RESPONSIBLE INVESTING 2022

GETTING UNDERWAY

2022 Baseline assessment of asset managers' approaches to addressing environmental and social risks in seafood-related investments

ACKNOWLEDGMENTS

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About WWF

World Wide Fund for Nature (WWF) is one of the world's largest independent conservation organisations. WWF's mission is to stop the degradation of the earth's natural environment and to build a future in which humans live in harmony with nature.

As one of WWF's international hubs, WWF-Singapore supports a global network spanning over 100 countries. WWF-Singapore works closely with local stakeholders towards a greener and more sustainable Singapore and the region around us. We work to address key conservation areas, such as deforestation, illegal wildlife trade, oceans, food security, sustainable finance and sustainable consumption through education and outreach efforts with individuals, businesses and governments. For more information, please visit wwf.sg.

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EXECUTIVE SUMMARY

Our oceans provide a range of goods and services, many of which depend on healthy ecosystems. The production of seafood, for local consumption, or for trade as a soft commodity, is one of the most widely recognized blue economy services that a healthy ocean provides. Global seafood production supports the livelihoods of more than 600 million people worldwide, and serves as the primary source of animal protein for approximately 3 billion people. Seafood is also one of the most highly traded commodities globally, with annual seafood production worth approximately US $406 billion in 2020.

Unsustainable fishing is the greatest threat to the health of ocean ecosystems and is compounded by issues like climate change and habitat destruction. Fisheries management varies greatly from country to country and from stock to stock, from tightly regulated fisheries with high transparency to situations with poor or limited management and little independent observation and validation. At the same time human rights, worker safety and labor violations in both aquaculture production and wild capture (often linked to illegal, unreported and unregulated (IUU) fishing[1]) are increasingly, and appropriately in the media spotlight. As such, there are significant reputational, market and regulatory risks, amongst others associated with parts of the seafood industry. These risks – often hidden through complex, opaque, and transnational supply chains – can also affect financial institutions (FIs) who provide capital to the companies that participate in the seafood industry.

Investors in companies across the seafood value chain are potentially exposed to all of these risks whilst also being uniquely positioned to drive improvements in industry performance. 2021 research by WWF and Metabolic found that approximately US$1.93 - 2.89 trillion of seafood-related assets and revenue[2] may be at risk over the next 15 years as a result of nutrient pollution, excess fishing efforts, reductions in habitat quality (coral reefs and mangroves), and disease outbreaks, as well as other factors. While significant strides have been made in recent years to address climate-related risks in investment portfolios, a recent analysis by the World Benchmarking Association (WBA) found that *fewer than 5% of financial institutions (FIs)* acknowledge having a process to identify the impacts of their financing activities on nature.

1 It is estimated that one in every five fish caught comes from IUU fishing.

2 This is a joint estimate for the value at risk (VAR) for both wild capture fisheries and marine aquaculture. The range represents the VAR in a sustainable development scenario as well as in business as usual (BAU) scenario.

Recognizing the seafood sector's immense dependence on nature[3], a healthy ocean and stable climate, WWF conducted a baseline assessment of 42 asset managers'[4] public disclosures during early 2023 to understand how asset managers are *currently* managing these risks - in particular nature-related risks - in their seafood portfolios, and where, specifically, additional support may be most needed.

The analysis shows that seafood-related risks and impacts are not, in the vast majority of cases, being addressed by asset managers. Indeed, while the asset managers that were assessed have begun to *publicly recognise* biodiversity and natural capital impacts as risks to companies, the majority have not yet published *actionable policies* to ensure that investee companies are addressing these risks. Our analysis found that only one of the 42 assessed asset managers has yet developed and publicly disclosed seafood-specific environmental and social (E&S) expectations for its investee companies.

This report highlights key findings from this assessment, provides actionable recommendations for asset managers, and directs readers to practical resources to guide next steps. An annual progress update is planned for publication next year.

3 A recent WWF analysis found that the food industry - and fishing in particular - has the highest level of risk (compared to other sectors) with regard to its impacts and dependencies on biodiversity and natural capital.

4 The 2022 seafood baseline assessment included 42 asset managers identified as leading investors in key seafood companies across production, midstream and downstream. More details on the methodology for selecting which asset managers to assess can be found on pages 4-5. The complete list of asset managers assessed in the 2022 baseline can be found on page 13. For this baseline report, all assessment results have been anonymized.

SUMMARY RECOMMENDATIONS

To mitigate potential exposure to E&S risks in seafood-related investments as well as capture the opportunities in the transition to sustainable seafood, WWF strongly encourages asset managers to:

1. Formalize high-level biodiversity risk statements into actionable policies and include seafood-related expectations and criteria into these policies, as well as into other relevant policies related to climate, deforestation and human rights;
2. Regularly review their seafood-related investments for potential exposure to E&S risks against specific, and disclosed, themes or indicators aligned with the Sustainable Blue Economy Finance Principles and seafood sector guidance;
3. Develop and set targets for sustainability improvements at the seafood-sector/ portfolio level and disclose progress against those targets. Targets should be aligned with existing and emerging initiatives such as UNEP FI's Sustainable Blue Economy Finance Initiative, Science Based Targets for Nature, and the Taskforce for Nature-related Financial Disclosures (TNFD).

