



MAZZETTA COMPANY, LLC.

2010 Corporate Responsibility Report

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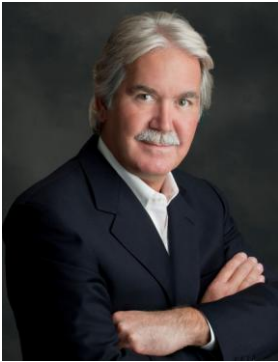
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Contents

- ❖ A Message from Tom Mazzetta
- ❖ Corporate Profile
 - Beach Point Processing Company, PEI, Canada
- ❖ Environment Overview
 - Sustainable Products
 - Mitigating Our Footprint
 - U.S. Import and Food Safety Policy
 - U.S. Climate Policy
- ❖ Food Safety and Social Overview
 - Audit Process
 - Responsible Sourcing
 - Case Study: Bangladesh
 - Spotlight on Thailand
 - Audit & Sourcing Goals
- ❖ Industry Leadership
 - Affiliations and Working Groups
 - SeaShare Partnership
 - Supporting Active Conservation & Sustainable Fisheries
 - River Herring Initiative Update



A Message from Tom Mazzetta



Mazzetta Company is not just our business; it is our family name and our heritage. Although much has changed in the way seafood reaches the American dinner table over the past twenty-three years, the principles and values that originally guided Mazzetta Company as a small family-owned business remain steadfast. Today as in years past we conduct business with integrity; a demonstrated commitment to excellence and to constant improvement; and strive to exhibit the highest level of professional, ethical, and social conduct. As a result, the Mazzetta brand name has grown to become synonymous with exceptionally high quality and service and is today recognized as a global leader in the supply of premium seafood.

We are both humbled and extremely proud of the accomplishments we have made since our founding in 1987, but with successes we have also been mindful of the great responsibilities we bear. For this reason, Mazzetta Company has long been a careful steward of our environment. We are a leader in employing best operating practices aimed at meeting the needs of today without compromising the ability of future generations to meet their own needs. As of late, this idea has been embraced in the marketplace through terms like *sustainability* and *corporate responsibility*, while at Mazzetta Company, business decisions that consider preserving our planet and its resources have always been a part of who we are.

Sustainability offers no finish line. It's a philosophy...a commitment to progress.

With a second generation of Mazzetta family members taking increasing leadership roles within the company, our commitment to the future of our fisheries and to our environment is a personal one, and a responsibility we take very seriously. Whether it is our involvement in international fisheries policy, marine conservation and ecosystem management, industry standards and certifications, or greater efficiency and mitigating impact throughout the distribution chain, you can be sure that Mazzetta Company is committed to being a global leader on sustainability.

A handwritten signature in black ink, appearing to read 'Tom Mazzetta', with a long horizontal flourish extending to the right.

Tom Mazzetta

CEO and Founder
Mazzetta Company, LLC



Corporate Profile

At Mazzetta Company, LLC, we understand that the seafood business is about much more than just seafood. It's about reliability, creative concepts, business and social responsibility, and most importantly, the ability to consistently deliver a quality product to you, our customer.

Much of our success over the years can be attributed to our focus on one overriding mission; ensuring quality. We take great pride in employing a hands-on approach in the production of our products; from harvesting catch, through processing, storage, transportation, and delivery. It is our belief that by being closely involved in every step of production we are able to ensure the highest standards and controls and ultimately deliver to our customers a product of unparalleled quality. This unwavering commitment to excellence lead Mazzetta Company to become one of the first major importers of frozen seafood to institute a self-inspection program, and throughout our company's history has guided a corporate philosophy predicated on consistently producing the highest quality product possible.

Although headquartered in Highland Park, Illinois, USA, Mazzetta Company maintains a strong global presence and sources seafood products from 19 countries around the world. From an office of merely 25 direct employees (and two family dogs), we indirectly impact thousands of jobs throughout the production and distribution chain and hundreds of millions of dollars in corporate revenues. Indeed, our transformation from a small family business to one of the top U.S. seafood companies responsible for importing over one hundred million pounds of seafood annually has been both humbling and extremely gratifying. Today Mazzetta

Company and its Seamazz® brand are widely regarded as worldwide industry leaders.

Mazzetta Company currently sources seafood from the United States, Greenland, Norway, France, Tristan de Cunha, South Africa, Chile, Canada, Holland, New Zealand, Australia, Vietnam, Thailand, China, Brazil, Bahamas, Honduras, Ecuador, and Indonesia.



❖ **Beach Point Processing Company, Prince Edward Island, Canada**

Earlier this year Mazzetta Company acquired the Beach Point Processing Company (BPPC) located on PEI, Canada; a strategically central location in the Canadian Maritimes to access lobster, snow crab, and pelagic species. We're extremely excited about this venture for a number of reasons. Fundamentally, it allows us to further vertically integrate ourselves, while at the same time it provides us with another platform to pack under the Seamazz brand and support in-house product development with customers.



The BPPC facility has the capacity to process significant volumes of all species and operates from May through December on both Canadian and U.S.-sourced raw material. At present, BPPC employs roughly 150 staff and is developing programs that will further provide training and support the development of its work force.

In terms of sustainability, BPPC is actively cultivating supply relationships with resource stakeholders including fishermen and fishermen cooperatives. These Canadian fisheries have a well-documented history of supporting sustainability initiatives and as BPPC further develops its' sustainability platform we intend to expand this discussion.

Environment Overview

Mazzetta Company maintains a proud commitment of including environmental consciousness in its business decisions and operating practices. In this section of the Report we'll look at a few of the species that have received an elevated level of scrutiny of late within the industry, discuss what we know and what may still be uncertain, talk about some of the key policy issues in the U.S. today and outline the resulting thoughts, goals, and objectives Mazzetta Company has identified for the near term.

❖ **Sustainable Products**

Bringing sustainable products to the marketplace is just one aspect of our sustainability program. We also want to work with our suppliers to improve the sustainability of the manufacturing processes so that customers aren't forced to choose between price and reducing their impact on the environment. As 2009 was the first year Mazzetta Company published a formal Corporate Responsibility Report, this year's report still represents the



early stages of a continuous journey. Accordingly, the following represents a cross section of key products that warrant greater emphasis in terms of a discussion on sustainability. You can expect this product list to continue to grow as we work to become a better and more sustainable company.

Chilean Sea Bass

The international management of Chilean Sea Bass has come a long way since the ‘take a pass on sea bass’ campaigns were introduced earlier this century. Chilean Sea Bass is scientifically known as “toothfish”, which are a long-lived species and historically the global fishery has experienced overfishing, seabird by-catch, and illegal, unregulated and unreported (IUU) harvesting.

Mazzetta however, is proud and extremely confident in its sourcing decisions and internal standards regarding the importation of sea bass.

Mazzetta Company is one of major stakeholders in the Ross Sea Fishery which is in full MSC assessment for certification. This fishery operates in two Commission for the Conservation of Antarctic Marine Living Resources (CCMALAR) Subareas; 88.1 and 88.2. Under the CCMALAR framework, the setting of TACs, monitoring of catches and adherence to technical (conservation) regulations are carried out by CCMALAR. The enforcement of regulations and licensing of vessels that take part in the fishery is the responsibility of the flag state, or in the case of Argos vessels (flag state Ascension), via the UK Government.

The fishery takes place in international waters. While licensed vessels are regulated by the respective flag states, there is the potential for IUU fishing to take place.

IUU is however restricted, firstly by the seasonal ice cover of the Ross Sea and the difficult climate. During the austral summer, the presence of fishing vessels and fly-overs by the New Zealand air force also detects presence of IUU vessels. A final determination regarding MSC assessment for the Ross Sea toothfish fishery is expected in late October/November 2010. We will continue to monitor these developments closely and potentially make adjustments upon issuance of a final determination.

Internally, Mazzetta Company also has a second layer of requirements in place to combat IUU. For each shipment of toothfish (*Dissostichus* spp.), irrespective of its source, we require completed and validated



CCAMLR documentation per the Dissostichus Catch Documentation Scheme (CDS) 21 days prior to shipment arriving at U.S. port. By way of further background, CCAMLR is the Commission on the Conservation of Antarctic Marine Living Resources, which came into force in 1982. The aim of the Commission is to conserve marine life of the Southern Ocean. As resources assume growing economic importance, the temptation to work outside conservation or regulatory measures increased; leading to work on 'illegal, unregulated and unreported (IUU) fishing'. The introduction of the CDS by CCAMLR in 2000 to monitor landings of, as well as global trade in, toothfish constituted an unprecedented initiative aimed at combating and assessing IUU fishing for those species.

