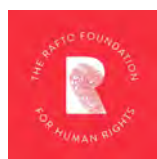




ROUNDTABLE

**HUMAN RIGHTS
IN THE SALMON
FARMING INDUSTRY**

6 DECEMBER 2019, BERGEN, NORWAY



THE DANISH
INSTITUTE FOR
HUMAN RIGHTS



ORGANIZERS: THE RAFTO FOUNDATION, THE INSTITUTE FOR HUMAN RIGHTS AND BUSINESS,
THE DANISH INSTITUTE FOR HUMAN RIGHTS.



The Rafto Foundation for Human Rights, the Danish Institute for Human Rights (DIHR) and the Institute for Human Rights and Business (IHRB) are very grateful to the speakers, panelists and participants for their crucial support and contributions to the Roundtable held in Bergen and their continued interest and engagement to support and improve respect for human rights in the salmon farming industry. We would like to thank Pål Korneliussen for his key role in organizing the Roundtable and Nadjala Tinneberg Rahi (DIHR) for her support in drafting this report.

February 2020,
Rafto Foundation, DIHR, IHRB

Contents

1. Introduction p. 4
2. Key human rights issues in the salmon farming industry in Chile p. 6
3. Challenges from the perspective of the salmon farming industry p. 8
4. Human rights issues in the aquaculture feed industry p. 10
5. The Finance Perspective: the roles and responsibilities of banks and export credit agencies p. 12
6. Conclusion p. 14

1

Introduction

The Roundtable on salmon farming and human rights was organised in light of the urgent need to have a stronger focus on human rights issues in the salmon farming and aquaculture feed industries globally. While, in the past, some attention has been paid to environmental impacts of the industry, as well as some social- and governance related issues, not enough attention has been paid to human rights. Therefore, three human rights organisations with extensive experience in human rights and business, including working with businesses - the Rafto Foundation for Human Rights, the Danish Institute for Human Rights (DIHR) and Institute for Human Rights and Business (IHRB) - gathered more than 25 stakeholders, including companies from the salmon farming and aquaculture feed industries and financial organisations to discuss this topic in Bergen, given the significance of the aquaculture industry to Norway.

The day started with presentations by the Norwegian Ministry of Trade, Industries and Fisheries, the Food and Agricultural Organization (FAO), and a representative of The Norwegian Seafood Federation which gave a general overview of the situation in Norway and actors at the international level, demonstrating the importance of human rights in this industry. These were followed by presentations from the various salmon farming and aquaculture feed companies and financial actors in the room.

Background

Norway is the second-largest seafood exporter in the world. In light of discussions regarding the development of mandatory human rights due diligence legislation for Norwegian companies, there is growing momentum to put human rights higher on the agenda also for the Norwegian salmon farming industry.

From a State perspective, human rights are of high priority; they are a part of the Norwegian Constitution and are core principles in important decision-making processes, including promoting the UN Guiding Principles on Business and Human Rights (UNGPs) and the Sustainable Development Goals (SDGs). For the Norwegian Ministry of Trade, Industry and Fisheries addressing the challenges in the seafood industry is a high priority at the national and international levels, for example through collaborations with Interpol and the UNODC to address the issue of illegal fishing.

There is an increasing number of frameworks and initiatives that push for companies globally to respect human rights. The globally authoritative framework is the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#), which was endorsed by the UN Human Rights Council in 2011 and outlines what the responsibility is for companies to respect human rights. Companies in all industries, small or big, should practice human rights due diligence, a multi-step process that allows companies to

1. assess their negative human rights impacts,
2. integrate policies and act on these findings
3. track and monitor effectiveness and
4. communicate and report on this.

Companies should also engage with internal and external stakeholders and provide access to remedy. Other relevant developments include the Sustainable Development Goals (SDGs), to which many companies are committed to contributing. Research has indicated that more than 90 percent of all goals and targets of the SDGs are grounded in international human rights. Therefore, if companies respect human rights, this is the best way to contribute to the realization of the SDGs.