WWF recognises the diversity in asset management approaches and strategies. Therefore *in addition* to the above actions, for those asset managers following active ownership strategies we recommend that they:

1. Engage directly with investee companies across seafood value chains - including banks with substantial seafood-related financing portfolios - to support sustainability improvements, and publicly report on engagement progress;
2. Leverage existing screening, ESG integration and engagement processes to develop targeted "blue" funds that align with the UNEP FI guidance, to support the transition towards more sustainable seafood.

SCOPE AND METHODOLOGY

Since 2020 WWF has been assessing and publicly reporting on asset managers' environmental, social, and governance (ESG) integration progress through its annual Resilient and Sustainable Portfolios Assessment (RESPOND).

The RESPOND framework comprises six pillars and 14 indicators that signify what WWF considers to be robust ESG integration. It was designed to align with existing international frameworks, standards and initiatives, including the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, UNEP-FI Principles for Responsible Investment (PRI), Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and Sustainability Accounting Standards Board (SASB). Assessment is performed against 81 sub-indicators, with "yes/partial/no" answers and takes into account only publicly available, English-language disclosures in the form of the most recent fiscal year annual reports, sustainability reports and information posted on corporate websites such as company policies, statements and press releases.

The RESPOND assessments can be used by asset managers, asset owners, regulators and civil society representatives to track asset managers' progress and performance on ESG integration by analysing the evolution of results year-on-year.

In 2023, WWF added two sector specific assessments to RESPOND to dig deeper into the scope and quality of asset managers' ESG integration approaches, starting with energy and seafood.

Asset Managers Assessed

For the 2022 baseline seafood sector assessment, leading investors in key seafood companies were targeted for inclusion. Institutional asset managers' seafood-related investments were analyzed[5] in early 2022, and a preliminary list of asset managers was developed including those whose seafood-related investments put them in the top 50% or top 30 asset managers in each of the following seafood value-chain segments:

SEAFOOD PRODUCTION (WILD CATCH AND AQUACULTURE)

MIDSTREAM (PROCESSORS, VALUE-ADD)

DOWNSTREAM (BRANDS, RETAIL)

This preliminary list of asset managers was then refined to ensure full, and relatively equal, value-chain coverage, and to oversample for Asia-based investors given the region's importance with regard to fisheries production and aquaculture. A complete list of those asset managers analysed can be found in Appendix 1. Note that for this baseline assessment report, all results have been anonymized. Throughout the coming months, WWF strives to engage bilaterally with many of the asset managers assessed to discuss their individual results and provide actionable recommendations for next steps.

It is important to highlight that the 42 asset managers included in this assessment represent a variety of different investor types, both in terms of structure and strategy. For example, the group includes both *pure-play institutional asset managers* as well as institutional asset owners - pension funds, sovereign wealth funds and insurance companies - *with in-house asset management functions*. Additionally, some of the assessed asset managers employ active management strategies, while others are predominantly passive. Where we have identified different investment strategies, we have sought to differentiate our recommendations - in particular those related to E&S performance monitoring and engagement, which are especially relevant for private and listed equity strategies that allow for active ownership.

5 This analysis was commissioned by the Gordon and Betty Moore Foundation through The Finance Hub, and conducted by Profundo using 2021 data from Thompson Reuters.


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Seafood Sector Framework

The framework used to assess asset managers' seafood-specific E&S expectations for investee companies was structured to align with WWF's existing seafood sector policy framework *for banks*[6], with some adjustments to indicators to account for functional differences. It is organised into **two sections**: 1) Asset manager commitments and 2) Investee company expectations.

ASSET MANAGER COMMITMENT RELATED INDICATORS INCLUDE:

Sector approach: *6 sub-indicators assess whether asset managers: publicly recognize biodiversity or nature-related impacts - both generally and specifically in marine environments - as risks, publicly recognize E&S risks related to seafood, have seafood sector policies or position statements and whether these apply to investee companies across the full value chain, offer financial products to support sustainable practices in the sector, and participate in commitment-based sustainable seafood initiatives.*

Disclosure: *4 sub-indicators assess whether asset managers disclose an exclusion policy, disclose a seafood sector policy or position statement, and disclose related performance and impact metrics at the sector level.*

Monitoring & Engagement: *5 sub-indicators assess asset managers' approaches to monitoring investee companies' E&S performance, managing non-compliance, and engaging with investee companies both broadly on E&S issues and specifically on seafood-related E&S issues.*

6 In January 2023 WWF published Above Board - a framework and baseline assessment of 41 banks' seafood sector policies.

INVESTEE COMPANY EXPECTATION RELATED INDICATORS WERE DEVELOPED TO ALIGN WITH THE UNEP FI TURNING THE TIDE GUIDANCE[7] AND ARE DIVIDED INTO:

Production (wild-capture): *7 sub-indicators assess asset managers' expectations re. sustainability certification, IUU avoidance, endangered species protection, harvesting control strategies, avoidance of shark finning and choice of fishing methods and gear.*

Production (aquaculture): *7 sub-indicators assess asset managers' expectations re. sustainability certifications, management of protected areas and areas of ecological sensitivity, administration of environmental impact assessments, risk management re. non-native and genetically altered species, approach to sustainable feed sourcing and use, animal health management, and avoidance of harmful chemicals/antimicrobials/pesticides.*

Downstream (processors, value-add, distribution, brands): *4 sub-indicators assess asset managers' expectations re. sustainability certifications, IUU avoidance, endangered species protection and management of protected areas and areas of ecological sensitivity.*

Crosscutting: *5 sub-indicators assess asset managers' expectations re. human rights commitments, adherence to international labour standards, approach to addressing social and community impacts, efforts to achieve supply chain traceability, and disclosure of progress towards clean energy.*

7 This version of the Seafood Sector indicators focused on aligning with the Turning the Tide "avoid" and "challenge" indicators specifically.

