THE MARKETS INSTITUTE AT WWF | WHITE PAPER | 2022

How Transparency Can Mitigate Reputational Risk in the Food Industry

Reputational Risk and the Seafood Supply Chain

MARKETS INSTITUTE
WWF
Change at the speed of life

© Jinli Guo / Getty

SUMMARY

Consumers, financiers, companies, and governments have had a global awakening about the role of business in the challenges facing our world—from climate change, plastic pollution, and dwindling natural resources to poverty, fair wages, and treatment of workers. Companies are beginning to address these issues, but many efforts are piecemeal when instead, they need to be addressed by sectors or through global trade. Increasingly, however, consumers are demanding that more sustainable and ethical practices are embedded in the products they buy, and financiers are putting pressure on companies to incorporate environmental, social, and governance (ESG) principles as part of a long-term business strategy.

"Increasingly, consumers are demanding that more sustainable and ethical practices are embedded in the products they buy..."

And consumers are paying greater attention to every link in the food supply chain. Examples, of which there are many, include cases like the 2019 *E. coli* outbreak that forced romaine lettuce off shelves until the farm where the bacterial infection originated was identified,[1] as well as salmonella contamination in whey powder[2] and concerns about child labor in West African cocoa production.[3] COVID-19 has also heightened consumer awareness of how fragile supply chains can be.

The consequences of food supply chain crises may be severe, and solutions are often complex and require collective effort. However, there are opportunities for food industry players to take proactive actions to mitigate the serious risks they face, and safeguard consumer and investor trust while working to address the underlying issues that could lead to future crises, thereby mitigating potential impact. This is not only an opportunity, but a business imperative. To more clearly outline this opportunity, WWF looked at how crises ripple through the food industry, resulting in financial, legal, operational, and reputational damage.[4]

This research analyzed several key supply chain crisis events occurring within the last decade in both seafood and other food value chains. It illuminated five key points, each with serious reputational, legal, and economic implications for businesses trying to navigate a world of increased scrutiny:

"...there are opportunities for food industry players to take proactive actions to mitigate the serious reputational and financial risks they face."

1. Supply chain crises have both short-term and long-lasting consequences for businesses, including the risk of losing their customer base.
2. An entire industry may be affected by a single incident, so it is critical for businesses to have extensive supply chain traceability to easily pinpoint and resolve risks within their supply chains.
3. If companies don't enforce their own ethical supply chain standards, they risk government intervention which may impact business operation. Ideally, businesses would work with third-party independent validators to ensure credibility.
4. Companies that directly address and authentically discuss known supply chain issues are likely to recover more quickly than those that ignore or evade questions of traceability, transparency, and responsible production.
5. One individual link in the supply chain is not enough to fix large-scale environmental degradation or social issues given the deep complexity of supply chains, it requires both individual company action and collaboration. Collaboration is necessary to drive industry-wide change in supply chain practices and ensure the longevity of business interests in the face of increased environmental and social pressures.

SUPPLY CHAIN CRISES HAVE BOTH SHORT- AND LONG-TERM COSTS

Throughout this research, one thread continually emerged: illegal or unethical business practices and false claims have short- and long-term reputational consequences that result in financial costs. These costs may include loss of revenue, decreased shareholder value, a loss of investments, and fines.

© aydinmutlu / Getty

CASE STUDY #1:

The impact of Sea to Table's false claims of sustainability

In 2018, the Associated Press exposed supply chain issues within Sea to Table, a US-based delivery service for high-quality seafood. Contrary to claims that its products were "local, wild, sustainable, and traceable," the AP report revealed that Sea to Table's supply chain was involved in mislabeling products, the blending of imports when the company claimed direct traceability within the US, unethical labor practices, and destruction of marine life.[5] This resulted in a loss in business and consumer trust, leading to:

- A **50% drop in revenue[6]** (equating an estimated $7 million loss)[7]
- **Damaged relationships** with major clients
- **Employee layoffs**
- A **loss of potential investments**
- Risk of significant **government fines**. In similar cases of IUU fishing, the Federal Trade Commission has fined corporations up to $1 million

These represent short-term losses, but for a small, growing company, the road to recovery from such an impact can be long and difficult.


© Pham Hung / Getty

In some cases, these costs may also extend to internal consequences such as layoffs, as companies attempt to stay viable.

Perhaps no crisis event illustrates this as clearly as the 2018 media report publicizing Sea to Table's unethical supply chain practices, including mislabeling products, blending imports, employing unethical labor practices, and causing destruction to marine life. Not only did Sea to Table's crisis result in layoffs and an immediate loss in revenue, but it also threatened a long-term loss of reputational trust, revenue, and investments in the company.

