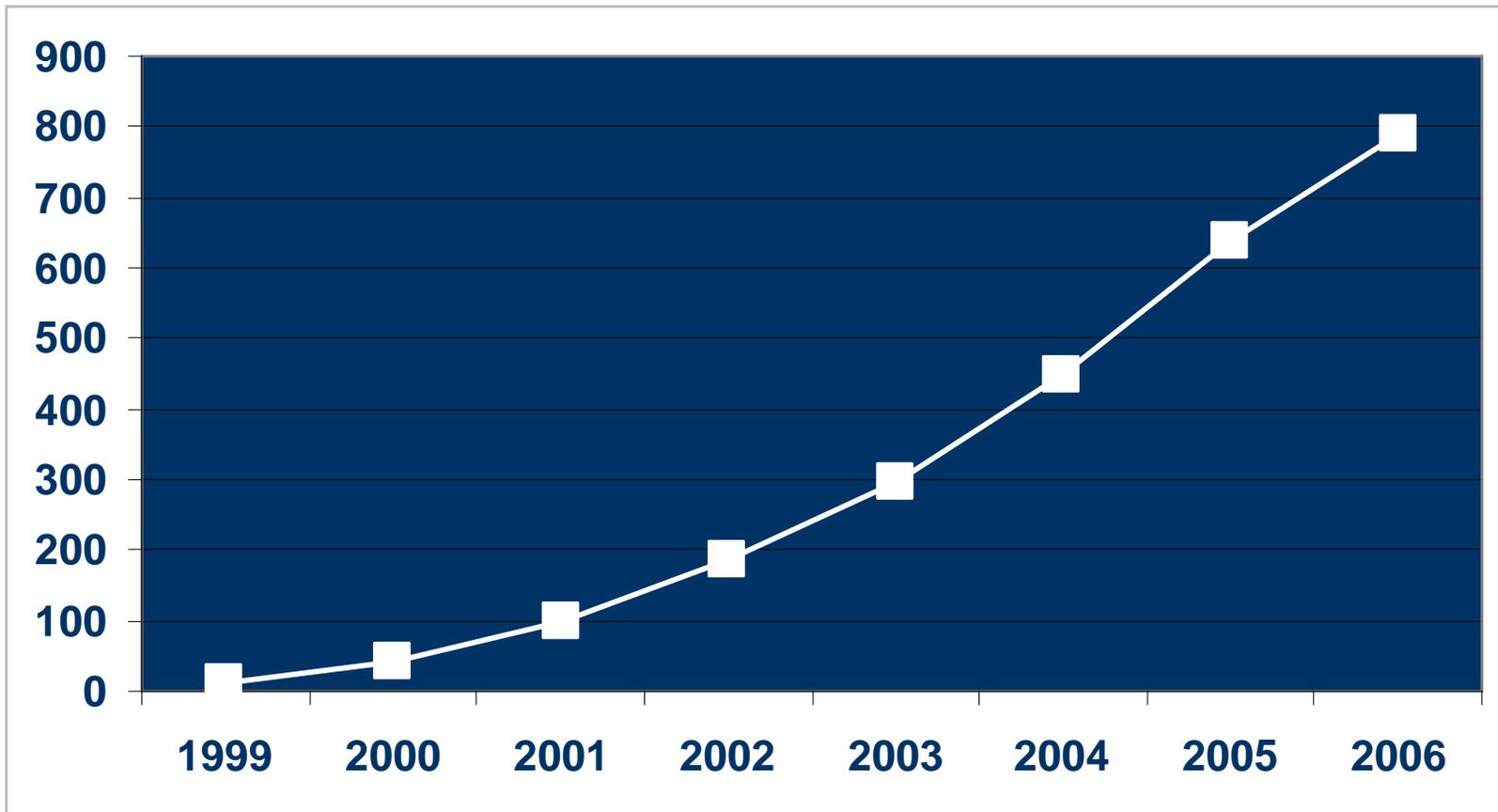


Why to create a report

- To answer the information demand of Stakeholders
- To tell the company's story
- To present CSR actions implemented by the company
- It will allow to set targets of improvement for the future.
- Other industries have already adopted Sustainability Reporting with high success (Mining, Cement, Oil and Gas, etc.)



