

ALASKA SALMON PROCESSORS ASSOCIATION, INC.

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May 12, 2015

Stefanie Moreland *By Email: smoreland@tridentseafoods.com*

Trident Seafoods Corporation

5303 Shilshole Avenue NW

Seattle, WA 98107-4000

Dear Stefanie:

I'm writing in response to your April 7th email requesting the following companies be granted membership in the Alaska Salmon Processors Association ("ASPA") and to share the Marine Stewardship Council ("MSC") certification for the Alaska Salmon Fishery ("fishery").

Trident Seafoods

Peter Pan Seafoods

Icicle Seafoods

Ocean Beauty Seafoods

North Pacific Seafoods

Alaska General/Leader Creek Fisheries

Your request came as a great surprise given these companies' prior stance, particularly those who serve pursuant to A.S. 16.51.020(b) as the four large processors on the Alaska Seafood Marketing Institute. The companies you represent enjoy a very large share of Alaska Salmon fisheries. Your request also raises multiple questions of varying complexity. Let's be clear, ASPA does not view your request as simply your clients' short term desire to use the certificate for the 2015 season.

For context, ASPA was formed in April 2014 only after the Purse Seine Vessel Owners Association ("PSVOA") withdrew as the MSC fishery client under heavy pressure from the companies you now represent and various segments of government including Governor Parnell's office where you served at the time as

his fisheries policy adviser. Your clients thus until very recently rejected the MSC that you say they now want to use. ASPA became the fourth fishery client since 2010. It was comprised of six smaller companies, including Silver Bay Seafoods LLC (“Silver Bay”), processing no more than 15% of the annual Alaska salmon harvest. Because of the rapid succession of fishery clients, MSC certification lapsed in 2012 and was not recertified until October 2013. This eighteen month delay caused primarily by your clients prevented ASPA members from selling in-season their 2013 harvest as MSC certified salmon and thereby eroded customer confidence in their ability to rely on a steady source of MSC labeled Alaska salmon products. The PSVOA withdrawal brought these six small companies to the realization that they needed to form a stable and durable fishery client—one not susceptible to the whims and pressure of government and industry politics. To that end, ASPA was established with express purposes:

1. Promote the interests of salmon fishermen and processors who have demonstrated a commitment to maintain MSC certification for the fishery.
2. Maintain the integrity of the MSC certification process in the marketplace.
3. Promote the MSC goal to provide for consumer demand for sustainably sourced fish products and meet the demand by member customers and buyers for MSC labeled Alaska salmon products.
4. Ensure that ASPA and its rules of governance are structured in a manner to address the conditions set forth in the November 23, 2013 assessment report and maintain uninterrupted MSC certification of the fishery.

With this background, let’s examine in more detail what has transpired over the past three years leading up to your request:

In 2012, the Alaska Fisheries Development Foundation (“AFDF”), composed of 40 plus seafood processors including your clients and other industry interests, agreed to replace ADF&G as the salmon fishery client. AFDF was already an MSC client for the Alaska Cod fishery. AFDF began working with the certifier, Moody Marine International (“Moody”), to complete the required annual audits and contracted with Moody to conduct a new assessment necessary to recertify the fishery as the current certification was set to expire in October 2012.

In January 2012, AFDF received letters from the major salmon processors including your clients giving notice that they would support MSC certification of Alaska salmon only through October 2012, when the certificate expired. A very short term approach. These companies indicated it was time to focus their resources on a broader market message. AFDF with support from your clients swiftly followed suit announcing it would not maintain certification beyond the expiration date.

Silver Bay, with some customers who looked favorably on MSC labeled Alaska salmon products, did not oppose the AFDF decision not to maintain certification. Rather, it implored AFDF to remain as the client through the already initiated fishery assessment so as to avoid any interruption in the MSC certification. AFDF refused stating it was compelled to comply with the requests of the major processors including your clients notwithstanding that it intended to remain the client for the MSC Alaska Cod fishery. It was thus very clear that the major salmon processors (your clients) were categorically opposed to any further MSC certification of Alaska salmon.

Recognizing the significant and growing opposition within the processing sector, Silver Bay reached out to Alaska's salmon fishermen who supported a stable MSC certification of their fisheries. PSVOA, which represents approximately 400 Alaska salmon fishermen throughout Alaska and the West Coast, agreed in April 2012 to become the new client reasoning that resumption of that certification process would allow the Alaska salmon industry participants time to evaluate the merits of maintaining stable MSC certification. PSVOA immediately took the following steps:

1. Contracted with the certifier Moody for a new assessment of the fishery realizing the current certification would soon expire. PSVOA was not able to utilize the assessment already underway for AFDF.
2. Established an industry fee system using the AFDF model to fund the cost of the assessment.
3. Sent a letter to every Alaska salmon processor requesting they join the PSVOA client group.

Regrettably, the PSVOA decision to move forward did not lessen determination by your clients and others to stop any further MSC certification. The major

salmon processors immediately coordinated an effort to reverse the PSVOA decision, and when that failed they redoubled their efforts through the Alaska Seafood Marketing Institute (ASMI") and its surrogates. Although every salmon processor, including ASPA members, contribute to ASMI, it, like AFDF, was apparently compelled to comply with the request of the major salmon processors to stop MSC.

In May, 2012, ASMI first orchestrated a letter signed by 27 salmon processors reaffirming their withdrawal from the MSC process. According to the letter, they wanted no "confusion in the marketplace" and they had "no intention" of supporting further MSC certification. Further, the letter stated their belief that "the action to withdraw from the MSC salmon scheme is in the best interest of the Alaska salmon industry, an industry in which [they] have invested heavily for the future of Alaska, our fishermen, their families and our companies."