Other notable food companies have also suffered financial consequences as a result of issues of transparency, including mislabeling, in their supply chains; in one 2018 example, Deoleo USA, the maker of Bertolli olive oil, paid $7 million to settle a class-action lawsuit for mislabeling its products as "imported from Italy" when they did not meet that qualification.[8]

Operating with illegal or otherwise unacceptable business practices can incur significant fines and halt production in the short term. For example, in North Carolina, hog farm odor and truck noise prompted numerous lawsuits filed against Smithfield Foods starting in 2014, which resulted in nearly $100 million in damages awarded and an estimated loss of $73 million in revenue.[9]

For 81% of consumers across Brazil, China, France, Germany, India, Japan, the U.K., and the U.S., trusting a brand to "do what is right" is a deciding factor in purchase decisions.[10] To earn and maintain that trust, brands must back up their promises of sustainability and ethical practices with action. Two-thirds of global consumers say that they will stop buying a product if they do not trust the company behind it.[11] Brand trust also matters to shareholders and other business stakeholders, as they understand sustainable and ethical practices

to be increasingly valuable to consumer trust and revenue. When companies face a reputational crisis, they suffer losses in customer trust and business, company value, investor confidence, and business relationships. Rebuilding trust, value, confidence, and relationships takes a lot longer than breaking trust, which can lead to further long-term financial impacts.

A SINGLE SUPPLY CHAIN ISSUE CAN AFFECT AN ENTIRE INDUSTRY

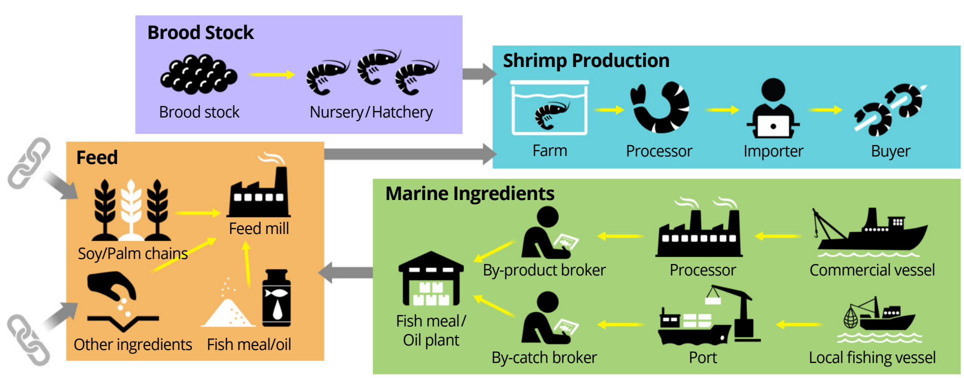
Issues at any point in supply chains across industries, even elements outside of an individual company's control, can create risks. It is no secret that many supply chains are as difficult to trace as they are to manage, but today, businesses cannot claim to be uninformed about their supply chains.

When a supply chain issue becomes public, other companies in the supply chain or across the related industry often experience the effects — whether they were aware of or responsible for the issue or not — as governments, media, and consumers are beginning to examine every link of the supply chain. When unethical or illegal practices are publicized, consumers and stakeholders begin to distrust products regardless of their brand, causing a loss in revenue, stock value, and investments.

Supply chains are extremely complicated. Thousands of people may be involved in a given supply chain — many of whom work for different organizations across various regions of the world, under different regulatory bodies and in different languages. The "Full Chain Traceability in Aquaculture" graphic (Figure 1) outlines the complexity of a sample shrimp aquaculture supply chain.

In the case of the yellow card for the Thai shrimp industry (see Case Study #2 box), the illegal, unreported, and unregulated (IUU) fishing and unethical labor practices were carried out by actors within the fishing industry (suppliers to fishmeal manufacturers for shrimp aquaculture), but the results affected the entire shrimp value chain. Animal feed may be sourced from multiple suppliers, comingled, and blended, all of which can make it incredibly difficult to trace, though it's a critical

Figure 1: Full Chain Traceability in Shrimp Aquaculture



CASE STUDY #2:

An EU yellow card for Thailand: How Costco, its supplier, and the broader seafood industry paid the price

In 2012, early mortality syndrome (EMS), a disease that affects shrimp, was detected in Thailand.[12] The bacterial disease, spread by poor hygiene and farming infrastructure, caused a sharp decrease in shrimp production. The World Bank and other organizations began investigating the issue, bringing it to international attention. The industry was still recovering from the loss of shrimp production due to EMS three years later in 2015,[13] when the EU withdrew their preferential trading status from Thailand due to an unrelated classification update by the World Bank.[14]

Additionally, Thailand was issued a yellow card that same year by the EU for IUU fishing. One of the most notable shrimp suppliers involved was Charoen Pokphand (CP), a food conglomerate headquartered in Bangkok that sourced fishmeal for its feed manufacturing operations from fishmeal and fish oil suppliers, some of which used forced labor and IUU practices. Costco then received scrutiny after it became public that the corporation purchased and resold shrimp from Charoen Pokphand's shrimp production facilities and processing plants.[15] The issue quickly gained publicity and Costco faced a class-action lawsuit for selling products sourced with embedded forced labor. Costco won the case, but not after experiencing negative publicity and reputational damage.