The CDS is one of a suite of CCAMLR measures aimed at eliminating IUU fishing in the Convention Area. CCAMLR also mandates strict vessel licensing requirements, at-sea and port vessel inspections, and the requirement for the continuous monitoring of each vessel's position in the Convention Area using automated satellite-linked monitoring systems (VMS).



Once completed CDS materials are received by Mazzetta, an application for preapproval of importation is made to the National Oceanic and Atmospheric Administration. When we receive certification that our importation has been approved, we forward the documents to our Customs Broker who sends them on to U.S. Customs at the port of entry.

All documentation and approvals for every pound of toothfish Mazzetta Company imports are kept on file for a minimum of 7 years.

Lastly, Mazzetta Company is a proud member of COLTO, the Coalition of Legal Toothfish Operators. COLTO works with governments, industry, conservationists and international management groups to combat IUU with a specific recent focus on the southern Indian Ocean regions, around the Exclusive Economic Zones (EEZs) of France, South



Africa and Australia. COLTOs members represent more than 50% of the total global legal production of toothfish and over 15,000 tonnes of toothfish per annum.

Given the preceding, Mazzetta Company stands firmly behind its decision to offer Seamazz® Chilean Sea Bass among its product line.

For more information on the sustainability of Ross Sea toothfish fishery please visit: <http://www.msc.org/track-a-fishery/in-assessment/southern-ocean/ross-sea-toothfish-longline>

For more information on CCAMLR please visit: <http://www.ccamlr.org>

For more information on COLTO please visit: <http://www.colto.org>

New Zealand Hoki

Mazzetta's Hoki is sourced from the only MSC-certified Hoki fishery in the world; located in New Zealand. In March 2001, New Zealand Hoki became the World's first large whitefish stock to achieve Marine Stewardship Council (MSC) certification. It has since been recertified in 2007. This eco-label independently confirms that New Zealand Hoki is a sustainable and well-managed fishery. As we in the seafood industry have come to know well, the Marine Stewardship Council is an independent, global, non-profit organization, which has developed a certification standard for sustainable and well-managed fisheries. It was set up by the World Wide Fund for Nature (WWF) and Unilever in 1997, but is now run as an independent charitable trust based in London.

The New Zealand Hoki fishery is comprised of two separate stocks: eastern and western. Hoki is a species that has received a good deal of attention over the past several years from those in the environmental movement, and accordingly Mazzetta Company has looked very closely at the management of this fishery in line with our commitment to sustainability. What we came to learn, in our opinion, satisfied the questions that were raised with respect to the management of this fishery.

Regarding *stock levels*, the 2009 scientific assessments for these stocks show that both of the eastern and western stocks are in a healthy condition with stock sizes above the level that will produce the maximum sustainable yields (BMSY). Hoki stock size is driven by recruitment fluctuations and regular scientific surveys are undertaken



to assess levels of young Hoki and to measure stock size. Since 2001, the western stock has declined in size as low recruitment levels from 1995 to 2001 flowed through the fishery. In response, the catch limit for the western stock was reduced from 137,000 t to 25,000 t. This management action was part of a determined process to promote stock rebuilding. Since 2002, higher levels of recruitment and low catches have enabled the stock to rebuild to above BMSY.



Regarding *environmental impact*, the distribution of fishing activities and catch information collected by the New Zealand Ministry of Fisheries (MFish) determines the impact on by-catch, including protected, threatened and endangered species. Measures are already in place to reduce the environmental impacts of the fishery on seabirds, on New Zealand fur seals and sensitive marine habitats. While some of the Hoki catch is taken in the mid-water, most is taken by bottom trawling and on flat ground comprised of soft sediments. The Hoki fishery does not overlap areas with sensitive benthic communities, such as corals, and the impact of fishing on the soft seabed is currently under assessment. Trawl gear is rigged to ensure as little contact with the seabed as possible to reduce drag and to optimise fuel consumption. Further developments and an Environmental Risk Assessment are underway as part of the fishery's conditions of certification.

Regarding the *fishery management plan*, the management system is legally robust, respects international law, complies with domestic law and observes customary and legal rights. Management actions are informed by clear, relevant information that draws on stakeholder input and allows managers to consider a range of management actions. The draft fisheries plan sets out the objectives and outcomes for the management of the NZ hoki fisheries. Of note, in late 2006 the Deepwater Group Ltd (the fishery client) and MFish entered into a formal partnership agreement to collaborate on the management of New Zealand's deepwater fisheries, including hoki. This has enabled co-management via a constructive and close working relationship



under an agreed vision, agreed objectives and through a collaborative work plan.

Regarding *fishery improvements*, concerns over the status of the western stock necessitated the adoption of a stock rebuilding plan. In line with the plan, management changes to date have seen a positive response in the western stock and the fishery remains on course to meet the required stock improvements.

Given the preceding, Mazzetta Company stands firmly behind its decision to offer New Zealand hoki to its customers.

For more information on the sustainability of New Zealand Hoki please visit:
<http://www.msc.org/track-a-fishery/certified/pacific/new-zealand-hoki/new-zealand-hoki-1>

<http://www.greatestmeal.co.nz/facts>

Lobster

Prior to our acquisition of the Beach Point Processing Company on PEI, Canada this year, Mazzetta Company was still one of the largest suppliers of frozen lobster to the U.S.

Geographically, we source our warm water lobster from the Bahamas, Brazil, and Honduras; while our cold water lobster are sourced from Maine, Australia, New Zealand, Canada, South Africa, and Tristan da Cunha.

With respect to the sustainability of each fishery, in this section of the report we're going to talk generally about the warm and cold water fisheries as a whole and highlight the high and distinct internal standards that Mazzetta Company employs when procuring lobster from each.

Warm Water Lobster



Warm water lobster fisheries have as a general matter experienced their largest perceived challenges related to geographical variances in management standards and recreational harvesting. To address these issues, Mazzetta Company



relies upon its own internal standards and safeguards. As a baseline we look to the NOAA/NMFS regulations governing Caribbean Spiny Lobster. Daily catch limits, permit and vessel IDs, carapace size and tail requirements are the cornerstone elements, but these management provisions also address release of undersized lobster, length of season, night diving, allowable gear, bycatch limits, trap identification and degradable panel mandates, and protocols for berried lobster.

Because the average growth rate of warm water lobster is 5 to 7 years before reaching minimum legal size, routine stock assessments, high standards, and strong enforcement are essential to ensuring the sustainability of these fisheries.

Cold Water Lobster

The cold water lobster fisheries Mazzetta Company sources from are among the most successfully managed lobster fisheries in the world. The Western Australian Lobster fishery was MSC certified in



2000 and then recertified in December 2006, while the Maine lobster trap fishery is currently under MSC assessment with an expected completion date in 2010. In addition, the Canadian lobster fishery is widely viewed as having embraced the notion that sustainably managing the resource today protects their livelihood and this valued ecosystem for tomorrow.

South Africa's rock lobster fishery is among the real success stories in sustainability. Viewed to have collapsed in 1981, the management plan for the South Coast Rock Lobster (SCRL) was retooled in subsequent years and completely overhauled in 2000. In the 2001 - 2002 fishing season, the SCRL TAC was set at 340 tons. Three years later, the management plan bore fruit and the TAC increased to 382 tons. In addition to the controls by Marine and Coastal management, the industry has set up a committee consisting of rights holders, who governs and manages the sector to ensure that all rights holders act responsibly.