Specific to the seafood industry, various initiatives are underway to raise the bar in terms of the industry's social practices. The FAO started developing guidance for fisheries and aquaculture companies on what socially responsible business conduct entails; the FAO Guidance on Socially Responsible Fish Value Chains.¹ [The World Benchmarking Alliance's Seafood Stewardship Index](#) is benchmarking the world's largest seafood companies on sustainability issues, including on social and human rights themes. Salmon farming companies are also engaged in sector-level initiatives that address sustainability issues including human rights, such as the [Seafood Business for Ocean Stewardship \(SeaBoS\)](#) initiative or the [Global Salmon Initiative](#). One campaign which pushes retailers of seafood to take their responsibility is Oxfam's Behind the Barcodes campaign, which examines the policies and practices of some of the biggest supermarkets around the world and pushes them to have a closer look at the social practices behind their products, including seafood². All these developments demonstrate that human rights can no longer be overlooked by the fisheries and aquaculture industry, including by salmon farming companies.

1 The drafting of the FAO Guidance has currently been put on hold. More information about the draft FAO Guidance on socially responsible fish value chains can be found here: <http://www.fao.org/in-action/globefish/news-events/details-news/en/c/1202285/>

2 More information about Oxfam's Behind the Barcodes campaign can be found here: <https://www.oxfamamerica.org/explore/issues/food-farming-and-hunger/behind-the-barcodes/> The campaign does not focus on salmon, but does include other seafood such as shrimp

2

Key human rights issues in the salmon farming industry in Chile

As a part of DIHR's [Sustainable Oceans](#) project, the organization is collaborating with the Chilean National Human Rights Institute (INDH) to conduct a so-called [sector-wide impact assessment](#) to identify the main human rights impacts of the salmon farming industry in Chile. The assessment doesn't look at one specific company, but rather aims to document how the industry is impacting the rights of workers and communities and what companies and the Chilean government can do about these impacts. The findings outlined below are based on field research carried out in Chile during June-November 2019 and will be published in a full report during 2020. The findings relate to the salmon farming industry in Chile more generally, and not to any Norwegian company specifically.

Chile is the second-largest salmon-producing country in the world after Norway. It produces 800,000 tonnes of salmon a year and employs over 60,000 persons, of which around 20,000 directly employed and 41,000 indirectly working in the industry. Most Chilean salmon is exported to the USA, Brazil, Russia, China and Japan. The farming of salmon predominantly takes place in the most southern regions of Chile, namely in Los Lagos, Aysén and Magallanes.

Firstly, the study uncovered that the salmon farming industry has had some positive impacts in the respective regions in Chile, such as the generation of employment and increased access to finance, which has enabled families better access to education, housing, and consumer goods. Nevertheless, the study conducted in Chile during 2019 revealed a number of negative human rights impacts:

- **Labour rights** issues were raised as a major concern, including recurrent work-related diseases among workers at the processing plants, impacts related to night shifts and impacts on female workers in processing plants such as restrictions in going to the bathroom.
- In terms of **health and safety**, high numbers of accidents and deaths of divers in the offshore salmon farms was another issue that was highlighted. To improve the safety conditions of divers, initiatives have been taken, including capacity building and several technical improvements, but in spite of these improvements, challenges remain.
- The Chilean case showed that people's **right to a healthy environment** is affected by the salmon industry's negative environmental impacts on sea water and the sea bed.

Some of these impacts are related to the industry's high use of antibiotics, which is much higher than, for example in Norway, salmon escapes and deaths and lack of or limited management systems of solid waste in coastal areas. The environmental contamination and its effects on natural seafood banks have contributed to limiting the access of Chilean's coastal communities, including artisanal fishers, to the areas where they collect food for their own consumption or for market.