The impact of the yellow card was not limited to Costco, Charoen Pokphand, and their suppliers. The entire industry felt the trickle-down effects of fluctuating prices and production.

component of animal protein supply chains, and IUU practices in feed ingredient production can affect other parts of the supply chain. Tracing product origin is quite difficult in the seafood industry, as well as with other food commodities, with most companies working independently on it, if at all. Individually, it is challenging to address traceability throughout the supply chain, and in the process, companies may miss the opportunity to identify issues and mitigate potential risks if they are several nodes removed from their direct operations. It is critical for companies to collaborate to trace supply chains and uphold ethical practices, while also being transparent with consumers about these challenges and the steps being taken to address them.

"The demand for products that meet legal and ethical supply chain standards will only increase..."

Long-term costs can include drops in stock and product prices, diminished investment opportunities, and consumer shifts in sentiment toward the company. In Thailand, the 2012 EMS outbreak caused a massive dip in shrimp production. This was followed by the back-to-back issues of a loss of EU preferential trading status in 2015 and a yellow card issued by the EU for the industry's IUU fishing and unethical labor practices. About nine years later, the industry has not fully recovered, underscoring the long-term impact that supply chain crises can have on an industry.

Risks for companies will continue to grow because of challenges from growing global trade, changes in the environment and climate leading to contamination or shifting production, new and emerging bacteria, pests, toxins and antibiotic resistance, ongoing changes in consumer preferences, and more. The demand for products that meet legal and ethical supply chain standards will only increase, as will the potential risks across industries, which is why it is in the best interest of companies across the food industry to collaborate in adopting appropriate standards and mitigating the risk of industry-wide damage.

BUSINESSES MUST ENFORCE ETHICAL PRACTICES OR RISK GOVERNMENT INTERVENTION

When governments step in, the regulations they impose can have widespread business implications. Through investigations, sanctions, or fines, governments can direct a business to update its supply chain practices in ways the company may not deem efficient or productive while causing a lasting impact on stocks, revenue, investments, and production. Government policy is beginning to catch up to consumer preferences for transparency and traceability, which also enables identification of environmental and human rights challenges. Companies that are not moving quickly enough in this space risk falling behind the curve, which can lead to fines and penalties, in addition to reputational damage.

WWF research suggests that between 5 to 50% of food commodities globally may be produced illegally, and the challenges to combat illegal production are many.[16] In an increasingly global business environment, it is becoming more difficult — and more essential — for businesses to adhere to supply chain standards across geographies. However, even as adherence represents a hurdle to overcome with traceability challenges for illegality, deforestation, and other issues, companies must go beyond adherence and take part in shaping more robust standards to ensure the future of their businesses.

Related to "Case Study #2" for Thailand mentioned above, in 2015, the EU issued a yellow card warning the Thai government for its failure to monitor its fishing industry and enforce legal practices based on IUU fishing, including forced labor on fishing boats. Failure to resolve the issue could have resulted in an EU red card, which would have meant a complete import ban of shrimp products into the EU, because the fish caught using illegal practices were used as ingredients in feed fed to farmed shrimp for export. The yellow card drew international attention to Thailand's shrimp industry practices, causing public crises for suppliers and companies in and outside of Thailand.

To lift the yellow card, Thailand worked with the EU to combat IUU fishing, including "legal reform, fishery management, fleet management, monitor, control and surveillance, traceability, and law enforcement."[17] Additionally, a group of companies and other stakeholders formed the Seafood Task Force (STF), a pre-competitive platform created to address the issues that led to IUU fishing, as well as human rights abuses in Thailand. While these are thorny, persistent issues, companies working together have made significant progress on traceability down to the vessel for feed used in shrimp aquaculture, among other accomplishments. More work remains, but such collaborations have the


© Kyle LaFerriere / WWF-US

CASE STUDY #3:

Government sanctions against IUU fishing violations caused significant damages to Dongwon

Dongwon

Two vessels operated by Dongwon Fisheries, a South Korean fishing company, conducted IUU fishing off the coast of Liberia in 2011 and 2012. The activity was discovered and penalized by the Liberian Bureau of National Fisheries. As a result of this, Dongwon experienced:

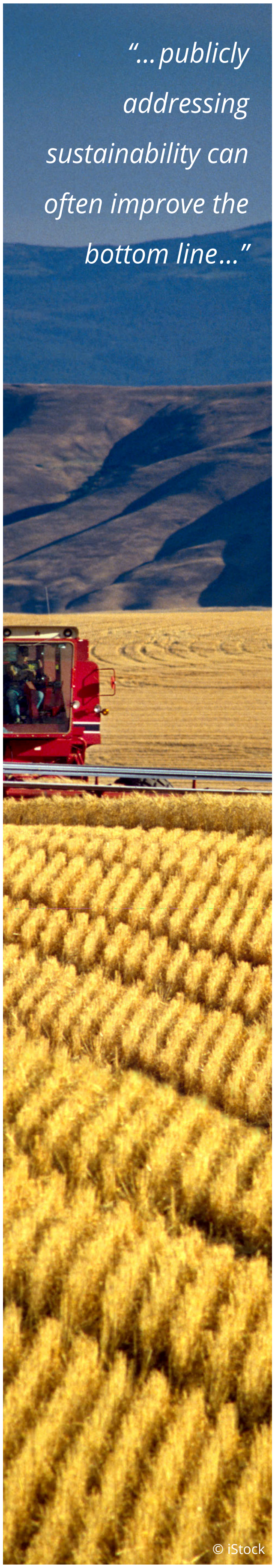
- A **$2 million settlement** with the Liberian government[18]
- Lost permits for offloading rights in multiple African ports, causing an estimated l**oss of up to $18.2 million in tuna production**