KEY FINDINGS AND TRENDS

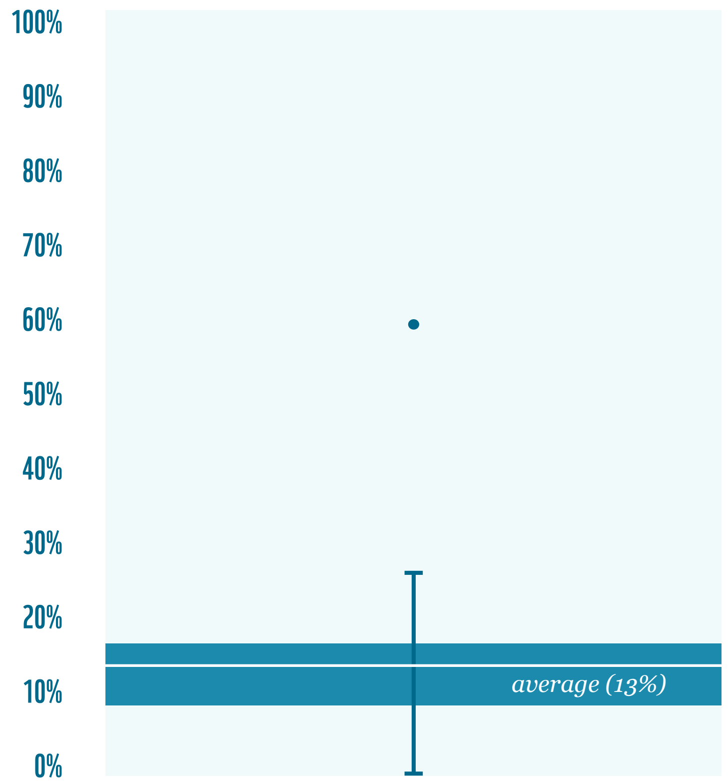
Overall, while there was a wide range in asset managers' performance across the 38 sub-indicators, most achieved less than 20%. Only one asset manager disclosed an ocean sustainability policy and achieved 59% of the indicators, while the four lowest scoring asset managers achieved none of the 38 sub-indicators, thus scoring 0s. The average score for the group was 13%.

ASSET MANAGERS' SEAFOOD SECTOR ASSESSMENT SCORES

Box and whisker plot

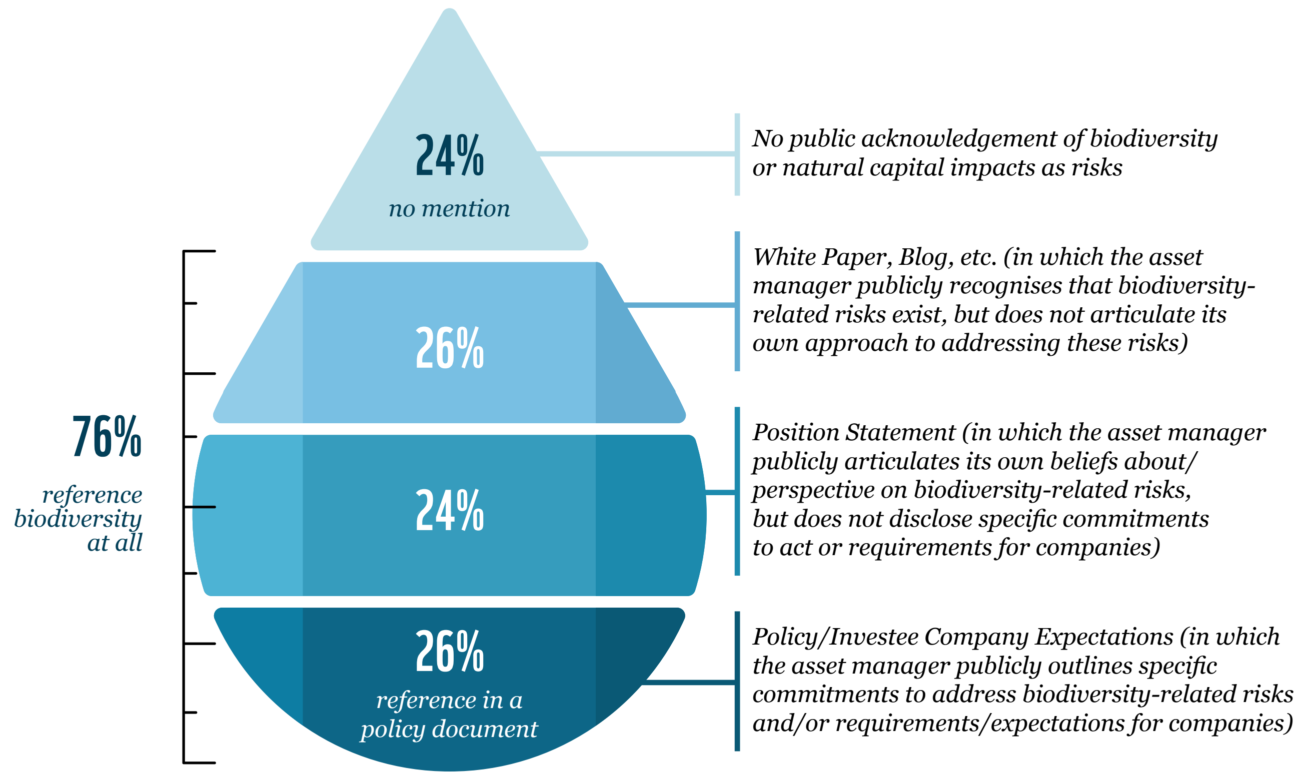
The dot represents the sole outlier.