- Concerning the **rights of indigenous peoples**, it was said that neither the state nor the majority of the companies interviewed were complying with their obligation to consult indigenous communities before implementing projects that can affect their ways of living and traditional cultures. Participation by indigenous communities was also more or less absent, and where companies did have relations with indigenous communities, this was often through their community investment or Corporate Social Responsibility (CSR) projects which were not linked to their actual activities and therefore not addressing the (potential) negative impacts of their activities. Due to this lack of participation and consultation of indigenous communities, there have been protests against the expansion of the industry, including against some Norwegian salmon farming companies¹.

Another example that was raised related to the so-called Lafkenche Law² in Chile, which has provided indigenous peoples with enhanced rights to coastal marine areas if they can demonstrate that they have used these areas in a traditional manner for an extended period of time. While this law has been a powerful tool for indigenous communities to claim coastal areas and, thereby stopping the expansion of the salmon farming industry, only a few such requests for coastal marine areas have been approved due to the complexity of the process and reluctance of the authorities to make a decision regarding these areas. Another challenge of this law is that when such a request for a marine coastal area has been submitted, it suspends the processing of requests by others, like maritime concessions for salmon farming or requests for artisanal aquaculture, leading to potential conflicts between the different stakeholders.

- Other issues highlighted in the Chilean case study included the lack of existence and effectiveness of state-based grievance mechanisms and in some cases also company-level **grievance and remedy mechanisms** for workers and communities negatively affected by the industry.
- In addition, a major challenge revealed in the study was a **lack of knowledge of the UNGPs** among companies, state actors and civil society. All stakeholders interviewed questioned the compliance of both state actors and salmon farming companies in protecting and respecting human rights.

1 See for example: <https://www.newsinenglish.no/2019/04/01/royals-confronted-over-salmon-farms/>

2 More information about the Espacios Costeros Marinos Pueblos Originarios (ECMPO), the Coastal Marine Areas for Indigenous People can be found here (in Spanish): <http://www.subpesca.cl/portal/616/w3-propertyvalue-50834.html>

3

Challenges from the perspective of the salmon farming industry

Systemic challenges in the Norwegian fish processing industry

In Norway, much road transport is carried out by Eastern European trucking companies. Sometimes neither drivers nor their vehicles are trained and equipped to drive on the icy Norwegian roads during winter. The salmon industry has initiated the “Safe Truck Campaign” where the processing plants check the tires before letting a truck leave the processing plant with goods.

The Norwegian salmon farming companies highlighted several systemic challenges they face in the countries where they operate. Many of the Norwegian salmon farming companies have farming operations in Chile, Scotland, Canada and the Faroe Islands, in addition to Norway. Some also have processing facilities and distribution centres in Europe, Asia, South and North America. Peoples’ lack of decent livelihoods, conflicts, and the lack of capacity and willingness to implement legal norms by local authorities in the countries they operate were all raised as contextual factors affecting the human rights of people impacted by the industry. In addition, some companies raised the challenge that, in Chile in particular, dialogue between civil society and authorities was difficult. While companies are focusing on certification, including certifications such as Aquaculture Stewardship Council (ASC), Global GAP and Best Aquaculture Practices (BAP), these certifications are often not sufficient to guarantee that human rights are in fact respected because many of the violations often go under the radar. Likewise, social audits often fail to pick up ‘hidden’ issues, such as debt burden from migrant workers’ recruitment fees.

Collaboration with local business partners and suppliers

Another challenge raised was limited access to reliable data to assess companies’ practices and potential negative impacts, in particular regarding their local business partners and suppliers. While a company’s Supplier Code of Conduct and suppliers’ self-assessments provide some tools to assess compliance, companies expressed the need for better due diligence and monitoring. Challenges also include the lack of a good overview of the human rights risk areas within the supply chain and a lack of knowledge among local business partners and suppliers of international human rights standards. The importance of integrating human rights into existing management and control systems through contractual arrangements and audits was also highlighted.