During the period from mid-December in 2012 to mid-March in 2013, Dongwon also experienced a nearly **8% decrease in stock prices**, equating to **over $73.6 million**. While stock price fluctuations are complex and we cannot directly attribute this decline to the IUU violation, it can be inferred that it was related given that it took more than a year, from December 2012 through July 2013, for Dongwon to fully recover from losses driven by these violations through government intervention.

potential to prevent the need for future government interaction that can be damaging to company and industry reputations. In addition to collaborative action like the STF, and more diligent environmental and human rights safeguards, companies can increase credibility in supply chain monitoring via independent third-party audits, which would enable them to have an external view of supply chain gaps and risks.

"...companies can proactively work to avoid government action... by mitigating risks themselves..."

Unethical and illegal supply-chain practices render government involvement necessary, but companies can proactively work to avoid government action — and the potential for subsequent impact on their bottom lines — by mitigating risks themselves through eliminating illegal activities, ensuring ethical practices are followed throughout their supply chains and putting in place clear mechanisms for traceability and transparency. The impact of government involvement can be significant and lasting, causing companies that are not operating legally to overhaul their business practices, pay fines, and settle lawsuits, as evidenced by the Dongwon example above in Case Study #3. Because government sanctions and fines are public, they also harm reputation and consumer trust, often drawing international attention to the issue. This, in turn, can cause losses in stock value, revenue, investments, production, and market access.



THE GOOD NEWS — AUTHENTIC COMPANIES RECOVER MORE QUICKLY FROM CRISES

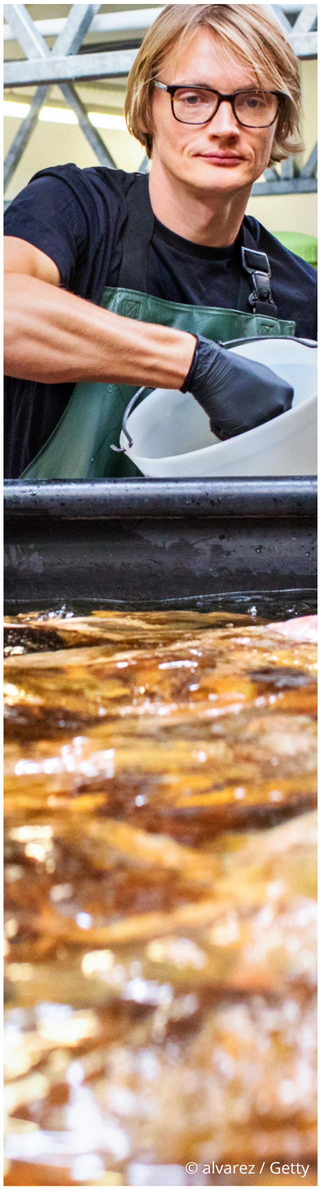
Many companies may be slow to address sustainability or other corporate social responsibility issues, believing that revealing their shortcomings will negatively impact profits. However, research shows that the opposite is often true: publicly addressing sustainability can often improve the bottom line, although it must be done in a credible and transparent manner to avoid greenwashing.

According to a study that looked at companies' stances on climate change across multiple industries, "companies that experienced positive press and announcements on climate change saw share price outperformance of 1.4 percentage points per year over the MSCI World index. Conversely, bad press results in underperformance."[19] However, it is important to note that positive press does not necessarily equate to tangible improvement in supply chain risks.

Transparency and proactivity also allow companies to identify and address internal issues, risks, or inefficiencies, making it possible for them to avoid a crisis altogether.[20] If a crisis does hit, companies that respond quickly and openly tend to come away with a relatively intact reputation and are able to recover financially sooner.[21] However, this practice can differ depending on whether the communication is regarding environmental challenges versus human rights issues, the latter tending to garner more adverse reactions. This represents a challenge for companies that have thorny issues to work through in their supply chains where human rights violations may be more likely to occur and highlights an area for further collaborative action amongst companies and other stakeholders such as NGOs.

Following the 2015 yellow card penalization of the Thai fishing industry from the EU market, and the subsequent lawsuit against Costco for selling shrimp products linked to potential slavery, Costco subsequently engaged their supply chains to develop a strategy to combat this issue, and then engaged with the media to share its position.[22] It worked to improve its sourcing and demonstrated its commitment to legal and ethical food supply chains. By being transparent and actively addressing these supply chain practices, it appears that Costco weathered the crisis with minimal reputational or financial implications.