- *The lower bound of the box represents the lower quartile;*
- *The upper bound of the box represents the upper quartile;*
- *The line inside the box represents the average score.*



While asset managers have begun to publicly *recognise* biodiversity and natural capital impacts as risks to companies, the majority have not yet published *actionable policies* to ensure that their investee companies are addressing these risks. While three quarters of the assessed asset managers make public statements *acknowledging that* biodiversity or nature-related impacts may pose material finance risks to companies, only one third of these references appear in *policy documents*[8] in which the asset managers *commit to take action* to address these risks in their own investment portfolios.

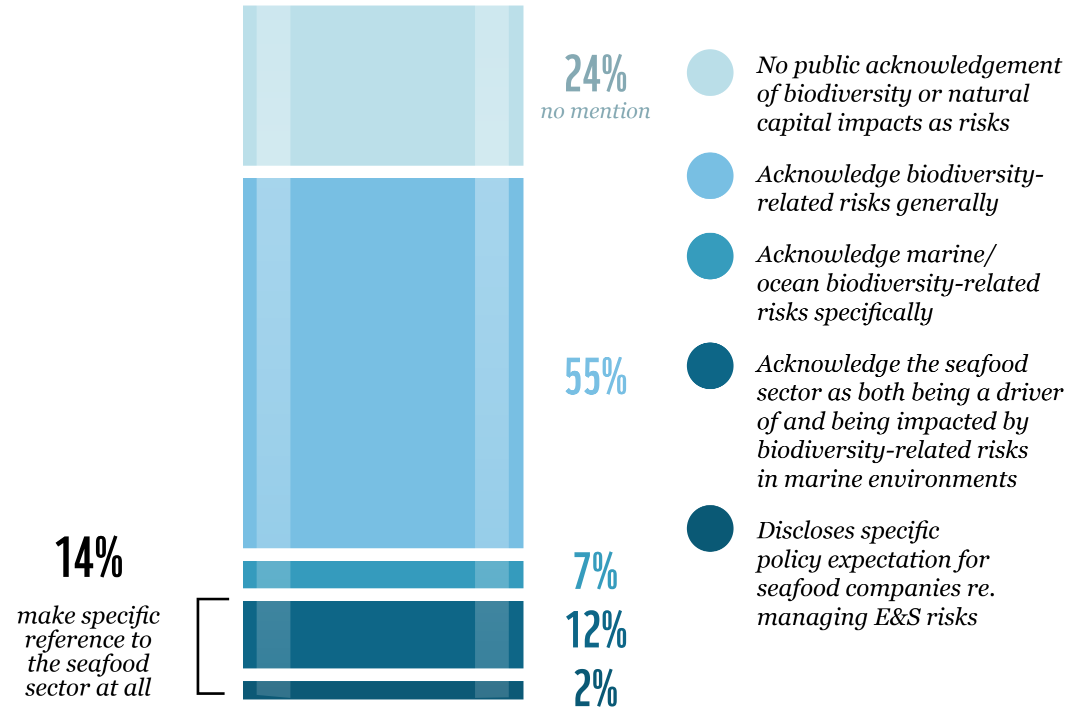
WHERE ASSET MANAGERS ARE MAKING BIODIVERSITY STATEMENTS



The nascency of asset managers' current public commitments to address biodiversity risks in their own investment portfolios translates to particularly limited action on seafood-related E&S risks specifically. Of the 33 asset managers that publicly acknowledge that biodiversity or nature-related impacts may pose risks to companies' activities, only 27% (nine) make specific reference to biodiversity and natural capital risks in the marine or ocean context. Of these, only six identify the seafood sector as particularly high risk given its impacts and dependencies on biodiversity. Only one asset manager currently publishes specific expectations for how *seafood companies* should begin to address biodiversity and other E&S risks.

8 Biodiversity policies (2), ESG policies/principles/guidelines (7), sustainability/sustainable investing policies (2)

HOW ASSET MANAGERS ARE ACKNOWLEDGING SEAFOOD-SPECIFIC E&S RISKS



Monitoring investee company E&S performance without disclosing sector specific expectations or guidance is a missed opportunity to drive sustainability improvements. The majority of the assessed asset managers - 69% - disclosed some high-level information about their *processes* for reviewing and integrating company-level ESG data into investment decision making processes. However, *all but one disclosed no sector-specific guidance* about seafood-related E&S issues, or metrics they would like companies to be managing against.

Engagement can be a powerful tool for improving investee companies' E&S risk management, which most investors appear to be leveraging to some degree; however, few report engaging specifically on seafood-related E&S risks. Nearly all of the assessed asset managers - 88%[9] - disclosed that engagement with investee companies is a part of their E&S risk management process. Yet our analysis suggests that at least some of this engagement could benefit from a more systematic approach; while most asset managers disclosed that they reviewed investee companies profiles on E&S issues, few - just 31% (13) - disclosed doing so on an ongoing, or regular basis[10].

