

## **How to manage the risk of human rights violations in Norwegian fisheries?**

Working conditions in the fishing industry can be harsh. The supply chain, where key inputs are produced, also represents a high inherent risk of violations of fundamental human rights.

The Norwegian Transparency Act, which came into force in 2022, requires all businesses over a certain size to identify and manage the risk of human rights and labour rights violations within their own operations and in the supply chain. This is known as due diligence and applies to all industries, including the fishing industry.

To facilitate compliance with the Transparency Act, Stakeholder has prepared a report that identifies typical risk factors within both the fishing industry itself and in the supply chain. The report, funded by the Norwegian Seafood Research Fund (FHF), also provides a step-by-step guide on how to conduct due diligence assessments. Additionally, a template for board level reporting (a requirement under the Transparency Act) and an Excel-based tool for prioritizing risks by severity have been developed.

The presence of a risk for human rights and labour rights violations in an industry does not mean that this in fact occurs in all businesses. Stakeholder's report identifies typical, potential risk factors that companies should refer to and investigate for their own business in their due diligence process.

### **What is the potential risk landscape?**

Since 2000, 156 Norwegian fishermen have died on the job. Fishermen also have an increased risk of losing basic social rights, such as pensions, sick leave compensation, and coverage in case of injury or death, compared to other employees in Norway.

It is well known that the risk of accidents and injuries is high in the industry. According to the Norwegian Maritime Authority's accident statistics, covering 2024 until June 8, 36 personal accidents have been reported, including two fatalities and 23 with sick leave, and 23 ship accidents, including six sinkings. On average, 5.6 people have died each year since 2010. This is significant.

The social working environment on board the vessels can also be harsh. Bullying and harassment, including sexual harassment has been reported. In parts of the fleet, exploitation of foreign labor has been documented.

Many fishermen are self-employed, even if they do not have shares in the vessel, and receive a share of the catch, not a salary. This means irregular income and increases the risk of losing basic social rights, such as pensions, pay during sick leave, and coverage in case of injury or death.

The report from Stakeholder includes a review of the risk of violations of labour rights in the supply chain in key areas: fishing gear and packaging, bait, electronics, workwear and footwear, transport services, and shipyards. The report uses an analytical method where risks are divided into country risk, raw material risk, and product risk.

Typical risk for key input products for the fishing industry are:

- Fishing gear and packaging have relatively short supply chains with some production and assembly in Europe and Norway, but with high risk related to production in countries with weaker workers' rights protection.
- Bait is fished both along the Norwegian coast and in other parts of the world, such as the South Atlantic. There is a high risk associated with working conditions on fishing boats in the South Pacific, South Atlantic, Atlantic, and Sea of Japan. This includes long working hours, poor living conditions, injuries, malnutrition, disease, and violence.
- Electronics have a non-transparent supply chain, with well-documented high risks of human and labour rights violations in several production stages, especially raw material extraction.
- In the supply chain for workwear and footwear, there is high price pressure, complex supply chains, and production in countries with weak enforcement of labour rights.
- Poor HSE practices have been reported at shipyards, especially in Turkey.
- The transport sector has the highest risk associated with the van segment, which is less regulated. There are also risks related to traffic safety and wages for foreign drivers in freight transport.

### **Cooperation**

The industry already has several measures in place to improve working conditions in the fishing fleet that fit well with the requirements of the Transparency Act. However, the industry has paid very little attention to working conditions in the supply chain. The opportunities for cooperation should be exploited when addressing the supply chain: The industry should develop common supplier requirements and follow-up measures. This will both increase buyer leverage and ease the work burden both for the industry itself, and for the companies in the supply chain, which will thus avoid responding to many quite similar, but differently designed, questionnaires and requirements.

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#### **Facts**

The Transparency Act requires businesses that meet two of the following three criteria – sales revenue over NOK 70 million, balance sheet total over NOK 35 million, or more than 50 full-time employees – to report on the findings and assessments made regarding the risk of human rights violations in their own business and among those they buy goods and services from.