Costco also had the support of an international coalition of investors in the United Nations Principles for Responsible Investment (UNPRI) network. This group contacted CP after the issue was publicized and helped educate the company, map its supply chain, and initiate dialogue with the Thai government to eradicate forced labor practices. Since the issue, CP has improved its audit


© alvarez / Getty

system for suppliers, developed a traceability protocol, and joined the U.N. Global Compact, committing to meet international labor standards.[23]

Transparency and traceability are critical to risk mitigation, food safety, consumer confidence, and brand management. Because of recalls and eroding consumer confidence in the food industry, consumers no longer automatically trust the food industry to provide accurate information, but food labels, sustainability information, and data are all ways that companies can earn consumer trust.[24] If a crisis does arise, companies should respond quickly, openly, and honestly, with a plan for direct and immediate action. If a company does so, customer loyalty to the brand may be more likely to remain intact.

COMPANIES HAVE THE POWER TO DRIVE CHANGE

This analysis uncovered another, more positive insight: companies wield the power and influence to change industry-wide practices. Not only can they ensure that sustainable, legal practices are put in place and monitored across their supply chains, but they can also have a more direct impact than governments or regulatory bodies by using their inherent knowledge of business operations to embed sustainable and ethical practices into their labor, production, and prices.

Companies must work closely with their direct and indirect supply chain partners to enforce legal, ethical, and more sustainable practices. Acting when needed to enforce these practices among their suppliers can make a difference in changing behaviors.

Industry-wide supply chain issues are too challenging and pervasive for any one company to solve on its own. A retailer may stock tens of thousands of

CASE STUDY #4:

A price fixing issue showed how companies can be proactive in highlighting illegal behaviors

In 2016, Maplevale Farms, a leading foodservice distributor, filed a lawsuit against poultry producers, including Tyson and Pilgrim's Pride, for colluding to artificially raise chicken prices. Over the next three years, other major companies, including Walmart, Kraft Heinz, Nestle USA, and Nestle Purina Petcare, followed suit, filing lawsuits against over 30 major poultry producers for price fixing between 2016 and 2019.[25]

While the lawsuits had serious financial impacts on the suppliers, there was a positive impact, too. The public fallout from this scandal prompted the many companies that filed lawsuits to demonstrate to consumers, investors, and the media that they were taking a stand against fraud in their supply chain and encouraging better practices.

Walmart has also accused other suppliers of price fixing. The company launched a class-action lawsuit against StarKist, a Dongwon subsidiary, and its competitors Tri-Union Sea Foods and Bumble Bee Foods for colluding to artificially raise the price of canned tuna. Walmart received $20.5 million in a settlement with StarKist in 2019.[26] StarKist was also fined $100 million by the US Department of Justice (DOJ) for the same issue.[27]

food products, all of which are sourced through multiple suppliers around the world. After a retailer identifies its primary poultry supplier, it may be more complicated to uncover the producers or the brands' sub-suppliers, e.g., feed companies and their ingredient suppliers or other inputs for poultry production.

"Industry-wide supply chain issues are too challenging and pervasive for any one company to solve on its own."

To address this issue, companies and their suppliers must work together pre-competitively. Companies that compete with one another in the market can collaborate with each other, NGOs, and even government institutions to address complex supply chain issues collectively and communicate how they are achieving or working towards desired results through technologies or practices. These arrangements allow companies to solve problems quicker and more inexpensively as a group than they are able to alone, giving them greater power to drive long-lasting change and mitigate or even anticipate potential issues. This is going to become even more important with both the extreme weather issues in the short term as well as long-term changes in temperature and other growing conditions.

Pre-competitive platforms will not alleviate every potential economic impact related to increasing environmental and social pressure for businesses. Businesses must still make individual efforts. However, they can embrace a diversified strategy and a faster pathway to innovation and progress toward addressing the most important issues.

Industry coalitions already making a difference — salmon aquaculture

The salmon aquaculture industry received mounting scrutiny for its negative environmental impacts, including harm to wild salmon, dependence on wild fish for fishmeal and oil, chemical use for lice treatment, antibiotic use, fish escapes, predator control, etc. Media, NGOs, regulators, researchers, and buyers pressured salmon aquaculture companies to address these challenges. But doing so has taken collective industry efforts, with competing companies working together to solve supply chain problems that individual companies could not address on their own.

CEOs came together to launch the Global Salmon Initiative (GSI) in 2013, connecting 17 competing salmon aquaculture companies representing 70% of the industry's global production. In this pre-competitive arrangement, member companies address problems together. They used the Aquaculture Stewardship Council's (ASC's) salmon aquaculture standards to establish key indicators to track more sustainable production and publicly report information about their performance.

Information-sharing among GSI members has contributed to their ability to improve their overall performance as well as their reputation and financial success. Through the GSI, member companies ensure their practices are in-line with industry standards and competitors, avoid public crises, gain consumer trust, and improve their bottom lines. "We quickly identified that trust [among GSI members] was going to be a critical element in our success," said Sady Delgado, CEO of AquaChile. "No company is perfect, but there is still a lot we can learn from each other."

