



Fact Sheet

Corporate Governance

- Companies, including most large supermarkets, have codes of conduct for their suppliers.
 - These codes include labor and environmental policies that suppliers must comply with to sell their products to that retailer.
 - Across the board, these codes of conduct prohibit the forced labor, debt bondage, health and safety violations, child labor, and environmental abuses CAL identified in its investigations.
- Companies often utilize industry certification schemes and social audits to verify supplier compliance with codes of conduct, but there is little evidence that workers benefit from these activities.
 - As seen across many industries from bananas to coffee, social audits and certification schemes have been shown to be ineffective tools for eliminating or even decreasing the prevalence of labor abuses in supply chains.
 - CAL's investigations repeatedly demonstrated that certified facilities violate the certification standards and certification programs fail to investigate the full supply chain.
- Including strong language prohibiting labor and environmental abuses in supplier codes of conduct is a first step, but it is only the beginning.
 - While the failures of certifications and social auditing have been widely documented, worker-centered models have shown significant promise as an emerging alternative.
 - Such models entail active worker engagement, based on freedom of association, ensuring that workers are part of decision-making, earn a living income, and can advocate for their rights without fear of retaliation.

Certification Programs

- The farmed shrimp sector is primarily covered by two certification schemes: Best Aquaculture Practices (BAP) and Aquaculture Stewardship Council (ASC).
- BAP and ASC both cover social, labor, and environmental issues in their standards. They provide businesses with recognizable labels, offering consumers assurance about the product's compliance with certain standards.
- While the standards in these voluntary industry programs are laudable, they are regularly violated, including in certified facilities. Social audits used by BAP and ASC to verify compliance are especially prone to failure in the informal economy.



CERTIFICATION PROGRAMS IN THE INDIAN SHRIMP INDUSTRY

About BAP & ASC

▲ About BAP

- The Global Seafood Alliance (known as the Global Aquaculture Alliance until 2021) was founded in 1997 by shrimp farmers and aquafeed and seafood companies in response to criticism about mangrove deforestation. This industry-dominated alliance sets the Best Aquaculture Practices (BAP) certification standards.
- BAP standards have four pillars: food safety, social accountability, environmental responsibility, and animal health and welfare. They also have an overarching set of traceability requirements.
- Despite the traceability requirements, BAP audits exclude sub-suppliers and other crucial stages of the supply chain. Peeling sheds, which have a high risk of labor abuses, including forced labor, are often ignored in BAP-certified supply chains.
- In addition, CAL found labor violations of BAP standards in BAP-certified facilities.
 - For example, [BAP's website](#) shows that Nekkanti Sea Foods is BAP-certified and has had unannounced audits performed on many of its processing plants.
 - Yet, CAL inspections of Nekkanti Sea Foods found pervasive violations of labor laws, from paying workers informally, to intimidating workers, to restricting workers' freedom of movement to company hostels during non-working hours.
- In addition, the FDA regularly finds antibiotic violations from BAP-certified facilities despite testing less than 1% of all shrimp imports for antibiotics. See examples, which are readily available to U.S. companies, at <https://shrimpalliance.com/?s=antibiotics>.

▲ About ASC

- Started in 2010, ASC brought together the seafood farming industry with non-profit organizations, academics, and retailers to develop sustainability standards for aquaculture in line with the United Nations Food and Agriculture Organization (FAO) Guidelines and the International Social & Environmental Accreditation & Labelling (ISEAL) Standard Setting Code of Good Practice.
- ASC announces its audits to companies in advance. At best, this practice allows companies time to bring known issues into compliance. However, announced audits are known to allow employers to hide illegalities and train workers to provide “correct” answers to auditors.
- ASC focuses solely on shrimp farms, excluding examination of hatcheries and the processing sector altogether, thereby certifying only a small part of the supply chain.



CERTIFICATION PROGRAMS IN THE INDIAN
SHRIMP INDUSTRY

About BAP & ASC

▲ BAP and ASC function as little more than marketing ploys that fail to protect workers or the environment.

- CAL's report showed that industry certification schemes, such as BAP and ASC, help mask the labor and environmental atrocities in the shrimp industry when they fail to enforce their standards and falsely reassure U.S. purchasers and consumers that all is well.
- U.S. retailers and wholesalers wield significant power and bear a profound responsibility to help transform the Indian shrimp sector by prioritizing investments in fair compensation, ethical recruitment, and sustainable practices across the shrimp supply chain. Significant buyers like Walmart, Target, and Kroger must change their procurement practices.