Moreover, an ASMI Board member, who was also a PSVOA member, stated he would personally urge PSVOA to drop their role as MSC client.

In November 2012, PSVOA invited the ASMI Board Chairman to address the full membership on the issue of third party verification of fishery sustainability. Instead, he delivered damning indictment of the PSVOA decision to become an MSC client and urged withdrawal as an MSC client. This was incredibly divisive and appeared designed for the purpose to create divisions within PSVOA membership.

In December, 2012, ASMI enlisted then Governor Parnell to have his Commissioners of Fish & Game and Commerce & Economic Development meet with PSVOA to express Alaska's concern with MSC certification relating to governance, loss of market access and erosion of the "Alaska" brand.

Next, in February 2013, ASMI drafted and urged passage of a resolution by the United Fishermen of Alaska to reject MSC certification for Alaska salmon on a variety of bases including that MSC certification violated Alaska's constitution.

During this time, ASMI, supported by your clients through its sponsorship and other contractual relationships with the publication Seafood.com, attempted to create third party opinions that were highly critical of the MSC certification and continuing PSVOA involvement.

Next, ASMI urged the Alaska Congressional Delegation to hold hearings in September, 2013, on the role of certification in rewarding sustainable fisheries with the clear focus to impugn MSC and accuse it of economic blackmail. Ironically, as mentioned above, you were then the fisheries policy adviser to the Alaska Governor Parnell and testified at the Senate hearing:

In 2011, Alaska's leading salmon producers [your current clients] decided to withdraw from the MSC program. They saw the Alaska brand being eroded and replaced by a generic eco-label. They were frustrated with increased fees and most of all with the fact that the conditions for maintaining certification were continually changing... This (MSC) certification model effectively undermines the management of our authority over our fisheries governance process and structure by threatening to restrict access to markets based on our adherence to the changing standards of an entity completely unconnected and unaccountable to our state or nation.

Against this unrelenting opposition, PSVOA maneuvered through a fishery assessment that took almost 18 months to complete with recertification finally achieved on November 12, 2013—one full year after the prior certificate expired. Even then, ASMI issued another press release emphasizing that more than 80% of Alaska salmon will not carry the MSC label and the major salmon producers, your clients, remain opposed to MSC certification of Alaska salmon. And the smaller salmon companies that financed and supported the certification were left without MSC certification for the 2013 salmon season and the dissatisfaction of some of their customers who were looking favorably on MSC certified salmon products. Is there any wonder why PSVOA withdrew as the client?

With this backdrop, we get to your request in light of ASPA goals mentioned above. When the major salmon processors withdrew MSC support ASPA members recognized your client's opposition to MSC and the perceived need to develop the alternative Responsible Fisheries Management ("RFM") or perhaps some other certification process, particularly in view of the current adversity between MSC assessment standards and Alaska's hatchery management practices. What we did not understand was the suggested incompatibility of parallel MSC and RFM salmon certifications when other Alaska fisheries co-existed with both certification regimes. This position ran totally contrary to the realities of the market where seafood sellers and buyers of Alaska salmon can have multiple certification or verification approaches based upon a variety of end-user preferences.

As stated initially, your request to expand the ASPA membership to these large salmon processors raises more questions than it answers. However, the only question we must now address is whether to expand the ASPA membership to include your group of major salmon processors. To answer this question, we look to ASPA's stated purposes and the past for guidance. There, as outlined above, we see a group of large processors who attempted to destroy the MSC certification of Alaska salmon through almost any means possible. We also see that when this group of large processors were members of past MSC salmon client groups they gave no consideration to the views of the smaller processors or Alaska's salmon fishermen. They pressured and manipulated the decisions of these past client groups – all to the detriment of a stable MSC certification desired by some smaller processors and some of their customers.

We also think it is noteworthy to look at the manner in which you made your request for admission to ASPA. Rather than inviting us to a meeting among the large processors to discuss the request in a spirit of cooperation, we received a short, perfunctory email stating that the group would like to be ASPA members and would like the association to vote on their request on April 10, some three days later. When the ASPA vote did not occur on April 10, a steady stream of articles in the industry blogs followed with many seemingly intended to apply pressure on ASPA. A tactic reminiscent of the anti-MSC campaign of 2012-13.

Based upon the foregoing, we do not believe it is presently consistent with ASPA's above stated purposes to admit your group into the client group. We note that the 2015 season is now upon us and we have our businesses to run. However, ASPA is willing to resume discussions in September with the express intention of establishing comprehensive stable sustainability certification or verification in 2016 for Alaska salmon.

We understand that some companies may not find this acceptable. Fortunately there are multiple alternative approaches to certification or verification of sustainability that some salmon purchasers desire. Among the options and alternatives is the option to establish a new client group and start a second assessment of the fishery. MSC guidelines allow for multiple clients to simultaneously assess the same fishery even using the same certifier, provided conditions placed on the fishery by the certifier(s) were "harmonized."

We are not suggesting this is the preferred approach. However, this parallel approach may offer an alternative. In addition, of course MSC is not the only way of attempting to satisfy the desires of some of your clients' customers for assurances of sustainability. Assurances of sellers as to sustainability can take many forms and approaches.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Zuanich', written in a cursive style.

Rob Zuanich

Executive Director

cc: ASPA Board of Directors