9 Note that this figure may appear artificially low as the asset manager pool for this analysis includes some asset managers who invest primarily or exclusively in index funds and ETFs and thus for whom active engagement is not a viable strategy.

10 We recognise that some asset managers may simply not disclose the frequency with which they review investee companies' profiles on E&S issues.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With regard to engagements specific to seafood-related E&S issues, only 10% (four) of assessed asset managers reported such activities. Of course, it is possible (even likely) that more of the assessed asset managers are engaging with investee companies on seafood-related E&S risks and are simply not disclosing this.

There remains significant untapped potential for asset managers to develop targeted "blue" funds that align with the UNEP FI guidance, to support the transition towards more sustainable seafood. While the majority of assessed asset managers - 83% - published information about green financial products (ESG funds), most highlighted investment funds and strategies intended to address climate-related risks in the energy sector; far fewer products have yet been designed specifically to support food systems sustainability, and just 7% (three) of asset managers referenced having made investments or developed investment products specifically focused on sustainability in the seafood sector.

RECOMMENDATIONS

The next few years will be critical to accelerating the transition to a sustainable ocean economy, if we are to meet the SDG14 - life below water - 2030 target and the targets outlined under the Global Biodiversity Framework and the Paris Agreement. As momentum around managing climate and nature-related risks continues to grow, and more countries commit to protect and sustainably manage our marine resources, asset managers must ensure that they are effectively managing their own exposure to seafood-related E&S risks, and that they are proactively seeking out opportunities to invest in nature-positive solutions.

To mitigate potential exposure to E&S risks in seafood-related investments as well as capture the opportunities in the transition to sustainable seafood, WWF strongly encourages asset managers to:

1 Formalize high-level biodiversity risk statements into actionable policies and include seafood-related expectations and criteria into these policies, as well as into other relevant policies related to climate, deforestation and human rights.

Many asset managers have only just begun to acknowledge that biodiversity and natural capital impacts may pose financially material risks to their investment portfolios. While acknowledging that these risks exist is a good and important first step, integration of biodiversity and nature-related risks into *policy and strategy* is necessary to drive and demonstrate action. With the Taskforce on Nature-related Financial Disclosures (TNFD)'s draft framework currently out for review and scheduled for finalization later this year, now is an ideal time for asset managers to begin distilling high-level statements into actionable policies.

Recognizing the seafood sector's significant exposure to biodiversity-related E&S risks, it is strategic for asset managers to focus early efforts on developing specific biodiversity risk management metrics.

Beyond formalized biodiversity policies, the following issue areas may provide useful existing policies/frameworks into which asset managers should consider integrating the seafood-specific asks outlined in this framework:

- Climate
- Agriculture
- Deforestation
- Human rights
- Supply chain traceability
- Illegality


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2 Regularly review seafood-related investments for potential exposure to E&S risks against specific, and disclosed, themes or indicators aligned with the Sustainable Blue Economy Finance Principles and associated guidance.

Most asset managers do report reviewing investee companies' exposure to E&S risks, yet few disclose how frequently or on what specific criteria such assessment is based. While respecting the proprietary nature of asset managers' ESG integration approaches, such disclosure would be a useful way for asset managers to ensure they can get the information they need from investee companies to meaningfully assess their exposure to E&S risks. In particular for asset managers whose strategies are predominantly passive, and for whom direct engagement is not a practical option, this is an important way of reducing E&S risk exposure.

WWF encourages asset managers to:

» Prioritize seafood-related investee companies as part of regular/ongoing risk assessment processes, especially in light of biodiversity and climate-related risks;

» At a minimum, integrate criteria from the UNEP FI SBE FI guidance documents - Turning the Tide: How to Finance a Sustainable Ocean Recovery and Recommended Exclusions for Financing a Sustainable Blue Economy into thematic policies and/or into stand-alone seafood sector policies or position statements, and publicly disclose these documents, to provide a level playing field against which E&S risks and management efforts are measured. WWF can support asset managers in this process through bilateral engagement and capacity building - and encourages asset managers to enroll it its new self-paced e-learning course – Seafood Sustainability 101 for Finance Professionals; and

» Participate in peer-to-peer working groups, such as the UNEP FI Sustainable Blue Economy Finance Initiative Seafood Working Group, to learn about tools and resources that can support target setting, implementation and reporting. Membership to this working group is offered as a benefit of becoming a member of the UNEP FI SBE FI Principles.

3 Develop and set SMART (Specific, Measurable, Achievable, Relevant and Time-bound) targets for sustainability improvements at the seafood-sector/portfolio level and disclose progress against those targets. Targets should be aligned with existing and emerging initiatives such as UNEP FI's Sustainable Blue Economy Finance Initiative, Science Based Targets for Nature, and the Taskforce for Nature-related Financial Disclosures (TNFD).

In addition to regularly reviewing individual investee companies' exposure to seafood-related E&S risks, asset managers can set targets to help focus, monitor and report publicly on their own sustainability efforts. Asset managers can set internal targets for their own processes/practices (e.g. a target to establish new policy, or to engage with a certain number of seafood companies in a given year); they can also set external-looking impact targets (e.g. a target to drive a certain, tangible change in the real economy, such as achieving full chain traceability across a % of its total financed seafood portfolio.) Disclosing progress against these targets over time can demonstrate where certain policies and processes have supported risk reduction, and can help asset managers to prioritize which remaining risks need to be most urgently addressed.