Tristan da Cunha is a British Overseas Territory governed by an Administrator who is appointed by the UK Foreign and Commonwealth Office. While the fishery is viewed to have been subject to over exploitation in the past, those experiences lead to conservative quotas and the successful rebuilding of stocks. The fishery is controlled by quota, catch effort and size limitations. The annual rock lobster quota, presently 437 metric tons, is determined by the Tristan Fisheries Department under the auspices of the UK government based on best available scientific information and management advice provided by the Marine Resource Assessment and Management Group (MARAM) in South Africa as well as the Marine Resources & Assessment Group (MRAG) in the UK. Berried females may not be landed and all discarded lobster must be returned to the sea as close as possible to the place where caught. Stock assessments are independently carried out by Cape Town based stock assessment team, MARAM with input from MRAG in the UK. Although different in many ways, the common elements that must be sufficiently addressed to earn Mazzetta Company's business include:

- Most aspects of the life history of the species are clearly documented and understood. The basic biology of the fishery is established early in the history of the fishery, and all basic life history parameters (fecundity, growth, natural mortality) have been studied and are well understood. These studies support a high to very high degree of confidence in the evaluation of the fishery.
- All landings, from commercial and recreational fishing, are accurately estimated and monitored. All commercial fishers have provided a comprehensive record of catch and fishing effort which provides a comprehensive picture of catch and fishing effort by location, breeding state, by-catch, undersize returned, environmental conditions, gear and bait types used.
- There is adequate knowledge of the impacts of the fishing gear on the habitat.
- The management system considers the long-term interests of people dependent on fishing for food and livelihood, in a manner consistent with ecological sustainability.
- There is a comprehensive research plan and monitoring program.

Given the preceding, Mazzetta Company stands firmly behind its decision to offer both warm and cold water lobster to its customers.



For more information on the sustainability of the lobster fisheries Mazzetta Company sources from, feel free to contact us directly or visit:

<http://www.msc.org>

<http://www.tastelobster.ca/english/fishery.html>

<http://www.lobsterfrommaine.com/sustainability.aspx>

http://www.nmfs.noaa.gov/fishwatch/species/car_spiny_lobster.htm

<http://tristandc.com/government.php>

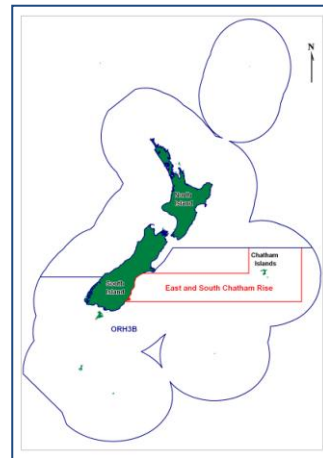
<http://www.envirofishafrica.co.za/ess/ESS2000WEBSITE/Southcoastrocklobster.htm>

<http://www.lobster.um.maine.edu/>

http://www.tastelobster.ca/eng_home.php

Orange Roughy

Mazzetta Company supplies exceptionally high quality Orange Roughy fillets through its joint venture with Sealord. Sealord is the largest quota holder of Orange Roughy in New Zealand, thus our Orange Roughy is harvested from the deep pristine waters of the Southern Oceans. Because Orange Roughy has received a great deal of scrutiny in the marketplace, we sought to be especially thorough discussing the current management of this species and the sustainability of the fishery. Accordingly, we have included a great deal more technical information than other species covered in the report. We also maintain close communication with Sealord, the New Zealand Government, and various NGOs in order to have the latest scientific information and management decisions readily available. We would be happy to provide additional information and updates as requested.



By way of background, the New Zealand commercial fisheries are managed as part of the Quota Management System (QMS). This system is widely recognized internationally as one of the best for management of fisheries and the environment.





Management of Orange Roughy fisheries has continually developed over the last 20 years as scientific understanding and knowledge has grown. Approximately half of New Zealand's total Orange Roughy catch comes from the East and South Chatham Rise fisheries. East and South Chatham Rise is located to the east of New Zealand's South Island and forms part of the ORH 3B Quota Management Area.

Under the Fisheries Act 1996, the NZ Minister of Fisheries (the Minister) has responsibility for setting the Total Allowable Catch (TAC) for each fish stock managed under the New Zealand Quota Management System (QMS). The Minister also allocates the TAC between sector groups (commercial, recreational and customary Maori) and sets an allowance for other sources of fishing related mortality. As Orange Roughy are not taken by non-commercial fishers no allocation is made to the recreational or customary Maori sectors. The TAC is therefore fully allocated to the commercial sector as a Total Allowable Commercial Catch (TACC) less an allowance of 5% for other sources of fishing related mortality.

Quota Management Areas (QMAs) define stock boundaries and TACs and allowances are set at the QMA level. In some cases, where more than one biological stock exists within a single QMA, each biologically distinct stock is assessed and managed independently. Catch limits for these stocks are agreed with Quota Owners and sum to the TACC for the QMA as a whole.

The Ministry of Fisheries employs fisheries managers (responsible for advising the Minister on the appropriate level at which to set each TAC and allowances), and fisheries scientists (responsible for commissioning the collection and analysis of scientific research to inform management advice). Fisheries managers work closely with scientists to ensure advice provided to the Minister is consistent with the best available scientific information.

Review of Stock Structure

Stock assessments are contracted by the Ministry of Fisheries and are undertaken by independent research providers. Results are



presented to the Deepwater Fisheries Assessment Working Group (the Working Group) where they are peer reviewed. The Working Group is chaired by a Ministry of Fisheries scientist and membership includes independent scientists, fisheries managers, Industry and environmental NGO representatives. Completed stock assessments are formally peer reviewed through a scientific plenary process culminating in a final report on the status of the stocks. An annual Plenary Report is collated and is freely available on the Ministry of Fisheries website (www.fish.govt.nz)

In 2008, the stock structure of Orange Roughy on the Chatham Rise was comprehensively reviewed. The review evaluated all available data as no single dataset provided definitive information about likely stock boundaries. The data analyzed included: catch distribution and Catch per unit effort (CPUE) patterns; location of spawning and nursery grounds; inferred migrations; size, maturity and condition data; genetic studies; and habitat and natural boundaries.

Based on these analyses Orange Roughy on the East and South Chatham Rise are considered to comprise a single biological stock. Stock assessments prior to that undertaken in 2008 are no longer considered to be reliable.

Stock Assessment Methodology

Estimates of current biomass:

The main spawning aggregation for Orange Roughy within the East and South Chatham Rise stock forms during June-July to the north-west of the Chatham Islands. The location and structure of this spawning aggregation, which occurs over flat ground and extends up into the water column, makes it amenable to acoustic surveying. Surveys using the same vessel, equipment and survey methodology have been undertaken annually here since 2002.

Since 2008, the spawning biomass estimates from this survey series have been used as a basis for estimating the current biomass of the East and South Chatham Rise stock. The biomass of the main spawning aggregation is the key input to the assessment as most Orange Roughy on the East and South Chatham Rise are thought to spawn in this location. Smaller spawning events are known to occur in other areas and an allowance for these fish is made in the assessment. The most recent estimates of current spawning biomass across the East and South Chatham Rise are summarized in Table 1.



Spawning biomass estimates are factored up to mature biomass by the proportion of the total mature biomass that was likely to spawn each year. Following a review of the available literature, scientists agreed that a credible range for this multiplier is 1.1 to 1.91, with a mean of 1.49.

Table 1: Estimated current spawning biomass of Orange Roughy across the East and South Chatham Rise.

Area	Mean
Plume	41,400
NE Flats	5,700
NE Hills	700
Mt Muck	1,500
Andes	2,400
South	2,400
Total	54,100

Estimates of Unfished Biomass

In 2008, the Working Group agreed that the stock assessment models used in previous years to assess the East and South Chatham Rise Orange Roughy stock were not thought to be useful in determining recent stock status. However, model outputs from assessments undertaken in the early 1990s are believed to provide a useful estimate of the size of the likely unfished stock size (B_0). Based on these model outputs, B_0 is estimated to be between 300,000 and 450,000 tonnes. Simple stock reduction models based on catch data give similar ranges. Based on the cumulative catch and the previous stock assessments of the East and South Chatham Rise Orange Roughy stock, the Plenary considered that B_0 was likely to fall in the range 300,000 to 450,000 tonnes.

Scientific Advice

The (Ministry of Fisheries) 2009 Plenary Report describes both the process for determining the current biomass (B_{current}), and updates the assessment of B_{current} incorporating the 2008 survey results. The 2009 Plenary report states that:

“The acoustic estimates of Plume biomass were used as a basis for estimating the current biomass, by first adding on an allowance for spawning fish in other areas and then scaling up the estimated spawning biomass to the total mature biomass using a range of multipliers of 1.1-1.9, with a mean of 1.49. This gave a range of mature biomass for the East and South Chatham Rise of 60,000-103,000 t, with a mean of 81,000 t.