Internal procedures and mechanisms in salmon farming companies

It is not always clear where the responsibility for human rights is situated within a company. For example, when the legal department is responsible, there is a risk that companies limit their responsibility to minimum compliance with what is legally required. Therefore, it is important to bring together different individuals and teams within the company to ensure integration of human rights into all of the company's functions, policies and procedures. An example could be the establishment of an internal cross-functional human rights working group, so that all relevant departments are involved in a broader discussion on human rights and understand what human rights mean for their specific function. In addition, speakers raised the importance of having in place operational-level grievance mechanisms in addition to whistle blowing mechanisms focusing on compliance issues for internal actors. Such grievance mechanisms allow for external actors, including civil society organizations, business partners, suppliers and affected communities and/or consumers to raise concerns and impacts, which is in accordance with UNGPs.

Lastly, it was mentioned that there is a need to apply a mix of approaches to assess and address human rights risks and impacts in the industry. Companies in the salmon farming industry are undertaking various human rights risk exercises, but they often look at risks and impacts to business rather than the persons that may be negatively impacted, such as workers, communities and consumers. While numerous risk tools are available, not all are adequate for the respective businesses due to significant variations between companies in terms of size, operations and the complexity of the value chain.

Good practices

Besides the challenges mentioned by the salmon farming companies, a number of good practice examples and positive initiatives were shared. One company shared an example where they trained their employees in Canada on First Nations' history and culture, one company engaged with communities, including First Nations and lobster fishermen, before entering a potential new area of operation. Another company gave the example of providing employment opportunities to First Nations. A further company mentioned that the salmon farming companies operating in Canada regularly share experiences and collaborate on sustainability issues so that they can learn from each other. In the Norwegian context, most companies agreed that issues related to labour rights, harassment and diversity were high on the agenda with one company mentioning that it had conducted training on harassment in the workplace after #MeToo.

4

Human rights issues in the aquaculture feed industry

The aquaculture feed industry consists mainly of global companies. They mix various raw materials, nutrition, vitamins, minerals etc. into fish feed (pellets) in large factories in fish-farming regions. They source raw materials such as fish meal, fish oil, soy, maize, oilseed, wheat etc. globally, often through commodity traders. On top of logistical challenges, these activities create very long, complex value chains with consequent challenges in controlling or guaranteeing that human rights have been respected from start to end. Very often, the ingredients originate in countries where human rights are problematic, such as Brazil.

The main human rights issues raised in the aquaculture feed industry include labour rights issues, including workplace health and safety, and community impacts and impacts on indigenous peoples. Norwegian players in the aquaculture feed industry have developed several measures to address and ensure the compliance of human rights of their suppliers. While acknowledging the challenge of assessing a wide range of suppliers, some businesses have focused on including social criteria in the auditing of the suppliers and have established a committee on how to audit labour conditions to better assess their suppliers' compliance.

Another measure used by aquaculture feed businesses is the signing of a Supplier Code of Conduct and awareness-raising among suppliers on what compliance with labour and wider human rights standards means in practice. Some businesses shared their experiences of engaging in dialogue with their local employees in producing countries, as well as with local unions, as a means to better understand the issues within the local communities and factories. Businesses stated that there is a need for more updated and contextualized tools and resources to conduct risk and impact assessments in the industry.

The aquaculture feed businesses agreed that industry collaboration on human rights, including sharing resources and delivering solutions together, is essential in order to succeed. As human rights violations affect the sector as a whole, all individual businesses will benefit from such a collaboration.

Human rights risk assessment and auditing as a way to comply with human rights

All companies present pointed out that the aquaculture feed value chain is complex and long, which makes it challenging to identify where the main human rights risks lie and how to prioritize these. There has been a tendency to focus on assessing human rights risks as a risk to business rather than risks to rights holders, or those that may be negatively affected.

In recent years, UNGP-compliant companies are carrying out due diligence and human rights risk assessments to identify possible negative effects of their operations on workers and communities in the countries they operate. When assessing risks, a challenge raised by the companies concerned the dilemmas around where to draw the line; when should a company walk away and when should it continue to operate in a high-risk context when risks are identified. Many agreed that when a problem is identified, companies should try to improve the situation, for example through the development of corrective action plans, and only when this is impossible, the business should withdraw. When businesses and their suppliers realise that improving weak points can positively affect the business and their turnover, they will change and can become an example to others.