WWF recognises the diversity in asset management approaches and strategies. Therefore *in addition* to the above actions, for those asset managers following active ownership strategies we recommend they:

4 Engage directly with investee companies across seafood value chains - including banks with substantial seafood-related financing portfolios - to support sustainability improvements, and publicly report on engagement progress.

Engagement is a powerful avenue through which asset managers can reduce investee companies E&S risk exposure whilst at the same time, driving positive real-world impact. Yet asset managers' current approaches to engaging companies on seafood-related E&S issues appear to be predominantly ad hoc. While such ad hoc engagements - in response to particular events or issues - serve an important role, *systematic* engagement across particular themes or sectors can be a powerful way of driving sustainability improvements at scale.

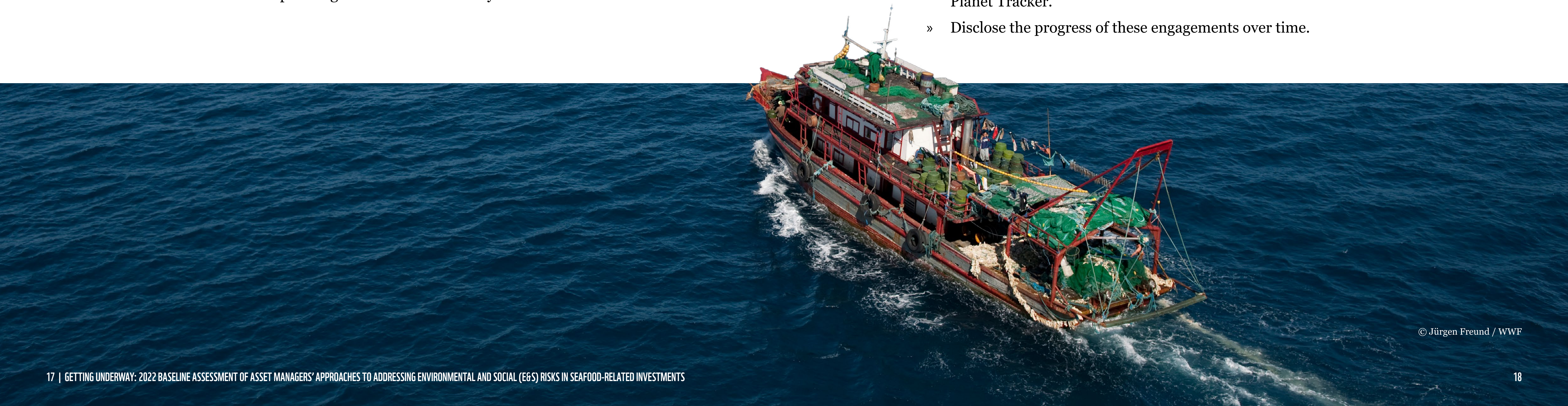
In addition to direct, bilateral engagements with investee companies, asset managers should consider collective engagement as another powerful tool. WWF, the FAIRR Coller Initiative, UNEP FI, the World Benchmarking Alliance (WBA), and Planet Tracker have just announced the launch of a new investor collective engagement which will focus on engaging seafood companies on critical nature and climate related impacts and risks, and supporting them to strengthen their commitments to and implementation of best practice sustainability efforts.

WWF recommends that asset managers:

» Systematically engage with seafood-related investee companies to better understand the scope and scale of E&S risks to which they are exposed, how they are managing these risks, and where there are opportunities;

» Consider participating in collective engagements on seafood sustainability like the newly launched initiative by WWF, the FAIRR Coller Initiative, UNEPFI, WBA and Planet Tracker.

» Disclose the progress of these engagements over time.



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5 Leverage existing screening, ESG integration and engagement processes to develop targeted “blue” funds to support the transition towards more sustainable seafood.

The true potential of the sustainable blue economy can only be realized if our ocean’s health is secured and then restored through a *nature-positive approach*—one that replaces the managed decline of our natural world with one that taps into the potential to transform corporate stewardship towards restoring nature and renewable natural resources like seafood. While the majority of assessed asset managers - 83% - published information about green financial products (ESG-labeled funds and those listed explicitly as Sustainable Finance Disclosure Regulation (SFDR) Article 8 funds in European markets), few products have yet been designed specifically to support food systems sustainability. That said, momentum in this space is growing, with three of the assessed asset managers (7%) referencing investments specifically focused on sustainability in the seafood sector. Recognizing the opportunity that exists, asset managers should work to proactively increase their ”blue” financial product offerings. Engaging with the sustainable seafood NGO or academic community is one way to begin this process.

EXAMPLES OF BLUE FINANCIAL PRODUCTS

Credit Suisse Rockefeller Ocean Engagement Fund

Launched in September 2020, the Credit Suisse Rockefeller Ocean Engagement Fund focuses on engagement as a powerful means of reducing ocean-related ESG risks and identifying solutions.

The fund is composed of a mix of companies across the following three categories:

1. *ocean leaders - companies whose business models have linked targets to ocean health*
2. *ocean solutions - companies whose business modes actively address an ocean threat*
3. *ocean improvers - companies that aim to reduce risks to ocean environments*

As a core KPI, the fund aims to engage with 70 investee companies (or approximately 75% of the fund) annually, on issues related to:

» *Reducing waste and preventing plastic pollution,*
» *Promoting carbon offset and reduction,*
» *Promoting sustainable fishing practices.*

Read more here.