GRI Reporting



(Source: GRI)

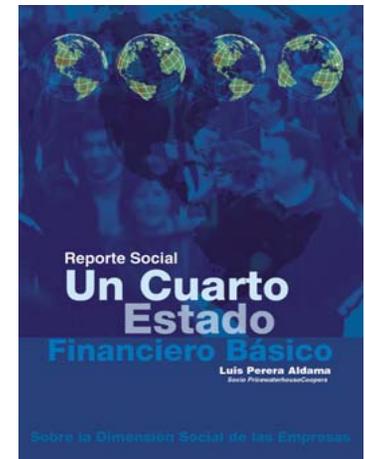


Topics that an aquaculture Sustainable Report could present

Economic

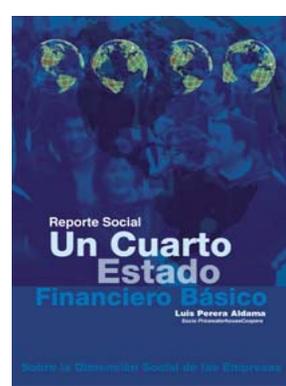
- Sales
- Revenues
- Taxes paid
- Salaries Paid (total)
- Amount invested in employees, e.g. training
- Amount given to social initiatives

An alternative is to present the fourth financial statement model with the distribution of the added value





The fourth Financial Statement model



Economic

GENERATION OF WEALTH

+ SALES

**- DIRECT COSTS:
Domestic
Foreign**

GENERATED ADDED VALUED

DISTRIBUTION OF WEALTH

Employees

Government

Financing Agents

Community and Environment

Retained in the Company

Shareholders

DISTRIBUTED ADDED VALUED



Topics that a aquaculture Sustainable Report could present

Social

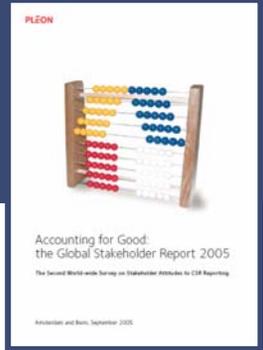
- Total Workforce
- Net employment creation
- Wages and benefits
- Health and safety
- Standard injury, lost days, absence rates, number of work related fatalities
- Workplace conditions
- Diversity, equality
- Learning & training
- Supply chain management
- Philanthropy initiatives

Environment

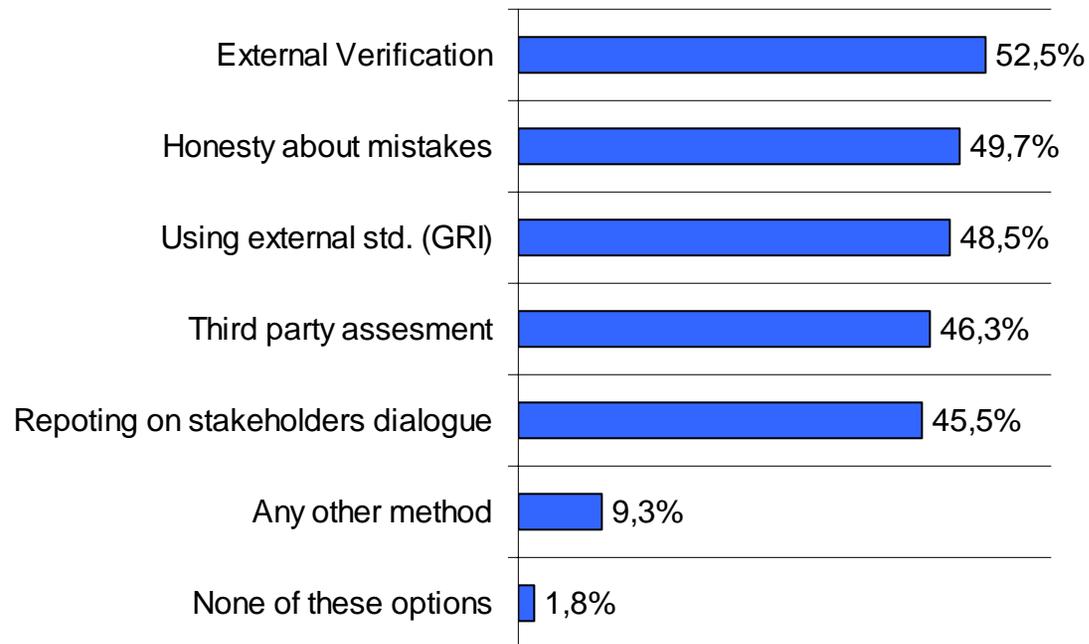
- Materials used
- Energy and water use
- Treatment of effluents and waste
- Impacts on biodiversity
- Environmental management systems (EMS)



Assurance Trends



Factors enhancing credibility in CSR Reports



Source: "Accounting for Good: The Global Stakeholder Report 2005" - PLEON



Conclusions

- CSR can be address by answering the requirements of legitimate Stakeholders
- But there is a gap between what is informed and what some stakeholders are demanding. The industry has to adopt CSR with a strategic approach
- The voice of the companies is missing (hard data), a sustainable report can be the solution

Thank you very much
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