Social audits in the industry are slowly changing into multifaceted processes that include both environmental and social aspects. The audits, carried out by third-party certification bodies, need to be accredited, and comply with various standards. One of the challenges that has been observed is to find local qualified social auditors with knowledge of the local culture, context and laws, as well as human rights expertise, both in terms of content and process.

Another challenge regarding such social audits is that they are often exercises in document reviews rather than thorough engagement with workers or communities, and they are perceived as a “pass or fail” exercise rather than a process that can lead to increased capacity on human rights within the company. When audit- or assessment reports are made, they should be published along with action plans, so that they can contribute to holding companies accountable. In this regard, supplier development programmes which build management capacity and, where needed, raise standards are a positive way forward and businesses need to develop their partners’ and suppliers’ capacity on human rights.

5

The Finance Perspective: the roles and responsibilities of banks and export credit agencies

Tools and approaches used by the financial actors to assess human rights risks in the salmon farming industry

Banks that finance the salmon farming and aquaculture feed industry have an important role to play when it comes to the human rights practices of companies they provide financing to, given that capital can be a powerful lever for change.

Over the past year there has been an increasing focus on the role of financial institutions to respect human rights, and banks have signed up to initiatives such as the [UN Principles for Responsible Investment \(UNPRI\)](#). A number of Norwegian banks are among the principal financiers of all major salmon farming and aquaculture feed companies globally and they have various processes in place to assess the human rights risks and impacts related to these companies. Banks use various tools to assess the risks of the companies they finance, such as the Collier FAIRR Protein Producer Index, the UNDP Human Development Index and the RepRisk database. However, these databases do not always provide relevant human rights information related to this industry.

Some banks regularly engage with their clients on human rights issues. In one case, a bank had spoken to the managers of the company it finances as well as unions and indigenous peoples on the ground to better understand the relevant human rights issues at stake. Another bank mentioned that it was made aware of human rights impacts by a (non-seafood) company in which it invested in India. In response, the bank investigated the issue in India, contacted the media and the case was reported on, and subsequently action was taken by the company to address the impacts. This example demonstrates the leverage financiers have on the companies they provide loans to.

When it comes to export credit agencies, it was mentioned that as part of their government mandate they have a robust due diligence process in place before providing credit. This includes using risk-related databases and interviews with high-risk companies. They can also audit high-risk companies and require the companies they finance to have an operational-level grievance mechanism in place. Where the human rights risks are deemed too high, finance is withheld.

Challenges

A number of challenges by the financial actors were shared. Firstly, many banks have a strong focus on environmental, social and governance (ESG) topics, but the 'S' remains weak and there has been less focus on social and human rights issues. The difficulties in assessing the human rights situation of their clients throughout the complex value chains of the salmon farming and aquaculture feed companies were raised. An additional difficulty is the lack of access to reliable and good data to assess risks in the industry. While certification is one way to see if companies are taking social issues seriously, it was raised that the quality of such certifications could be questioned.

Another issue that was discussed was the need for effective grievance mechanisms by companies in the industry. Having an operational-level grievance mechanism is not enough, assessing their effectiveness¹ is required to understand if affected workers or communities are actually using the existing hotline or mailbox that exists and that the company is addressing the grievances adequately.

Current developments and the way forward

There is increasing awareness on the role and responsibility of the financial sector when it comes to human rights. Recent reports and guidance documents have tried to articulate what the responsibility is of banks who invest in or provide financial loans to companies who have negative human rights impacts. The UN Office of the High Commissioner on Human Rights (OHCHR) has elaborated a report on the application of the UNGPs to the banking sector². In October 2019, the OECD launched [new guidance](#) on Due Diligence for Responsible Corporate Lending and Securities Underwriting. The guidance elaborates on the OECD Guidelines for Multinational Enterprises, providing authoritative clarifications of banks' responsibilities to prevent adverse impacts on human rights and the environment.