DWS Concept ESG Blue Economy

Launched in March 2021, the DWS Concept ESG Blue Economy fund is an ESG conform global equity fund that invests primarily in companies focused on:

» *mitigating ocean acidification,*
» *reducing marine pollution,*
» *conserving and sustaining marine resources & ecosystems usage, and*
» *sustainable fisheries.*

Active engagement is a core part of the fund’s structure, and several companies are selected each year for dedicated engagement beyond regular corporate governance actions in order to have a stronger contribution towards a sustainable blue economy.

Read more here.

Robeco Biodiversity Equities Strategy

Launched in October 2022, the RobecoSAM Biodiversity Equities strategy invests in companies that support the more sustainable use of natural resources and ecosystem services, as well as the technologies, products and services that help to reduce biodiversity threats or restore natural habitats. The strategy focuses on four investment clusters:

1. *Sustainable Land Use;*
2. *Freshwater Networks;*
3. *Marine Systems; and*
4. *Traceable Products.*

These will target a broad remit of themes, including environmental remediation, reforestation, waste water treatment, hazardous waste management, aquaculture and sustainable fishing.

Read more here.

CONCLUSION AND NEXT STEPS

There is mounting evidence that current unsustainable and illegal practices across the seafood sector are creating substantive environmental, social and financial risks, the consequences of which are being felt throughout supply chains and by those who finance them. These strong external signals and the requirement for higher levels of accountability are creating an urgency to strengthen internal policies and systems. This report has, however, highlighted that investors have been slow to respond.

It is increasingly clear that the investment community has a significant role and responsibility to transition the seafood sector away from destructive and illegal practices. This report has provided a series of pragmatic recommendations for investors in the seafood industry towards building more resilient and accountable systems with the aim of de-risking portfolios and, most significantly, driving the transition of the seafood sector towards sustainability. Throughout 2023, WWF will seek to engage bilaterally with those included in the baseline assessment to support the translation of these recommendations into organizational policies and approaches, with an annual progress update planned for next year.

APPENDIX 1: ASSET MANAGERS ASSESSED

North America:

- AllianceBernstein L.P.
- Berkshire Hathaway Inc.
- BlackRock
- Capital Group
- Charles Schwab Investment Management, Inc.
- Fidelity Investments
- Fisher Investments
- Geode Capital Management, L.L.C.
- Invesco Advisers, Inc.
- Jennison Associates LLC
- JP Morgan Asset Management
- MFS Investment Management
- Morgan Stanley Investment Management Inc. (US)
- Northern Trust
- Nuveen LLC
- State Street Global Advisors (US)
- T. Rowe Price Associates, Inc.
- The Vanguard Group, Inc.
- Wellington Management Company, LLP

Europe

- Norges Bank Investment Management (NBIM)
- Schroder Investment Management[11]
- Baillie Gifford & Co.
- Legal & General Investment Management Ltd.
- Janus Henderson Investor

Asia

- Asset Management One Co., Ltd.
- CP Worldwide Investment Company Limited
- Daiwa Asset Management Co., Ltd.
- GIC Private Limited
- Meiji Yasuda Life Insurance Company
- Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
- Mitsui Sumitomo Insurance Co Ltd
- Nikko Asset Management Co., Ltd.
- Nippon Life Insurance Company
- Nomura Asset Management Co., Ltd.
- Social Security Office
- Sompo Japan Insurance Inc
- SPARX Asset Management Co., Ltd.
- Sumitomo Life Insurance Co.
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- The Dai-ichi Life Insurance Company, Limited
- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Tokio Marine Asset Management International Pte. Ltd

11 Schroder Investment Management (Japan) Ltd., specifically, was identified via the asset manager selection process (see page 6) however, to be consistent with our assessment approach, the analysis of Schroder's public disclosures was conducted at the global level.

APPENDIX 2: RESPOND SEAFOOD FRAMEWORK SUB-INDICATORS

1. ASSET MANAGER COMMITMENTS

1.1 Sector Approach

1.1.1 Does the asset manager (AM) acknowledge biodiversity or nature-related impacts as risks in companies' activities?

1.1.2 Does the AM acknowledge negative impacts on marine environments as risks in seafood companies' activities?

1.1.3 Does the AM identify the seafood sector (i.e. fisheries, aquaculture or seafood processing) as a key sector and have a specific sector policy or position statement?

1.1.4 Does the AM offer financial products that support a transition towards sustainable practices in the sector?

1.1.5 Does the AMs seafood sector policy/position statement apply to relevant investee companies operating in all parts of the seafood value chain (such as production, processing, distribution, brands)?

1.1.6 Does the AM participate in relevant commitment-based sustainable seafood finance initiatives (e.g. the UNEPFI Sustainable Blue Economy Finance Initiative).

1.2 Disclosure

1.2.1 Does the AM disclose an exclusion policy?

1.2.2 Does the AM disclose the full sector policy or position statement document?

1.2.3 Does the AM disclose environmental performance or impact of their seafood portfolio (e.g. biodiversity, emissions)?

1.2.4 Does the AM disclose the % or number of seafood sector investee companies that are sustainably certified or have time-bound plans to achieve certification?

1.3 Monitoring and Engagement

1.3.1 Does the AM perform periodic review or state how frequently it reviews its seafood sector investee companies' profiles on E&S?