Combining these B_{CURRENT} and B_0 estimates gives a current stock status range of 13-34% B_0 . However, estimates of stock status greater than



30% B₀ are not considered likely given the 2008 Plenary conclusion that the stock was likely to have been of the order of 30% B₀ by 1990, continuing substantial declines in most CPUE indices, and a halving of the acoustic estimates of the spawning plume biomass over the past 6 years. It is likely that the East and South Chatham Rise stock is in the range 13-30% B₀."

The current status of the East and South Chatham Rise stock is summarized in Table 2 (Ministry of Fisheries).

Table 2: Current biomass as a percentage of the initial biomass (B₀) using the range of estimates for B₀ and current biomass.

Current biomass (%B ₀)	Current biomass (%B ₀)		
	Low B _{current}	High B _{current}	Mean
B ₀ (tonnes)	(60,000 t)	(103,000 t)	(81,000 t)
300,000	19.8%	34.4%	26.9%
450,000	13.2%	23.0%	17.9%

Managers' Decisions

As was mentioned, Orange Roughy are managed under the New Zealand Quota Management System (QMS).

The general strategy defined by the Fisheries Act 1996 requires QMS stocks to be maintained at or above a biomass that can produce the Maximum Sustainable Yield (B_{MSY}) – the biomass that can support the largest annual catch that is sustainable in the long-term while maintaining the stock's productive capacity. Annual TACCs are set by the Minister of Fisheries based on advice provided by the Ministry of Fisheries in consultation with stakeholders.

The Minister of Fisheries approved a Harvest Strategy Standard for New Zealand fisheries in 2008. The Harvest Strategy Standard is a policy statement which establishes best practice in relation to the setting of targets and limits for QMS fishstocks. It also provides guidance as to how fisheries law will be applied in practice, by establishing a consistent and transparent framework for decision-making to achieve the objective of providing for utilization of New Zealand's QMS species while ensuring sustainability.

An F_{MSY}-based harvest strategy for the East and South Chatham Rise fishery consistent with the Harvest Strategy Standard was developed



in 2008 (Ministry of Fisheries, 2008b). Fishing the East and South Chatham Rise stock at F_{MSY} will, by definition, enable the stock to remain at B_{MSY} or, if below, to rebuild towards B_{MSY} .

A phased introduction of the F_{MSY} -based harvest strategy over a three-year period was initiated on 1 October 2008 (the fishing year for Orange Roughy runs from 1 October to 30 September). The phased introduction will result in F equalling F_{MSY} from 1 October 2010.

The strategy recognizes that implementing a phased reduction of the fishing mortality rate over 3 years may continue to reduce stock size. An acoustic survey is undertaken annually to revise the best estimate of current biomass and the F_{MSY} -based catch limit derived from this estimate.

The Minister's decision for the 2008-09 fishing year initiated the staged introduction of the F_{MSY} -based harvest strategy using the stock size reported in the 2008 Plenary Report. Management advice for the 2009-10 fishing year recommends a catch limit consistent with the phased introduction of the harvest strategy and reflecting the stock size reported in the 2009 Plenary Report.

Compliance

The Ministry of Fisheries maintains a comprehensive compliance program which includes both encouraging voluntary compliance through support and respect for the fisheries management regime, and creating effective deterrence through enforcement activity.

Measures to monitor fishing activity include a vessel monitoring system introduced in 1994. Under this system, all vessels over 28 metres, and vessels of any size targeting certain species including Orange Roughy, are required to carry and operate a registered automatic location communicator (ALC) at all times to identify vessel location. In addition, observers and at-sea surveillance supported by the New Zealand Navy and Air Force, assist in monitoring to verify compliance with statutory requirements.

Measures to verify reported catch are undertaken, including the auditing and reconciling of reported catch from multiple sources to identify any discrepancies. Reporting requirements for vessels include the estimated catch per tow and the landed and processed catch for each trip undertaken. Catch can only be landed to Licensed Fish Receivers (LFRs), and LFRs are required to report all catch



received. Additional quayside inspections may be undertaken to verify reported landings. There are financial penalties for catch in excess of annual catch entitlements (ACE) held and fishers face prosecution and severe penalties for breaches of legislation.

The Ministry of Fisheries also places scientific observers onboard vessels. Key tasks performed by the observers include monitoring of target catch and bycatch, recording interactions with protected species and collecting scientific information (such as length, maturity and age data) used to monitor stock status. Observers also report any observed non-compliance with fisheries legislation or voluntary agreements. Approximately 30% of all tows in the East and South Chatham Rise Orange Roughy Fishery are observed.

Measures to encourage voluntary compliance are fundamental to the New Zealand Quota Management System (QMS). Under the QMS, the Total Allowable Commercial Catch (TACC) for each fishery is split into quota shares. Quota shares are allocated in perpetuity and can be freely brought and sold. The value of quota is linked to the quantum of fish it represents which, in turn, is determined by the level at which the TACC is set. As there is little value in owning a share of a depleted fishery, quota owners have strong financial incentives to preserve the value of their quota assets by ensuring the sustainability of stocks over the long term. The New Zealand fishing industry therefore works closely with the government to ensure compliance with agreed management measures.

Stock Status

The following reference points have been established for the East and South Chatham Rise:

B_{MSY} :	30% B_0
Management Target:	Biomass 30% B_0 Progressive reduction of fishing pressure to 4.5% (i.e. $F = M$) by 1 October 2010
Soft Limit:	20% B_0
Hard Limit:	10% B_0



Based on the best available scientific information the current biomass in 2008 (B_{2008}) was estimated to be in the range 13-30% B_0 with a mean estimate of 21.5% B_0 . As B_{MSY} is estimated to be 30% B_0 , the stock is at approximately 72% B_{MSY} .

Trends

New Zealand's Orange Roughy fisheries have been managed under the QMS since 1986 and a TACC for Orange Roughy in ORH 3B management area has been in place since 1986. It is now recognized that there are several distinct biological stocks within the ORH 3B management area and each is now assessed and managed independently. Separate catch limits have been established for each biological stock. Together, these sum up to the TACC for ORH 3B. While the accepted biological stock structure of Orange Roughy on the East and South Chatham Rise has varied over the years as new information has become available, there has been an agreed catch limit in place for the East and South Chatham Rise since the 1992-93 fishing year.

Recovery Plans

As the best estimate of current biomass (21.5% B_0) remains above both the hard (10% B_0) and soft limit (20% B_0) reference points, development of the harvest strategy to date has focused on reducing F to F_{MSY} . A phased introduction of an F_{MSY} -based catch limit was introduced on 1 October 2008 such that the fishing mortality rate will equal F_{MSY} by 1 October 2010.

Consistent with the Harvest Strategy Standard, the fishery will be considered for closure if it falls below the hard limit reference point. Work is ongoing to complete the harvest strategy by establishing a target relationship between F and $B_{current}$ for implementation should the stock fall below the soft limit reference point.

Other Target and Bycatch Species

New Zealand's Orange Roughy fisheries generally take little non-commercial finfish bycatch. In fact, Orange Roughy makes up approximately 65% of the total observed catch. In several locations on the East and South Chatham Rise, Orange Roughy and oreo species form a mixed fishery. Together, these species (Orange Roughy and smooth, black, spiky and warty oreo) make up over 90% of the total observed catch. In total, the commercially valuable species managed under the QMS account for approximately 93% of the total catch. The



catch of these species is restricted by a Total Allowable Commercial Catch.

Habitat

Bottom trawling for Orange Roughy occurs year-round over flat ground and on underwater hills and is known to impact on benthic communities. Over the 20-year duration of the New Zealand target Orange Roughy fishery it is estimated that 10% of the seafloor within the EEZ, and within the range of Orange Roughy (i.e. 750 – 1,250 m depth), has been fished by bottom trawl. Factors that mitigate the impact of the fishery on the seafloor include the relatively small size of Orange Roughy trawl nets (generally only 18 to 25 metres wide), the short duration and bottom contact time of hill tows (the trawl gear is typically only in contact with the seabed for five to ten minutes), restrictions on where bottom trawling can occur (the steepness and roughness of the terrain frequently limits the proportion of underwater features that can be trawled) and the large areas of the New Zealand EEZ now closed to bottom trawling.