The Dutch Banking Sector Agreement recently published a [discussion paper](#) on enabling remediation. The paper explores the role and responsibility of banks with regard to remedy when connected to human rights impacts through client relationships³. A recent case against a Dutch bank has been filed, arguing that when a finance institution is aware that a client is committing human rights violations, the bank contributes to these harms⁴. Other reports, including by the NGO BankTrack, are pushing banks to fully meet their responsibilities to respect human rights across their operations, and there are benchmarks, ranking banks with regard to their human rights performance⁵.

1 To learn more about the eight effectiveness criteria for operational-level grievance mechanisms, see Principle 31 of the UN Guiding Principles on Business and Human Rights: https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf (page 33)

2 Read OHCHR's response to request from BankTrack for advice regarding the application of the UN Guiding Principles on Business and Human Rights in the context of the banking sector here: https://www.business-humanrights.org/sites/default/files/documents/Banktrack%20response_FINAL.pdf

3 The Dutch Banking Sector Agreement is a multi-stakeholder initiative of banks, the Dutch Banking Association (NVB), trade unions, civil society organisations (CSOs), and the Dutch Government that aim to work towards a situation that promotes human rights: <https://www.imvoconvenanten.nl/en/banking>

4 For more information see: <https://milieudefensie.nl/actueel/friends-of-the-earth-groups-complaint-against-ing-group-admissible-declares-oecd-2019-cing-has-been-ignoring-abuses-in-the-palm-oil-sector-for-years201d>

5 See BankTrack's human rights benchmark 2019: https://www.banktrack.org/download/the_banktrack_human_rights_benchmark_2019/191125humanrightsbenchmark_1.pdf

6

Conclusion

First, it is important to note that the salmon farming industry can have a positive impact on the realization of human rights, in terms of access to food and nutrition, improved livelihoods and job creation. However, the industry also has multiple negative impacts and there is an increasing realization that human rights cannot be ignored any longer by the industry. Many of the Norwegian salmon farming and aquaculture feed companies have committed to respecting human rights, either through public commitment to the UNGPs and the OECD Guidelines on Multinational Enterprises or through their involvement in various sectoral, or multi-stakeholder initiatives which have a sustainability or social focus. The companies in the industry are increasingly transparent about the human rights issues and challenges in the industry, but what they still lack is access to practical tools and resources tailored to the salmon farming industry as well as reliable data to assess and address their main human rights risks. Companies in the industry rely on audits to assess impacts, which, judging from experience from many other industry sectors, is very likely not sufficient.

The Roundtable also reinforced that human rights and labour rights issues do not only occur in the global South but are also prevalent in countries such as Norway, USA and Canada, and should, therefore, be more proactively addressed in these contexts.

In the final session which focused on the role of financial actors, it became evident that financiers have an important role to play in pushing the industry to act more responsibly when it comes to human rights impacts; they need to practice due diligence and collaborate to ensure that the companies they finance act responsibly.

But which other actors can have an influence on the industry; what are the levers for change in the industry? It was raised that retailers and consumer groups have an important role to play in changing the behaviour of all actors along the seafood value chains, given the increasing drive towards more robust human rights due diligence, transparency and reporting.

Next steps

The participants of the Roundtable valued the discussions on human rights and expressed interest in continued dialogue on human rights in the salmon farming industry. As potential next steps, the participants and organizers discussed various ideas for follow up, including:

- Sector specific tools and resources to assess human rights risks and impacts;
- Training and awareness raising on human rights in the salmon farming and aquaculture feed industries;
- Possible joint human rights studies or impact assessments in common segments of the industry's supply chain or common countries where the companies operate;
- Future roundtables to continue to discuss specific human rights topics or a focus on specific countries, i.e. labour rights issues in the salmon farming industry, indigenous peoples' rights in the salmon farming industry, climate justice and the salmon farming and aquaculture feed industry, or human rights impacts of the industry in specific country contexts, such as Chile, Canada or Scotland.