The effort is having an impact: it allowed the companies to produce ASC certified salmon and resulted in around 65% of the industry being certified today, including 60% of member production. This certification is considered the most robust for aquaculture.[28]

© MariusLtu / Getty

THE OPPORTUNITY: MITIGATE RISK, WIN CONSUMER LOYALTY

More than ever, consumers, investors, media, and government institutions are paying close attention to the food industry and demanding that what lands on their plates is sourced legally, sustainably, and ethically; in short, they are looking for brands they can trust. Supply chain issues of the past decade show that when this trust is broken, it damages a brand's reputation and bottom line — and in some cases, the success of an entire industry.

However, businesses leading change can win customer loyalty and gain favor among investors and other stakeholders. As many as 98% of consumer goods CEOs across Brazil, China, France, Germany, India, Japan, the U.K. and the U.S. believe that sustainability issues will be critical to the success of their business — and while 92% believe that companies should integrate sustainability throughout their supply chain, only 59% believe that their company has.[29] When brands take the initiative to champion and implement sustainable practices, they can win consumers' attention, trust, and loyalty.

The finance sector is also beginning to identify and assess environmental and social issues in the food sector. Standard ESG ratings and standards are becoming more commonplace and increasingly companies with higher ratings are being rewarded through increased access to investor capital. Organizations like FAIRR[30] and the World Benchmarking Alliance[31] are producing benchmarks for investors, including those from animal protein companies, based on their publicly disclosed efforts on sustainability. Beyond this, investor coalitions are making commitments to net zero and eliminating deforestation from their portfolios[32], for example. Banks and investors are increasingly being asked to identify and publish climate and nature related risks through various initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD)[33] and the Taskforce on Nature-related Financial Disclosure (TNFD).[34] Other regulatory measures such as the EU Taxonomy and the Sustainable Finance Disclosure Regulation[35] are also reinforcing the messages that disclosure is going to be more and more important and for that they need companies to have and share publicly better information on products and supply chains. As an example, Storebrand, a Norwegian asset manager, has included Resilient Supply Chains in their list of focus areas for portfolio engagement in the next 3-year period.[36]

Solutions are complex and require collective effort. Tracing products from farm or vessel to retailer is a challenging process that many consumers and other stakeholders — and in some cases even the companies themselves — do not understand. It may be a long road for the industry to establish and effectively monitor supply chain practices that meet every standard. However, taking the necessary steps is worthwhile, both for the environment and businesses' bottom lines.

"Companies must get comfortable learning not only from within their own sector, but from other industries as well."

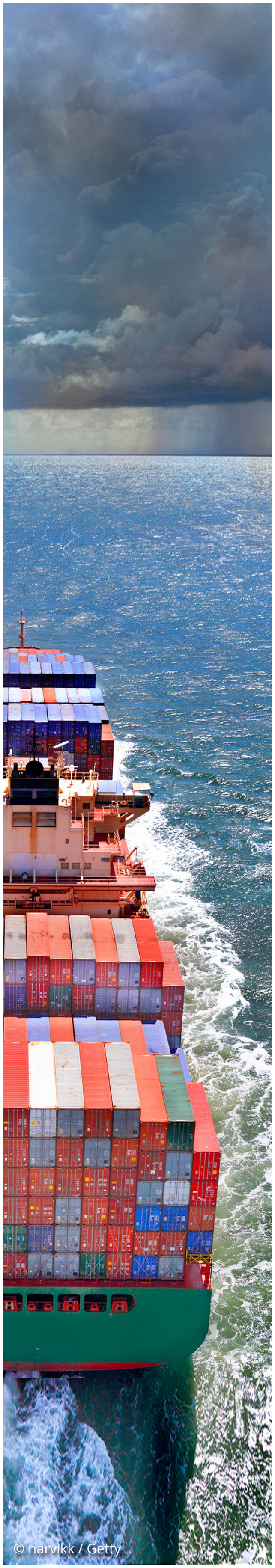
While the current environment and consumer demands may seem daunting, there are actions that businesses can take to anticipate, mitigate, and otherwise address or prepare supply chains to be more resilient in the face of crises. Businesses must be transparent about issues within their supply chains. To be resilient in the face of climate change they will need to do more and begin to share how they are taking meaningful steps to improve as well as what works and what doesn't even if they fail. We no longer have the luxury for every company to learn on its own. Companies must get comfortable learning not only from within their own sector, but from other industries as well.

KEY STEPS BUSINESSES SHOULD TAKE:

- **Invest in sustainability efforts to improve the bottom line:** Proactive sustainability efforts are a sound investment.[37] Rather than waiting to act after a crisis arises, which can be costly when on the defense, commit to make a dedicated, proactive investment in sustainability now. This can help mitigate financial impacts from potential future issues and, ultimately, build long-term consumer loyalty.

- **Know where ingredients or products are sourced:** Supply chains are complex, but it pays for companies to implement in-depth traceability efforts to understand their products' origins within their supply chains. Consumers and/or other company customers, such as suppliers, now expect companies to know where and how their products are produced and sourced; a lack of knowledge about how a product got from the farm or sea to store shelves suggests a lack of interest. That is not a viable strategy today in most markets today.

