



Addressing seafood sector  
risk in financial markets:

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# OVERFISHING AND ENDANGERED SPECIES



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# What is overfishing and why does it matter?

- 1 Overfishing is a result of too much fishing effort deployed on a fish stock, taking out more fish than can naturally be replenished.
- 2 When fisheries are not managed at sustainable levels, fish stocks will decline over time and affect the fisheries' ability to remain ecologically and economically productive.
- 3 Crucially, depleted ecosystems and fish stocks are less able to withstand climate change shocks and stressors. Overfishing compounds other impacts on the marine environment.
- 4 Overfishing can also result in significant negative ecosystem shifts. For example: when top predators are removed, species abundance down the food chain changes, or when habitat-forming species are removed, the ecosystem as a whole is affected.
- 5 Overfishing can have significant consequences, including the collapse of a fishery, leading to unemployment, stranded assets and food insecurity.



Photo: © Antonio Busiello / WWF-US

# What are the threats to endangered species?

- 1** Unsustainable fishing and fish farming can threaten entire species, either directly through over-exploitation, or indirectly through habitat loss or changes to an ecosystem.
- 2** Indiscriminate fishing techniques catch non-target species and endangered species, such as sharks, rays, turtles and many others, exacerbating marine biodiversity loss.
- 3** When aquaculture leads to direct land conversion, coastal and marine ecosystems such as wetlands and mangrove forests can be affected. The loss of these areas, rich in biodiversity, leads to loss of species that rely on them. This may include losses of species already endangered or threatened.
- 4** Consumers are especially sensitive to endangerment of charismatic species such as turtles, whales and dolphins, but many other less charismatic species are still vital to the overall functioning of an ecosystem.
- 5** Losing a population (extirpation) or an entire species (extinction) can fundamentally disrupt an ecosystem, its functions, and the services it provides to society.



Photo: © Brian J. Skerry / National Geographic Stock / WWF

# What are the risks related to overfishing and endangered species for financial institutions?

1

## REPUTATIONAL RISKS

Any fishing practice that results in endangerment or further threatens endangered species is susceptible to consumer boycott and targeted NGO campaigning. Hot-button issues, including catching turtles and dolphins in tuna fisheries, abandoned fishing gear entangling marine life, and indiscriminate deforestation for aquaculture development are especially susceptible.

2

## REGULATORY RISKS

Fisheries that are over-exploited are likely to eventually face control regulations such as effort cuts, increased area or seasonal closures, fines and penalties. Fisheries that pose a significant threat to endangered species may face additional restrictions on activity in an effort to curtail fishing effort and reduce wildlife interactions. Export fisheries that do not meet standards of practice for reducing impacts on threatened or endangered marine life, may be excluded from key import markets.

3

## MARKET RISKS

Markets are increasingly requiring assurance of sustainability and best practice management, including the use of certification schemes. Markets are increasingly wanting fisheries to be sourced transparently and sustainably. Those that are not operating in or sourcing from sustainable fisheries stand to lose out as demand for sustainable product increases.

4

## OPERATIONAL RISKS

Evidence is beginning to show how seafood companies are at risk due to overexploitation of natural resources in the form of supply crunches, price volatility and competition for raw material.

# What should financial institutions do to mitigate these risks?

Financial Institutions should avoid financing activities that have severe negative environmental and social impacts.

## AVOID

*Where there is evidence of endangered or threatened species being fished, processed, or sold; or sourcing from vessels that do not have robust and transparent by-catch reduction measures in place.*

*Where there is evidence of using or sourcing from those that use destructive fishing practices, including dynamite fishing, cyanide fishing, and companies that do not seek to address bycatch of non-target species.*

## DO NOT FINANCE

**Ensure the company and its supply chain are not directly or indirectly harming endangered or threatened species.**

**To verify, use the following sources:**

- ✧ Company disclosure
- ✧ Third party audits against the IUCN red list
- ✧ Third party reporting, including RFMO and observer reports
- ✧ NGO/Watchdog analysis

# What should financial institutions do to mitigate these risks?

Financial Institutions should engage with companies and challenge them to disclose relevant information and ultimately improve practises.

## CHALLENGE

*Where there is no evidence about the biological status of the fishery:*

- 1 Require disclosure of source fisheries in direct operations or supply chains**
- 2 Require commitment to timebound implementation of full-chain digital traceability, aligning with global best practice standards and frameworks**
- 3 Encourage companies to work with governance bodies towards sustainable fisheries management and stock assessment**

# What should financial institutions do to mitigate these risks?

Financial Institutions should engage with companies and challenge them to disclose relevant information and ultimately improve practises.

## CHALLENGE

*Where there is evidence that companies are fishing in or sourcing from over-exploited fisheries:*

- 1** Require company to enter (or support suppliers to enter) into transparent and timebound improvement projects working towards achieving certification by a leading fisheries sustainability standard
- 2** Require commitment to timebound implementation of full-chain digital traceability, aligning with global best practice standards and frameworks
- 3** Encourage companies to work with governance bodies towards sustainable fisheries management

# What should financial institutions do to mitigate these risks?

Financial Institutions should engage with companies and challenge them to disclose relevant information and ultimately improve practises.

## CHALLENGE

*Where there is wildlife mortality at the farm level or in supply chains*

- 1** Require implementation of credible plan for mitigating wildlife mortality incidents and predator control.
- 2** Require company to enter (or support suppliers to enter) into transparent and timebound improvement projects towards a leading aquaculture sustainability standard

# What should financial institutions do to mitigate these risks?

Financial Institutions should seek out and support companies that are demonstrating more responsible, traceable, and transparent practices

## SEEK OUT

*Where companies are demonstrating industry best practices for sustainable and selective or low-impact fishing*

### **Opportunities for financial institutions exist in companies where:**

- Source fisheries are ALL certified or in comprehensive timebound improvement programmes, listed on [fisheryprogress.org](http://fisheryprogress.org) or certified by a leading – and where possible – benchmarked fisheries standard.
- Where there is evidence of direct use (or within traceable supply chains) of selective, low-impact gear types or fishing activities that are certified as minimising impact on the environment.
- They are providing products or services that aim to support the fishing sector to substantively minimise impact on surrounding ecosystem or minimise by-catch through increased selectivity of fishing gear.

**Thank you**

for more information please visit [worldwildlife.org](http://worldwildlife.org)