As the East and South Chatham Rise fishery has been operational for over two decades there is now relatively little exploratory fishing over new grounds. Vessels engaged in the fishery typically fish over the same parts of the seafloor each time they return to the grounds and the fishery is now primarily focused on relatively small, localized areas.

Marine Reserves

Over 31% of the New Zealand Exclusive EEZ is now closed by law to bottom trawling, a measure promoted by industry and supported by Government. These areas are broadly representative of the range of seabed habitats within the EEZ, particularly in the deep water, and have been selected to encompass a significant percentage of pristine areas that have not been impacted by trawling, and to provide large and untouched refuges for deep water corals. These closures exclude bottom trawling from 18% of Orange Roughy's range, 52% of true seamounts (i.e. underwater features with > 1,000m elevation) and 88% of known hydrothermal vents. This constitutes the largest bottom trawl closure within any EEZ in the world.

As mentioned, we sought to be especially thorough discussing the current management of this species and the sustainability of the New Zealand Roughy fishery as a basis for our confidence in



standing firmly behind our decision to offer Orange Roughy to our customers.

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- Ministry of Fisheries (2008b). Review of sustainability measures and other management controls for the 2008-09 fishing year – Volume 1: Final Advice Papers and summary of recommendations. 116 p.
<http://www.fish.govt.nz/en-nz/Consultations/Archive/2008/Review+of+Sustainability+Measures/default.htm?WBCMODE=PresentationUnpublished>

For more information on the sustainability of NZ Orange Roughy please visit:

<http://www.fish.govt.nz>

<http://www.fishsource.org>

<http://www.sustainablefish.org/>

SEAMAZZ Swai

Mazzetta Company sources its Swai from Vietnam, which is included in the native range of the species. Swai (*Pangasius hypopthalmus*), has historically been confused with 'Basa', however this is a misnomer, as true Basa (*Pangasius bocourti*) is no longer farmed in large quantities in Vietnam. The FDA-approved market names for this species of fish (*Pangasius hypopthalmus*) are Tra, Swai and Striped Pangasius. In our view, Swai offers advantages over Basa due to its faster growth rates, more efficient conversion rates, and the generally hardy nature of the fish.



In addition to the emphasis we place on processing, Mazzetta Company takes great pride in the effort it has undertaken over the past several years at the pond level to ensure the quality of our Swai. This effort includes working with suppliers that are Global G.A.P.-approved, as well as ponds that are SQF-certified having up to 30% water circulation per day. In addition, using only superior quality feed, closely managing stocking density and employing both a comprehensive traceability and food safety regimen ensures the kind of quality Mazzetta has become known for. Following is a more



detailed breakdown of the key sustainability areas discussed in brief above.

Ponds:

As stated, Mazzetta sources its Swai from Vietnam. Water is pumped to our ponds directly from a fresh water source; water quality is tested and water is treated prior to being introduced into the ponds. There is a 30% water exchange each day in the ponds in which new treated water is pumped. Ponds are drained after each farming cycle and cleaned before restocking. Ponds vary in size but the average 1 hectare pond will yield approx 200mt of fish. Farming cycle is 5-6 months from fingerling to harvest weight (approx 1kg).

Feeds:

It has recently been mandated by National Fisheries Quality Assurance and Veterinary Directorate (NAFIQAVED) under the Ministry of Fisheries of Vietnam that all farmers switch to pelletized commercial feeds produced by approved suppliers. All feed is also third-party tested for the existence of residues or banned substances.

Resource Size:

1,500,000 metric tons of Swai was harvested in Vietnam in 2009 according to the Vietnamese Association of Seafood Exporters and Producers (VASEP) – for reference this is close to twice the size of the Alaskan Pollock fishery (09 TAC). The incredible growth in volume has resulted in Swai becoming the most competitively priced white fish in today's market.



Food Safety/Traceability:

Mazzetta Company has been at the forefront of food safety initiatives in Swai farming in Vietnam. We have been an active participant in the WWF Pangasius Aquaculture Dialogues and have implemented several 3rd party certifications for each step of the production process. As we are active promoters of the ACC's BAP certification, as



soon as these standards for Swai are finalized we will be implementing these at the APPU.

Given the preceding, Mazzetta Company stands firmly behind its decision to offer Swai to its customers.

For more information on the Agifish Pure Pangasius Union please visit:
http://www.agifish.com.vn/home_en/modules/sections/index.php?op=viewarticle&artid=23

Warm Water Shrimp

Nearly eighty percent of the shrimp Americans consume each year is farm-raised. In recent years, worldwide shrimp production has increased at a rate of nearly 10% annually resulting in a modern shrimp aquaculture industry in excess of \$10 billion annually with production numbers over 2.6 million metric tons. Numbers like those necessitate great responsibility throughout the production and distribution chain and Mazzetta Company has long embraced that responsibility.



As a Governing Member of the Global Aquaculture Alliance, and a registered Aquaculture Certification Council buyer, our commitment to best operating practices and high standards and protocols has never been in question. However it is the additional overlay of our own internal requirements and

protocols that separates Mazzetta Company from its competitors.

With respect to warm water shrimp, we'd like to focus on three major areas; farms and feed, transport and processing, and environmental mitigation.

Farms and Feed

Any great chef will tell you, beginning with good ingredients makes all the difference. In this spirit, Mazzetta Company maintains strict guidelines regarding the use of feed. Our feed ingredients do not contain pesticides, chemical contaminants, microbial toxins, or other adulterating substances. In addition, all of our suppliers are required to have approved farms they purchase from and are inspected prior to harvest for the presence of antibiotics or banned substances.



Transport and Processing

As has been mentioned, Mazzetta Company maintains extremely high internal standards and no where are these standards more evident than in the production of our shrimp. We embrace strict specifications on hygiene and cleaning, water use, travel time from pond to plant, temperature limits including cooking temperatures if applicable, product recall, and internal audits. We also boast industry-low use of tripolyphosphate and soaking times, excellent uniformity ratios, color segregation and strong microbiological specifications. As you might imagine, Mazzetta Company is also extremely tough on allowable basic defects and foreign matter contamination. These specifications present significant costs, but in the end produce a superior product.

Environmental Mitigation

With the phenomenal growth rate of shrimp aquaculture has experienced over the last decade, it is vitally important to continue increasing the awareness of proper waste management within the shrimp farming industry and enhance protection of coastal land and water resources. Inherent in farming are activities that produce wastes. With that in mind we are adamant that our suppliers have systems of waste management for protecting lands and waters in the vicinity of their activities. These guidelines include maintaining canals and embankments to reduce erosion of above water portions, minimizing water exchange to the extent feasible, use of efficient fertilization and feeding practices to promote natural primary productivity while minimizing nutrient inputs, draining of ponds in a manner to minimize resuspension of sediment and prevent excessive water velocities in canals and at effluent outfalls, ensuring ponds are fallowed and disinfected between production cycles, having reforestation or similar programs, and of course routinely evaluating waste management procedures and continually attempting to improve upon them. We recognize that our market share positions us to have great influence in this regard and we readily embrace the opportunity to demonstrate continued leadership in sustainable production.



Mazzetta Company has also been an industry leader in requiring the replenishing of mangrove ecosystems to preserve the biodiversity of these coastal ecosystems. Specifically, Mazzetta strongly advocates that new shrimp farms are not to be developed within mangrove ecosystems. Realizing that some mangrove must be removed for canals when new shrimp farms are sited behind mangroves, a reforestation commitment of no net loss of mangroves is maintained.



Given the preceding, Mazzetta Company stands firmly behind its decision to offer Seamazz® brand raw and cooked premium shrimp, and warm water farm-raised shrimp among its product line.

For more information, please visit:

<http://www.gaalliance.org/>

<http://www.aquaculturecertification.org/>

❖ Mitigating Our Footprint

As was initially discussed in our 2009 Report, greater efficiency can be achieved through many forms. In 2009 we discussed the elimination of simple case strapping as a way to reduce our use of plastics, our emissions in transport, and even marginally lower our costs. While we didn't anticipate many would view that minor change in efficiency as monumental, it effectively demonstrated our thought process in evaluating our operations and the possibilities that may exist to streamline and mitigate our footprint.