© AG-ChapelHill / Getty



- **Proactively and transparently talk about sustainability efforts, even if they are imperfect:** Communicate with your supply chains as well as consumers and the industry at large about how your company is addressing potential issues, even if you don't have all the answers. It is okay to admit what you do not yet know if you commit to working to find answers. Prioritize consumer education, using social media and other channels. Companies should also work with producers and suppliers in their supply chain to align on sustainability efforts, as all stakeholders have a vital role to play.
- **Partner with others to make real change happen:** Companies working together in precompetitive arrangements and partnering with governments and NGOs can make change happen faster and scale it more quickly than working alone. These partnerships can help companies share information on products and processes and ensure the same standards in sustainability are being adhered to across the industry — especially by means of emerging technologies to inter-operably of systems to share traceability data.
- **Use resources like the Accountability Framework to guide your efforts:** This framework was established as "a set of common norms and guidance for establishing, implementing, and demonstrating progress on more ethical supply chain commitments in agriculture and forestry." It includes specific actions companies can take to support more sustainable and ethical supply chain activities.[38]

WWF MARKETS INSTITUTE
Change at the speed of life

Markets Institute Website:
marketsinstitute.org

Contact Markets Institute:
marketsinstitute@wwfus.org

References / Citations

1 USA Today. "E. coli-tainted romaine lettuce came from California farms, FDA report says." Rossman, Sean. February 13, 2019. **https://www.usatoday.com/story/news/2019/02/13/e-coli-tainted-romaine-lettuce-tied-california-farms-fda-says/2861741002/**

2 WCNC. "How salmonella may have ended up in Honey Smacks cereal and Goldfish crackers." **https://www.wcnc.com/article/news/nation-now/how-salmonella-may-have-ended-up-in-honey-smacks-cereal-and-goldfish-crackers/465-72d5414d-96a7-4a66-8a77-db7f74011407**

3 The Washington Post. "Cocoa's child laborers." Siegel, Rachel; Whoriskey, Peter. June 5, 2019. **https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-west-africa/**

4 Reputational risk is "the potential risk of losses, damage to brand, or another adverse effect arising from actions or inaction that could negatively impact stakeholders' perception of the company. Those actions or inaction intersect strongly with corporate communication of policies, responses to customer and public concerns, and willingness or resistance to adopting best practices."

5 Associated Press. "AP Investigation: Fish billed as local isn't always local." McDowell, Martin; Mason, Margie; Mendoza, Martha. June 14, 2018. **https://apnews.com/73646ad2aaac4666a7124806b2e6a5bc**

6 Associated Press. "Sea to Table defends actions but ex-employees raise concerns." McDowell, Martin; Mason, Margie; Mendoza, Martha. July 25, 2018. **https://apnews.com/a0c1d69d85124faeba661c9d56266a26**

7 Chicago Tribune. "'Sustainably caught' seafood? Nationwide distributor's murky supply chain exposed." McDowell, Martin; Mason, Margie; Mendoza, Martha. June 14, 2018. **https://www.chicagotribune.com/business/ct-biz-sea-to-table-local-fish-investigation-20180614-story.html**

8 Food Dive. "Maker of Bertolli olive oil settles class-action lawsuit for $7M." April 12, 2018. **https://www.fooddive.com/news/maker-of-bertolli-olive-oil-settles-class-action-lawsuit-for-7m/521140/**

9 Please see:

- NPR. "Big Ag Is Pushing Law to Restrict Neighbors' Ability to Sue Farms." Douglas, Leah. April 12, 2019. **https://www.npr.org/sections/thesalt/2019/04/12/712227537/big-ag-is-pushing-laws-to-restrict-neighbors-ability-to-sue-farms**
- Huffington Post. "Lawsuits Against Pig Farms Are So Successful That These States Want to Stop Them." Simpson, April. May 22, 2019. **https://www.huffpost.com/entry/pig-lawsuit-right-to-farm_b_5ce59c8fe4b0fecd75b229e6**
- News Observer. "Hog farmers win new protections as lawmakers override Roy Cooper's veto." Blythe, Anne. June 27, 2018. **https://www.newsobserver.com/news/politics-government/article213914154.html**
- News Observer. "Local Jury awards more than $25 million to Duplin County couple in hog-farm case." Blythe, Anne. June 29, 2019. **https://www.newsobserver.com/news/local/article214096384.html**
- News Observer. "Hog farm verdict raises the price of defiance." Barnett, Ned. August 3, 2018. **https://www.newsobserver.com/opinion/opn-columns-blogs/ned-barnett/article216054615.html**
- Bladen Journal. "Fifth hog lawsuit case won by plaintiffs." Wooten, Alan. March 11, 2019. **https://www.bladenjournal.com/news/23198/fifth-hog-lawsuit-case-won-by-plaintiffs**

10 Edelman Trust Barometer. "2019 Edelman Trust Barometer Special Report: In Brands We Trust?" June 2019, p. 2.

11 Edelman Trust Barometer. "2019 Edelman Trust Barometer Special Report: In Brands We Trust?" June 2019, p. 2.

12 The Fish Site. "Early Mortality Syndrome." **https://thefishsite.com/disease-guide/early-mortality-syndrome**

13 European Commission. "EU acts on illegal fishing: Yellow card issued to Thailand while South Korea & Philippines are cleared." April 21, 2015. **https://europa.eu/rapid/press-release_IP-15-4806_en.htm**

14 Health Economics & Outcome Research: Open Access. "Assessing the Impact of the Thailand-European Union Free Trade Agreement on Trade and Investment in Thailand." Yamabhai, Inthira; Santatiwongchai, Benjarin; Akaleelaphan, Chutima. December 5, 2017. Introduction.

