

Engaging With Indonesian Tuna Fishing Companies

Questions for investors and lenders to ask management

Recommended Questions		Key Takeaways of 'In Hot Water'	
Q.1	<p>SOURCING. What proportion of tuna volumes caught/sourced by the company are yellowfin tuna or bigeye tuna caught in the Indian Ocean?</p> <p>Background: High-priced yellowfin tuna and bigeye tuna are both subject to overfishing in the Indian Ocean, and policy-driven attempts to change this have failed. Reducing pressure on these two stocks would increase long-term profits.</p> <p>Target: Ensure that overexploitation of tuna populations is eliminated and long-term profits are protected.</p>	<ul style="list-style-type: none"> Tuna are keystone species, shaping an entire ecosystem. For the ocean to be healthy, tuna populations need to thrive. In Indonesia, the world's largest producer, tuna populations have been depleted in recent years. Transparency is extremely poor in the industry: none of the owners of the 256 tuna vessels we tracked disclosed their catch. Multiple companies are accused of IUU fishing or forced labour. However, the profitability of companies top ranked for sustainability is in line with or above the estimated industry average (12% EBITDA margin). Through a c.30% drop in revenue due to lower future catches, climate change will wipe out the industry's profits. Profitability can be rebuilt by supporting nine nature-positive actions, which require a modest level of investment. 	
Q.2	<p>BYCATCH. What actions does the company take to reduce its bycatch of juvenile tuna and other marine life? For instance, out of the drifting FADs deployed by the company, how many are retrieved?</p> <p>Background: Longline and purse seine fishing (the two main gears used by the industrial tuna sector) both cause a high degree of bycatch, where juvenile tuna or other marine life is mistakenly killed by hooks or nets. Solutions include using selective fishing methods or responsible FAD (Fish Aggregating Device) policies and would increase future profits.</p> <p>Target: Significantly reduce the bycatch of juvenile tunas and non-target species to improve tuna biomass and ocean health.</p>		
Q.3	<p>TRACEABILITY/ TRANSPARENCY. How many tonnes of each tuna species are caught/sourced by the company every year and which proportion is traceable back to the vessel level?</p> <p>Background: None of the 256 tuna vessels tracked by Planet Tracker disclosed their tuna catch. Yet investing in transparency and traceability would improve profits in the Indonesian tuna industry by close to 15%.</p> <p>Target: Achieve full transparency and traceability in the tuna supply chain.</p>		
		Links	<p style="text-align: center;">Click to view the report online</p>  <p style="text-align: center;">Disclaimer: click here</p>
		<ul style="list-style-type: none"> Indonesia tuna deep-dive: In Hot Water Seafood risks by company: Planet Tracker Seafood Database Financial benefits of traceability: How to Trace \$600bn Linking sustainability to profitability: How Retailers can be Sustainable and Profitable in Seafood: Carrefour Case Study Assessing exposure to illegal fishing: Do you IUU? Pollock industry deep-dive: Pollockonomics 	