In June 2010 Mazzetta Company took another step in this effort when it began offering iGPS pallets in place of wooden pallets to all of our customers. Making the switch to iGPS pallets, although more costly, is a really great demonstration of how a business decision can in a longer view be both sound economically as well as environmentally. Two of the chief advantages of iGPS pallets are that they're traceable and recyclable. In terms of traceability, iGPS pallets can be tracked by their RFID tag. By using iGPS's RFID-tagged pallet pool, Mazzetta Company and their customers have an improved ability to track the location of each unitized load of product throughout the supply chain. This improvement bolsters a key component in ensuring food safety and the ability to implement a necessary product recall.



From an environmental perspective, iGPS pallets are 30 percent lighter than their wood counterparts, which results in greater transport efficiency and a significant reduction in carbon emissions. In addition, unlike wood, iGPS plastic pallets do not require fumigation or heat-treatment, which further reduces energy consumption and emissions throughout the production chain. Lastly, and perhaps most importantly, iGPS pallets are 100 percent recyclable, and will never end up in a landfill.

Although iGPS pallets are more costly, when we take a longer view of the costs; both to our business and to our planet, the benefits of iGPS far outweigh conventional pallets and provide another great opportunity for Mazzetta Company to reduce its' footprint on the environment.

❖ **U.S. Import and Food Safety Policy**

Mazzetta Company maintains a strong presence in Washington, D.C., within the federal agencies, and on Capitol Hill. We believe firmly that to assume a leadership role in our industry we must have the ability to speak with our own voice where decisions are made on the most important policy issues of the day. Changes in *import law and food safety and inspection* are two key policy areas being considered for change in the halls of the U.S. Congress and federal agencies. In particular, we expect the federal government to continue to look closely at the issues of transshipment, country of origin, and labor and human rights issues abroad. In our view, these issues are critically important in terms of maintaining the integrity of our industry and its products, a level playing field for industry competitors, and also in terms of guarding against the potential for unintended consequences and interruption of supply. In this regard, Mazzetta Company works closely with our Congressional delegation, key Committees of jurisdiction, and policy-makers within the federal agencies to serve as a sounding board on policy issues and an on-the-ground contact abroad to help them fully understand how proposed policy changes may work in application.

Forthcoming changes in *U.S. food safety policy* have been well documented, and Mazzetta Company has been fully engaged in these policy discussions for over three years. We have been fortunate that one of the leading voices in this discussion at the federal level is Senator Richard Durbin of Illinois. Having our senator at the heart of this policy debate has positioned Mazzetta Company well in terms of having a platform. If things go as expected, it is likely to see food safety reform legislation passed by Congress sometime in late 2010 or early 2011. As a company that prides itself on exceptionally high standards, we have long been strong an advocate for a high bar in terms of food safety. The current U.S. food safety model is a risk-based approach to inspection, and if that is to continue there is significant value in working



closely with federal regulators to create expedited avenues for companies having high internal standards and a solid track record in terms of compliance. Regarding policy specifics, we expect product recall, traceability, importer registration, creation of an accredited FDA third-party audit and laboratory program, increased inspection including overseas FDA offices, and import fees to be covered among other issues. We also envision an environment of greater transparency, which aims to promote both trust and to ensure timely delivery of supply. As stated, Mazzetta Company believes firmly in high industry standards and the necessary federal safeguards to allow consumers to be confident that their food supply is among the safest in the world.

❖ **U.S. Climate Policy**

Climate change is a debate that has been raging for more than a decade and is now beginning to find its way into federal legislation and international agreements. The most recent U.S. legislative proposals involve various cap-and-trade systems and are premised on placing a value on carbon emissions such that carbon credits can be bought or sold in the marketplace. There is no question that the passage of a cap-and-trade model would have a major impact on U.S. businesses. In our view, there is great potential in a model that taps into the market and fosters innovation and competition. It is unclear to us at this point if any of the most recent legislative proposals making their way through the U.S. Congress represent the best approach to create opportunities for U.S. consumers and businesses to reduce emissions. It is also impossible in our view to look at climate change policy without discussing U.S. energy policy and the necessary transition to energy sources beyond fossil fuels. Although we have not yet taken formal positions on various legislative proposals, we continue to monitor closely U.S. climate change policy and resulting legislation in addition to continually considering internal decisions that may result in Mazzetta Company reducing its carbon footprint.

Food Safety and Social Overview

Mazzetta Company has throughout its history strived to maintain the highest level of ethical, business, and social standards. We have extremely high internal standards and know that it's part of our job to continually seek to improve what we do to meet our customers growing needs and expectations. We believe that being responsible in every aspect of our business decision-making not only helps us to produce the highest quality products, but also demonstrates to our customers our shared commitment to the products they bring to their family's dinner table. In this section of the Report we'll look at our audit process; discuss how we've applied



lessons learned, and our goals moving forward to improve our product, local communities, and the environment.

❖ **Audit Process**

Mazzetta Company's quality assurance is comprised of three main pillars; third-party food safety audits, internal food safety audits, and third-party social audits. Mazzetta Company participates in the USDC Voluntary Seafood Inspection Program and also conforms to the USDA HACCP food safety guidelines; however, it is our on-the-ground presence and our extremely high standards, driven in large part by our layered audit processes that separate Mazzetta Company from its competitors.

Mazzetta Company employs full-time food scientists with advanced degrees and extensive experience that perform all of our internal audits. Our commitment to food safety and quality assurance requires an extremely high level of skill and we are very proud of the quality people we have secured to take on the important challenges inherent in this facet of our operations.



Mazzetta Company's Jeff Goldberg visiting with Vietnamese suppliers.

A typical Mazzetta (internal) food safety audit would be conducted in line with federal requirements, general seafood industry standards, as well as Mazzetta-specific requirements. Many of the farms and facilities Mazzetta works with are regarded among the most modern and professionally managed seafood companies in the world. They routinely have incorporated many state-of-the-art production procedures, comprehensive training and employee medical screening programs, and sophisticated recall and traceability monitoring procedures. In addition, their record keeping systems, HACCP, SSOPs, and approved vendor control programs are excellent and their laboratory analytical capabilities and sanitation methods exceed industry standards.

For reference, a Mazzetta food safety audit is an extremely comprehensive process. It may result in a mere twenty or so page document, accompanied by a large volume of photos; however it covers in great detail every aspect of production. Beginning with the administration, the condition of the facility, employee health and training protocols, through the full production cycle of raw materials leading to finished products, cleaning and sanitation, construction and repair of equipment, transportation, storage, and of course food safety and security, traceability and hazard analysis. There is no question our internal standards at Mazzetta exceed those required by the



federal government and those accepted as industry standards. The frequencies of these audits vary by facility and region, but occur at least annually.

In addition, third-party food safety audits are conducted at least annually at all facilities Mazzetta does business with. As these are more widely understood across industry we will not spend a lot of time elaborating. Mazzetta Company employs two well-established industry leaders; SGS and NSF, to perform these audits worldwide.

Third-party social audits represent the most emergent of our QA pillars. Although again proprietary information, it would not be uncommon for these audits to address monitoring and compliance, child labor, forced labor, discipline, harassment and abuse, working hours, wages and benefits, health and safety and freedom of association.

Under Audit and Sourcing Goals, which is contained later within this section of the Report, we'll discuss our goals to continue expanding both the number and scope of our internal audits.

❖ **Responsible Sourcing**

Responsible sourcing is a critically important piece of this discussion, because we believe setting and achieving goals in responsible sourcing leads to new achievements throughout the distribution chain. In 2009 Mazzetta Company made a bold decision to discontinue sourcing from regions where we do not maintain on-the-ground auditors. The following case study explains some of the thought process behind that decision as well as the social audit goals we have established for the near term.

Case Study: Bangladesh

In April 2008 Mazzetta Company was made aware of a forthcoming report by The Solidarity Center, a nonprofit group that is a global advocate for labor unions and worker's rights. The report was entitled "*The True Cost of Shrimp*" and focused on the shrimp industry in Asia. On the whole, the report documented abuses of worker's rights and human rights violations of the worst kind. Prior to having received a copy of the report, we were made aware that Mazzetta Company was cited in the report, but not the context of the allegations. This was obviously of great concern to us and thus we immediately moved to condemn all of the alleged human rights atrocities contained in the report and to maintain that the farms and



plants Mazzetta Company works with across Asia have a very proud tradition.

At the time, Mazzetta Company imported shrimp from Malaysia, Indonesia, Thailand, Vietnam, Ecuador, and a small amount from Bangladesh. The Solidarity Center's report focused on Thailand and Bangladesh.