15 Courthouse News Service. "Class Claims Costco Sells Thai Prawns Raised with Slave Labor." August 20, 2015. **https://www.courthousenews.com/Class-Claims-Costco-Sells-Thai-Prawns-Raised-With-Slave-Labor/**

16 **https://medium.com/the-markets-institute/illegality-in-the-food-we-eat-2247aed29933**

17 Royal Thai Embassy. "EU Announced the Lifting of a Yellow Card for Thailand." **https://thaiembdc.org/2019/01/08/eu-announced-the-lifting-of-a-yellow-card-for-thailand/**

18 Undercurrent News. "Dongwon and Liberia settle IUU case for $2M." April 26, 2013. **https://www.undercurrentnews.com/2013/04/26/dongwon-and-liberia-settle-iuu-case-for-2m/**

19 Deutsche Bank. “Climate change and corporates: Past the tipping point with customers and stock markets.” https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000500285.PDF

20 Journal of Food Science. “Implementing Interoperability in the Seafood Industry: Learning from Experiences in Other Sectors.” August 2017. p. 1.

21 NPI Science of Food. “Moving from risk communication to food information communication and consumer engagement.” November 2018. Article 21.

22 Los Angeles Times. “Costco faces lawsuit over sale of prawns allegedly farmed by slave labor.” Masunaga, Samantha. August 20, 2015. https://www.latimes.com/business/la-fi-costco-prawns-20150820-story.html

23 Principles for Responsible Investment. Case study: CP Foods. https://www.unpri.org/social-issues/cp-foods-works-to-eradicate-slavery-in-the-thai-seafood-supply-chain/451.article

24 Please see:

- British Food Journal. “Effect of food service-brand equity on consumer-perceived food value, physical risk, and brand preference.” February 2015 pp. 553-564.
- British Food Journal. “Consumer response to retail performance of organic food retailers.” February 2014. p. 6.
- 2018 International Conference on Economics, Finance, Business, and Development. “Research on the Impact of Food Safety Crisis on Brand Trust: The Moderating Effect of Psychological Risk.” September 2018. pp. 192-197.

25 News coverage of chicken price lawsuits:

- The New York Times. “Why Chicken Producers Are Under Investigation for Price Fixing.” Bellany-Yaffe, David. June 25, 2019. https://www.nytimes.com/2019/06/25/business/chicken-price-fixing.html
- Meat + Poultry. “Darden opts out of class-action, files its own.” Crews, Joel; Sims, Bob. https://www.meatpoultry.com/articles/20813-darden-opts-out-of-class-action-files-its-own
- Meat + Poultry. “Walmart sues poultry companies over price fixing.” McCarthy, Ryan. May 29, 2019. https://www.meatpoultry.com/articles/21388-walmart-sues-poultry-companies-over-price-fixing
- Meat + Poultry. “Conagra, Kraft Heinz launch poultry price-fixing lawsuit.” April 2, 2019. https://www.meatpoultry.com/articles/21113-conagra-kraft-heinz-launch-poultry-price-fixing-lawsuit

26 Top Class Actions. “Walmart Secures $20M StarKist Tuna Price-Fixing Class Action Settlement.” Davis, Christina. January 29, 2019. https://topclassactions.com/lawsuit-settlements/consumer-products/food/876297-walmart-secures-20m-starkist-tuna-price-fixing-class-action-settlement/

27 NPR. “StarKist Pleads Guilty to Price Fixing in Alleged Collusion in Canned Tuna Industry.” October 19, 2019. Sullivan, Emily. https://www.npr.org/2018/10/19/658700764/starkist-pleads-guilty-to-price-fix-in-alleged-collusion-in-canned-tuna-industry

28 World Wildlife Fund: The Business Case for Pre-Competitive Collaboration: Global Salmon Initiative, p. 1.

29 Deutsche Bank. “Climate change and corporates: Past the tipping point with customers and stock markets.” https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000500285.PDF

30 https://www.fairr.org/index/

31 https://www.worldbenchmarkingalliance.org/publication/seafood-stewardship-index/

32 https://guidance.globalcanopy.org/news/leading-financial-institutions-commit-to-actively-tackle-deforestation/

33 https://www.fsb-tcfd.org/

34 https://tnfd.global/

35 https://internationalbanker.com/finance/what-is-the-sustainable-finance-disclosure-regulation/

36 https://www.storebrand.no/en/asset-management/sustainable-investments/active-ownership/engagement-themes-for-storebrand-asset-management-2021-2023

37 https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021%20Rev_0.pdf

38 Accountability Framework: https://accountability-framework.org/.