1.3.2 Does the AM disclose the process to address non-compliance of seafood sector investee companies with its policies?

1.3.3 Does the AM actively engage with investee companies on E&S issues?

1.3.4 Does the AM actively engage with seafood sector investee companies on E&S issues?

1.3.5 Does the AM disclose the results of its engagements with seafood sector investee companies on E&S issues?

2. INVESTEE COMPANY EXPECTATIONS

2.1 Production (Wild-caught fisheries)

2.1.1 Require all investee companies to operate only in fisheries that have obtained MSC or other globally benchmarked standards listed under the Global Sustainable Seafood initiative, have a time-bound plan to achieve this, or are in credible fishery improvement projects (e.g. have Fishery Improvement Plan in place).

2.1.2 Require all investee companies to have no involvement in illegal, unreported or unregulated (IUU) fishing.

2.1.3 Require all investee companies not to target species that are critically endangered and endangered based on the IUCN Red List of Threatened Species

2.1.4 Require all investee companies not to catch (as bycatch) species that are critically endangered and endangered based on the IUCN Red List of Threatened Species.

2.1.5 Require all investee companies to operate only in fisheries that have documented harvesting control strategies for target and non-target species

2.1.6 Require all investee companies to commit to no shark finning

2.1.7 Require all investee companies to avoid destructive fishing methods and/or gear (such as dynamite, cynide-fishing, driftnets, deep sea bottom trawling, etc.) AND to use or adopt low-impact or selective fishing methods or gear

2.2 Production (Aquaculture Farms)

2.2.1 Require all investee companies to be certified or have a time-bound commitment to obtain ASC certification or an equivalent globally benchmarked standard listed under the Global Sustainable Seafood initiative, or to have all farms in credible aquaculture improvement projects (e.g. have Aquaculture Improvement Plan in place).

2.2.2 Require that all investee companies' owned farms not be within legally protected areas that do not allow multiple uses (i.e High Conservation Value Areas, RAMSAR, and UNESCO World Heritage Sites) and areas of ecological sensitivity (i.e. mangroves, wetlands)

2.2.3 Require all investee companies to have undertaken carrying capacity and environmental impact assessments to understand tolerance limits, and monitor farm impact on surrounding wildlife and ecosystem (e.g. water risks, pollution, benthic effects/disturbance, disease control, etc.)

2.2.4 Require all investee companies to have adequate measures to minimise the risk of introducing non-native species or genetically altered stocks into waters (e.g. minimising escapes, broodstock and fingerling sourcing and management)

2.2.5 Require all investee companies to have a clear policy and documentation for sustainable sourcing (including sourcing location of feed and sustainable feed ingredients such as plant-based or ASC/MSC certified) and efficient utilisation of feed/feed conversion

2.2.6 Require all investee companies to have clear policy for animal health management and overall welfare

2.2.7 Require all investee companies to avoid use of banned or harmful chemicals, and overuse of anti-microbials (e.g. prophylactic use of microbials) or pesticides

2.3 Downstream (Processors, value-add, distribution, brands)

2.3.1 Require all investee companies to source only from or have a time-bound commitment to source only from certified seafood producers (ASC, MSC or equivalent globally benchmarked standards listed under the Global Sustainable Seafood initiative) or from farms/fisheries that have credible aquaculture/fisheries improvement project

2.3.2 Require all investee companies to have no involvement in illegal, unreported or unregulated (IUU) fishing or trade.

2.3.3 Require all investee companies not to source species that are critically endangered or endangered based on the IUCN Red List of Threatened Species.

2.3.4 Require all investee companies not to source from farms located in areas of ecological sensitivity (i.e. mangroves), High Conservation Value Areas, RAMSAR, and UNESCO World Heritage Sites

2.4 Crosscutting

2.4.1 Require all seafood sector investee companies to commit to respecting human rights, in line with the UN Guiding Principles on Business and Human Rights

2.4.2 Require all seafood sector investee companies to adhere to international labour standards equivalent to the ILO Fundamental Conventions

2.4.3 Require all seafood sector investee companies to undertake Social Impact Assessments, best practice community and stakeholder engagement, such as FPIC, and due diligence processes and conflict resolution mechanisms, in alignment with the UN Guiding Principles on Business and Human Right to ensure aquaculture operations and fishing activities are not resulting in loss of access to natural resources or marginalisation of local or indigenous communities

2.4.4 Require all seafood sector investee companies to achieve supply chain traceability (e.g. through the adoption of Global Dialogue on Seafood Traceability (GDST) standard as requirement)

2.4.5 Require all seafood sector investee companies to disclose emissions data, implement energy efficiency measures, and disclose a timebound plan to transition to cleaner, renewable sources of energy?

APPENDIX 3: ABBREVIATIONS

AUM	Assets under management
E&S	Environmental and Social
ESG	Environmental, Social and Governance
GDST	Global Dialogue on Seafood Traceability
GHG	Greenhouse gas
GRI	Global Reporting Initiative
ILO	International Labour Organisation
IUU	Illegal, Unreported and Unregulated
NBS	Nature-based solutions
NGO	on-Governmental Organisation
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Insurance
SASB	Sustainability Accounting Standards Board
SBE FI	Sustainable Blue Economy Finance Initiative (of the United Nations Environment Programme Finance Initiative)
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SUSBA	Sustainable Banking Assessment
TCFD	Task Force on Climate-related Financial Disclosures
UNEP	United Nations Environment Programme
UNEP FI	United Nations Environment Programme Finance Initiative

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