After reviewing the report, we came to find Mazzetta Company cited as an importer doing business with Ongkorn Cold Storage, a company located in the Samut Sakhon province of Bangkok. The context of the allegation was unfair wages and unspecified "administrative deductions" on worker's pay stubs. We immediately contacted the owner of Ongkorn Cold Storage and were told these deductions may occur for any number of reasons including providing workers clothes, shoes, or other needs that workers may not be able to provide for themselves, but are necessary in the workplace.

Overseeing our Asian supply chain as was mentioned, Mazzetta maintains a food scientist, based in Bangkok, who is a retired Colonel with 23 years' service in the U.S. Army Veterinary Corps. This gives us great comfort and our customer's real peace of mind in the quality and safety of our supply. We immediately alerted him to the report, and he too was shocked.

He reported that the most recent Mazzetta audit of this facility was conducted on November 22, 2007 (note: a subsequent food safety and social audit was conducted in July 2008). The November 2007 audit was performed by CSCC (a third party independent auditing company) on behalf of SGS and scored the highest possible rating for labor and safety. We nevertheless instructed him to visit the facility. Within one day he confirmed what we had suspected; that worker rights were not in any way being compromised.

The report went on to cite Mazzetta Company a second time as an importer from Bangladesh, a region it alleges is associated with sub-standard labor conditions. At the time, Mazzetta Company imported little product from Bangladesh and did not employ full time auditors in the region. This presented a real decision for us. Without question, discontinuing importing products from Bangladesh would result in lower profits for Mazzetta Company. However, without full time auditors in the region, our ability to react quickly and provide our customers with certainty regarding supply was far less than in regions where we had on-the-ground people. In many ways this decision



went right to core of Mazzetta Company's philosophy and guiding principles, and in that light, the decision to discontinue importing products from Bangladesh was an easy one to make.

We then began outreach efforts to The Solidarity Center to apprise them of our actions in response to their report, and to maintain an open dialogue on these issues. We received one letter from them in response to our outreach, but have not heard from them subsequently, nor have we been referenced in any of their subsequent publications.

Looking back and evaluating this event provided us with several key insights. Our ability to respond so quickly and thoroughly to the Solidarity Center's report really magnified the value of having full time auditors in our key regions. It also served to highlight the growing value of social audits that could serve to insulate Mazzetta Company and its customers against these and potential future allegations.

With this in mind, we have committed to having full time auditors in regions where we do business and have continued to expand our social audits at Mazzetta Company. Although this experience was not something we would wish to go through again, there is no question that we derived value from it. We'll discuss further in our Audit and Sourcing Goals section how we put these lessons learned into action.

❖ **Spotlight on Thailand**

Beginning in late 2009 the Obama Administration, and in particular the U.S. Department of Labor, has spent a good deal of time taking a closer look at labor conditions among our foreign trading partners. Recently Thailand has emerged as a country of particular interest and thus we felt it necessary to briefly discuss some of the protocols Mazzetta Company has in place to ensure the integrity of our Thai supply.

By way of background, over the last three decades, Thailand has made the protection of children a priority in their labor laws. In 1987, Thailand created a Commission for Protection of Child Labor within their Ministry of Labor. In 1998, Thailand enacted the Labor Protection Act (LPA) which contains numerous protections for children. The LPA makes it illegal to employ children under the age of 15. The Act also prohibits children under the age of 16 to be employed in sea fishing unless the child is older than 15 and is employed on the same boat as his or her parent or guardian. In addition, an employer must notify the government within 15 days of employing a child under the age of 18 and within 7 days of the final employment of such child.



Thailand also enacted the Child Protection Act in 2003 which contains additional legal protections from child labor in forced labor conditions or completing hazardous and arduous work.

Thailand's focus on child labor also led the country to include specific protections for women and children's rights in their Constitution adopted in 2007. The Constitution incorporates the protections included in international conventions which Thailand has ratified. The Thai Constitution guarantees children access to 12 years of access to free education, however the Thai government put into effect a 15-year free education program in 2009 which goes above and beyond the 2007 constitutional mandate.

Thailand has also ratified two international agreements focused on the prevention of child labor. In 1992, Thailand ratified the Convention on the Rights of the Child. In 2001, Thailand ratified the International Labour Organization (ILO) Convention No. 182 on the Elimination of All Worst Forms of Child Labor. In 2008, Thailand issued a National Plan of Action to implement ILO Convention No. 182 which has helped coordinate Thailand's efforts to eliminate child labor across its various government ministries. Thailand has also worked closely with the International Organization for Migration, U.S. Agency for International Development (USAID) and the United Nations on child labor issues.

As a global company, Mazzetta Company has always been quick to condemn human rights violations anywhere in the world they might occur. Over the many years we have imported shrimp from Thailand we have never experienced any evidence of child labor being used in the shrimp industry. Nonetheless, as one of the largest U.S. importers of shrimp from Thailand, we have internal protocols and safeguards to ensure the highest standards and controls.

To that end, overseeing our Asian supply chain Mazzetta Company maintains a food scientist based in Bangkok who is a retired Colonel with 23 years' service in the U.S. Army Veterinary Corps. We routinely audit our Thai supply chain for quality, safety, and to ensure that the social conditions under which our supply is produced are of the highest quality. In addition, having an on-the-ground inspector in-country gives our customers the peace of mind they have come to expect from us. Further, every facility Mazzetta Company does business with in Thailand also undergoes a third-party social audit at least annually.

Mazzetta Company has also been in direct contact with the U.S. Department of Labor and members of the U.S. Congress who have shown interest in



learning more about the supply chain safeguards industry leaders have in place. In August of this year, delegations from both the Labor Department and Capitol Hill traveled to Thailand to observe labor conditions first hand. We have made our Thai inspector available to the delegations and in addition anticipate ongoing dialogue to better understand their concerns and to help educate them as to our efforts as a company.

❖ **Audit and Sourcing Goals**

As was discussed in the preceding case study, Mazzetta Company set as a near term goal expanding significantly the number of third-party social audits we perform each year. In 2008 we conducted twenty-one third-party food safety audits and ten social audits. Through June 2009 we conducted eleven third-party food safety audits and four social audits with others scheduled for the near term. Our goal for 2010 is to match 100% of our third-party food safety audits with social audits.

In terms of sourcing, as was mentioned earlier, Mazzetta Company sources products from 19 countries around the world. Based on this diversity, we feel strongly about the benefits of certified products. At a minimum, a certified product – be it ACC, MSC, or another, carries with it a measure of social, environmental, and food safety standards. Certification alone does not satisfy our requirements at Mazzetta Company, but the benefits are such that we have set the near term goal of increasing the percentage of certified products we offer. Initially we will focus this effort on warm water shrimp as it represents our highest volume product, but gradually plan to move into other species and ultimately the products we offer as a whole. In 2007, roughly 40% of Mazzetta Company's warm water shrimp were ACC certified. In 2008 we increased that number to 50%. The goal we set last year was to achieve 75% by the close of 2010; however we're pleased to say that at we're well ahead of that goal reaching 95% midway through October of this year. Achieving this goal so quickly has a lot to do with the internal high standards of Mazzetta Company, but it is also likely a reflection of the continued maturation of the shrimp aquaculture industry. In either case, it is our belief that by awarding our business to farms and plants that are committed to sustainability through high certification standards we reaffirm our own commitment to these important issues. In the long run, we see that as the right decision for the growth and viability of our industry and also essential to ensure that future generations have the same resources available to them that exist today.



Industry Leadership

❖ Affiliations & Working Groups

Aquaculture Certification Council - Mazzetta Company is a registered buyer of ACC and thereby adheres to its Best Aquaculture Practices certification program. <http://www.aquaculturecertification.org/>

Customs Trade Partnership Against Terrorism - Mazzetta Company was the first seafood company to participate in this vital program administered by the United States Customs and Border Protection Agency. C-TPAT is a voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security.

http://www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/

Global Aquaculture Alliance - In addition to sitting on the Board of Directors, Mazzetta Company is a Governing Member in GAA's mission to further environmental responsible aquaculture while meeting global food demands.

<http://www.gaalliance.org/>

Global Reporting Initiative - Mazzetta Company is a member of the GRI Seafood Sector Supplement Working Group.

<http://www.globalreporting.org/Home>

National Fisheries Institute - Mazzetta Company sits on the Board of Directors and the Fisheries Scholarship Fund, and is a member of the Executive Committee, Importers Committee, Better Seafood Board, and the Shrimp Council, in addition to having six employee-graduates of NFI's Future Leaders Program. <http://www.aboutseafood.com/>

Ocean Trust - Mazzetta Company is proud to be a Sea Sponsor, providing support to the building of science, conservation and industry partnerships for the sustainability of the oceans and providing a link to sustainable fisheries, wildlife and the environment. Specifically, Mazzetta Company is proud to support Ocean Trust's work with Mexican and U.S. scientists to restore the Kemp's ridley turtle through the protection of nests and turtle hatchlings. The Kemp's ridley (*Lepidochelys kempi*) is the smallest, most vulnerable and endangered of all sea turtle species in the world. Their entire population nests on the Mexican beaches along the Gulf of Mexico.

<http://www.oceantrust.org/>

Coalition of Legal Toothfish Operators - Mazzetta Company is a proud member of COLTO, the Coalition of Legal Toothfish Operators. COLTO works with governments, industry, conservationists and international management



groups to combat IUU with a specific recent focus on the southern Indian Ocean regions, around the Exclusive Economic Zones (EEZs) of France, South Africa and Australia. COLTOs members represent more than 50% of the total global legal production of toothfish. <http://www.colto.org>

SeaShare Partnership

Mazzetta Company is a proud supporter of SeaShare, a nonprofit organization whose mission is to provide seafood for people who depend on food assistance from food banks, shelters, pantries and soup kitchens.

While the summer of 2010 brought visions of relaxation, maybe time to read a good book, or just having time to play, the numbers of people requiring assistance at our nation's food banks just kept climbing. We all know that the food situation is dire for many people in this country and that it will not go away any time soon. In situations of low or inadequate food consumption it is imperative that an individual has access to high quality protein.



Salmon is part of the answer. SeaShare, in partnership with Mazzetta Company, was able to distribute frozen flaked precooked salmon to five major food banks during August 2010. This donation represented 864,000 meals to South Carolina, Virginia, Pennsylvania and two food banks in New York.

In 2009 and 2010 Mazzetta Company donated over 250,000 lbs of seafood through SeaShare programs.

❖ Supporting Active Conservation & Sustainable Fisheries

River Herring Initiative - National Fish and Wildlife Foundation

In January 2009 Mazzetta Company became the first corporate partner from the seafood industry to support the National Fish and Wildlife Foundation's Marine and Coastal Conservation Keystone Initiatives. The Marine & Coastal Keystones focus on building conservation partnerships to overcome the most important challenges to the health of the marine and coastal environment. The goal is to find the best conservation investments, fund the best solutions, and deliver measurable results for a broad cross-section of fish and wildlife representing marine and coastal ecosystem health. Under this mission



statement, Initiatives were selected that focused on making a measureable impact on specific species and their habitats.

Specifically, Mazzetta Company's support was directed to *The River Herring Initiative*, which aimed to aid recovery of depleted populations of river herring within the State of Maine and the broader northeast region.

The River Herring Initiative employs a targeted investment strategy to fund abatement of threats in both the freshwater and marine environments. The freshwater strategy focuses on improving access to and enhancing the quality of spawning habitat in coastal streams. The marine environment strategy focuses on creating market-based incentives to eliminate overfishing and minimize bycatch of river herring in the Atlantic herring fishery so that enough fish can return to their spawning habitats to produce the next generation of fish. In both cases initial investments are focused on developing a baseline estimate for the current population size and goals for viable populations. By way of background, river herring are born in freshwater, migrate out to sea, and return to freshwater to spawn the next generation. These fish have evolved incredible physiological adaptations to two extreme environments – salt and fresh water – and everything in between. Human beings, fish and shellfish, seals, bears, and birds rely on these fish species as an important source of food after a long winter.

Mazzetta is proud to partner with NFWF, the National Oceanic and Atmospheric Administration (NOAA), and the U.S. Fish and Wildlife Service (USFWS) to support this important work.



About the National Fish and Wildlife Foundation

(NFWF) An independent 501 (c) 3 charity established by Congress in 1984, the National Fish and Wildlife Foundation sustains, restores, and enhances the Nation's fish, wildlife, plants, and habitats. NFWF's greatest asset is its position at the nexus of the conservation community. NFWF's myriad of conservation partnerships connect it with potentially every federal and state agency, key industry leaders, concerned private citizens, and nonprofit leadership from the international to the local level. And the results speak for themselves: since its establishment, NFWF has awarded 10,000 grants to over 3,000 organizations in the United States and abroad and leveraged – with its partners – more than \$600 million in federal and private funds into more than \$1.5 billion for on-the-ground conservation. For more information, visit <http://www.nfwf.org>.



2010 Project Update

Conservation Context:

River herring (two species are collectively referred to as river herring: alewife and blueback herring) are socially, economically, and ecologically important anadromous fish along the Atlantic coast of North America. Unlike the more commonly known Atlantic herring that spend all their lives in the ocean, River herring are born in coastal rivers. These fish, which are 10” – 11” long and which weigh 7-9 ounces, have declined since colonial days, with drastic declines in many populations in the last 25 years. Given the broad distribution of river herring, and the fact that their life history crosses myriad habitats and jurisdictions, this initiative will involve many partners, including the Atlantic States Marine fisheries commission, that regulates river herring fisheries in State waters; National Marine Fisheries Service; US Fish and Wildlife Service; all States between Maine and Florida for which the river herring is important; the commercial fishing industry; and several nonprofits including Environmental Defense, The Nature Conservancy and others.

Refined project goals: A new investment of \$78.4 million over 10 years would result in a projected 300% increase in river herring numbers. About 20% of the total funding is needed from the Foundation.

Key Strategies:

Four key strategies are planned to reverse declines and create sustainable populations:

1. Promoting sustainable fisheries in key rivers, which involves determining how many fish can be caught without jeopardizing future reproduction
2. Reducing bycatch in marine fisheries by creating incentives for fishing fleets to avoid river herring bycatch hotspots.
3. Establishing population benchmarks and refining metrics to measure success of conservation actions.
4. Restoring access to, and improving the quality of key spawning and nursery habitats.



Initiative Snapshot:

NFWF is working to convene a workshop of the current River Herring grantees and other experts to foster increased collaboration among grantees, identify gaps in the investment portfolio to date and refine the initiative strategy. The workshop will occur in the fall of 2010.

Since 2009, NFWF through the *River Herring Initiative* has invested \$2,178,753 and leveraged \$1,797,863 for a total of \$3,976,616 to implement on the ground projects under the four key strategies of the river herring initiative:

1. Promoting sustainable fisheries in key rivers: In 2009 the Foundation awarded a \$400,000, three-year grant to the State of Maine to develop sustainable fisheries management plans for key rivers in Maine. These will be the first examples of sustainable river herring fisheries plans on the eastern seaboard. Additional investments will be needed for other states to develop their plans.
2. Reducing bycatch in marine fisheries: In 2009 the Foundation awarded \$457,000 in grants to a variety of grantees including the State of Maine, the Gulf of Maine Research Institute and Environmental Defense to develop better data and management options that are needed to reduce bycatch. In 2010 NFWF awarded a two-year \$423,138 grant to the University of Massachusetts, the Commonwealth of Massachusetts, and the Sustainable Fisheries Coalition, a marine fishing industry group to voluntarily minimize bycatch of river herring in marine small mesh fisheries off the eastern seaboard of the US.
3. Establishing population benchmarks: In 2009 the Foundation awarded a two-year, \$275,712 grant to the Gulf of Maine Research Institute to quantify and define river herring stock structure in coastal Maine watersheds. In 2010 NFWF awarded a three year grant to Duke University to determine the origins of river herring bycatch in coastal watershed along the entire eastern seaboard. The project includes researchers from several institutions including State University of New York, Yale University, the State of Connecticut, Woods Hole Oceanographic Institution, and University of Southern Maine
4. Restoring access to and improving quality of key spawning and nursery habitats: This is the least developed strategy of the initiative. River herring utilize virtually all coastal rivers on the Eastern seaboard. With so many sites in which to invest, our first step is to solicit proposals that will prioritize those rivers most important for spawning habitat to inform our future investments.

